

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 18, 2013

CAO File No. 0220-02221-8325

Council File No.

Council District: All

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer

Reference: Los Angeles Solid Waste Collection Program



Subject: Request for Issuance of Solid Waste Resources Revenue Bonds, Series 2013-A (New Money) and Series 2013-B (Refunding)

SUMMARY

The City Administrative Officer (CAO) requests authority to proceed with two series of bonds for the continuation of the City's Solid Waste Collection Program. Proceeds from the Series A bonds, in the approximate amount of \$80 million, will be used for capital improvements and for the acquisition of equipment and vehicles. Proceeds from the Series B bonds, in the approximate amount of \$101 million, will be used to refund (refinance) outstanding Solid Waste Resources Revenue Bonds. Completion of the refinancing would result in approximately \$16.7 million in long-term interest savings to the Solid Waste Resources Revenue Fund (SWRRF) over the life of the bonds. Repayment of the resulting debt service on both series of bonds will come from the SWRRF.

The \$80 million in new money bonds are anticipated to be applied as follows:

Project Costs	\$ 71,277,000
Debt Service Reserve Fund	6,995,000
Underwriter's Discount	717,000
Costs of Issuance	165,000
Contingency	<u>846,000</u>
Total Authorization Requested	<u>\$ 80,000,000</u>

The Bureau of Sanitation (BOS) indicates that the \$71.3 million in project costs will be used to acquire refuse collection vehicles (\$58.1 million), to complete capital improvements to the West Los Angeles Truck Maintenance Facility and the Central Los Angeles Refuse Transfer Station (\$9.9 million), and to acquire various equipment items (\$3.3 million).

The debt service reserve fund will serve as a source of security to bondholders in the event that the City and the SWRRF default on debt service payments for any reason. Underwriter's discount is the compensation the underwriters receive for marketing the bonds, while the costs of issuance include fees for bond and tax counsel, disclosure counsel, financial advisers and rating agencies.

(Summary continued)

The \$101 million in refinancing bonds are anticipated to be applied as follows:

Refinancing of Existing Bonds	\$ 91,400,000
Debt Service Reserve Fund	7,866,000
Underwriter's Discount	807,000
Costs of Issuance	185,000
Contingency	<u>742,000</u>
Total Authorization Requested	<u>\$101,000,000</u>

The majority of the proceeds from the proposed \$101 million bond issuance will be held temporarily (no longer than a year) by an escrow agent in an irrevocable escrow account, and will be used to pay off outstanding Solid Waste Resources Revenue Bonds as they become redeemable.

The expected sale date of the two series of bonds is February 5, 2013. Because of the strong credit rating of outstanding Solid Waste Resources Revenue Bonds, and because the volatility in the financial markets has recently stabilized, we believe the two series of bonds can be sold on a competitive basis, with the goal of receiving the lowest true interest cost.

The City, on February 5, 2013 or on a later date if needed, will return to the Council for award of the winning bidder(s) with the lowest true interest cost. If there is no Council quorum on that date, or no meeting at City Hall, we recommend that the CAO be authorized to receive the bids and award the bonds to the bidder(s) with the lowest true interest cost.

The issuance of the two proposed series of bonds will not result in the City exceeding its debt ceiling limits as the bonds will be repaid from the SWRRF as opposed to the City's General Fund. As shown in Attachment A, after the bonds are issued, the City's voter-approved and non-voter approved debt will continue to remain significantly below the Mayor and Council approved limit of 15 percent of Total Direct Debt Service Payments to General Fund Revenues.

The firm providing financial advisory services for this financing, Fieldman Rolapp & Associates, was previously approved by the Mayor and Council (C.F. 11-0012).

The firms providing disclosure, bond and tax counsel services for this financing, Lofton & Jennings and Jones Hall, respectively, were previously approved by the Mayor and Council (C.F. 12-0917).

To proceed with the recommended bond issuances, the Council will need to adopt a Fund Ordinance, which will be submitted by the City Attorney under separate cover. Additionally, the Council will need to adopt an Authorizing Resolution (Attachment B) which incorporates two Supplemental Trust Agreements (Attachments C & D), an Escrow Agreement (Attachment E), a Preliminary Official Statement (Attachment F), a Notice Inviting Bids (Attachment G) and a Continuing Disclosure Certificate (Attachment H).

RECOMMENDATIONS

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

- 1) ADOPT an Authorizing Resolution of the City Council of the City of Los Angeles, approving certain documents, and authorizing the issuance of up to \$80 million in new money bonds and up to \$101 million in refunding bonds;
- 2) INSTRUCT the City Clerk to place on the Council agenda on February 5, 2013, or on an alternate date specified by the City Administrative Officer, the adoption of a resolution for final approval of documents and award to the lowest bidder(s) of the sale of the two series of bonds, in amounts not exceeding \$80 million (new money) and \$101 million (refunding); and
- 3) AUTHORIZE the City Administrative Officer, on behalf of the City, to receive and open bids on the published date and to award the two series of bonds to the bidder(s) with the lowest true interest cost, if there is no Council quorum or meeting in City Hall, as described in the Notice Inviting Bids for the bonds.

FISCAL IMPACT STATEMENT

There is no fiscal impact on the General Fund as a result of the two proposed bond issuances as annual debt service will be paid from the Solid Waste Resources Revenue Fund.

DEBT IMPACT STATEMENT

The issuance of the two proposed bond issuances will not cause the City's debt service payments to exceed 15 percent of General Fund Revenues for both voter-approved and non-voter approved debt as established in the City's Financial Policies, Debt Management Section, because the debt service on these bonds will be paid from the Solid Waste Resources Revenue Fund.

MAS:MV:09130150

Attachments

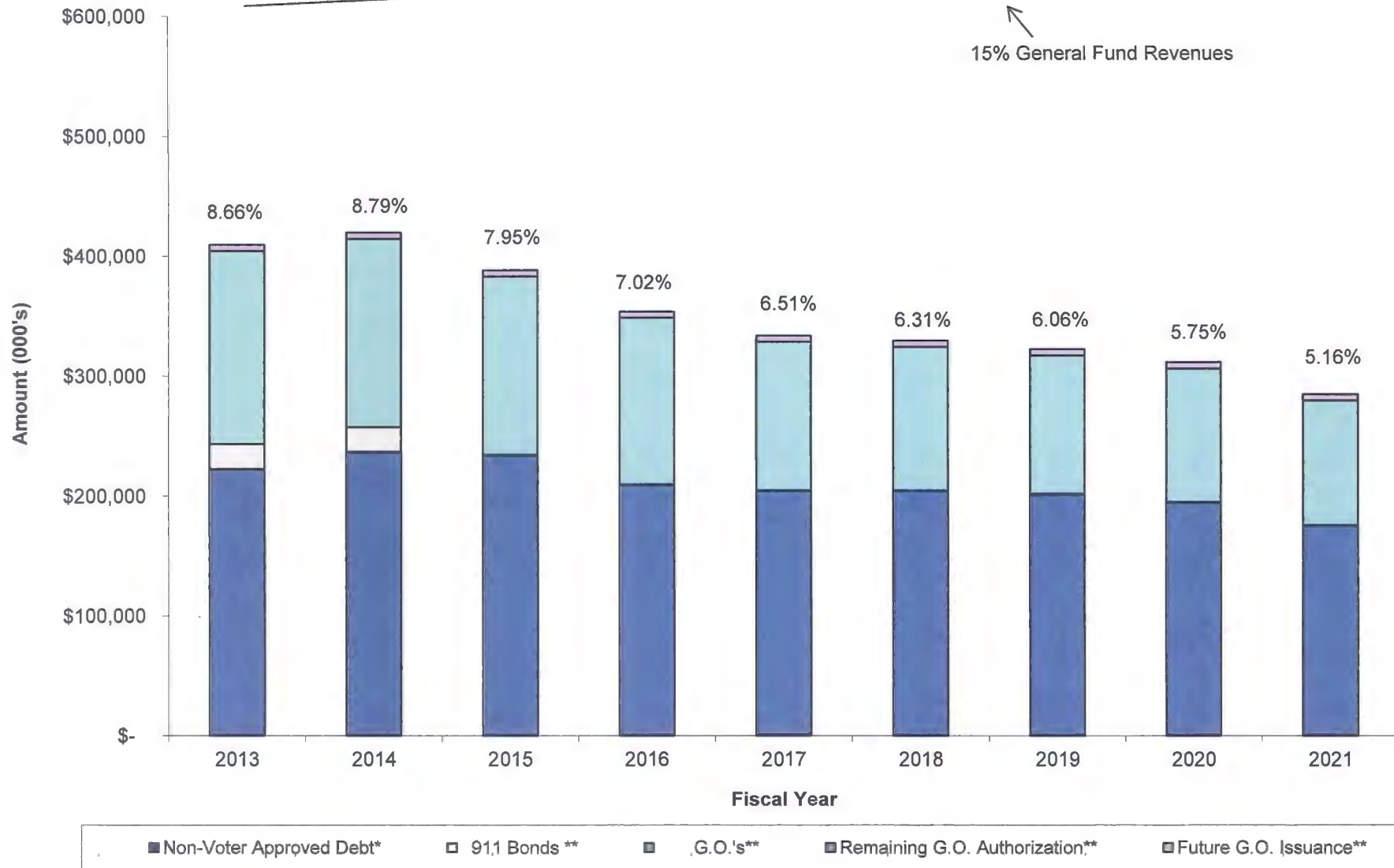
ATTACHMENT A

DEBT CHART

VOTER APPROVED AND NON-VOTER APPROVED DEBT

January 2013

Debt Service to Special Taxes and General Fund Revenues (2% Projected Growth Beginning in Fiscal Year 2017)



* Includes Judgment Obligation Bonds, Convention Center, MICLA bond issuances, and MICLA Commercial Paper Program and Refundings.

** Voter-Approved Debt.

ATTACHMENT B

AUTHORIZING RESOLUTION

RESOLUTION OF THE CITY OF LOS ANGELES AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80,000,000, TO BE SECURED BY THE SOLID WASTE RESOURCES SPECIAL REVENUE FUND, AND APPROVING A NINTH SUPPLEMENTAL TRUST AGREEMENT PURSUANT TO WHICH SUCH REVENUE BONDS SHALL BE ISSUED; AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$101,000,000, TO BE SECURED BY THE SOLID WASTE RESOURCES SPECIAL REVENUE FUND, AND APPROVING A TENTH SUPPLEMENTAL TRUST AGREEMENT PURSUANT TO WHICH SUCH REFUNDING REVENUE BONDS SHALL BE ISSUED; AND APPROVING CERTAIN MATTERS RELATED THERETO

WHEREAS, the City of Los Angeles, California (the "City") is a municipal corporation operating under the provisions of a freeholders' charter (the "Charter") in the State of California (the "State"); and

WHEREAS, pursuant to City Ordinance No. 166308 (codified as Section 5.121.5 of the Administrative Code of the City), the City established a special fund known as the "Solid Waste Resources Special Revenue Fund" into which there is deposited all monies collected from the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee imposed by Section 66.40 *et seq.* of Article 6.1 of Chapter VI of the Municipal Code of the City; and

WHEREAS, the monies in the Solid Waste Resources Special Revenue Fund are devoted exclusively to the purposes enumerated in Section 5.121.5 of the Administrative Code, including the purposes set out in Section 66.41 of the Municipal Code; and

WHEREAS, under Section 361 of the Charter, the City has the power to issue revenue bonds pursuant to procedural ordinances adopted by the Council of the City (the "Council"), and on July 24, 2001, the Council adopted Ordinance No. 174129, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, which permits the City to issue revenue bonds secured by the moneys in the Solid Waste Resources Special Revenue Fund and the earnings thereon (the "Revenues") for the purposes enumerated in Section 5.121.5 of the Administrative Code and Section 66.41 of the Municipal Code; and

WHEREAS, the Council has determined that the public interest and necessity now require the issuance of the City's Solid Waste Resources Revenue Bonds, Series 2013-A (the "Series 2013-A Bonds"), in an aggregate principal amount not to exceed \$80,000,000, for the purposes of (i) financing the acquisition of certain vehicles and equipment for, and the construction of certain improvements to, the refuse collection and disposal system of the City (the "Project") and (ii) paying the costs of issuance of the Series 2013-A Bonds;

WHEREAS, the Council has determined that the public interest and necessity now require the issuance of the City's Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (the "Series 2013-B Bonds" and together with the Series 2013-A Bonds, the "2013 Bonds"), in an aggregate principal amount not to exceed \$101,000,000, for the purposes of (i) refunding such portions of the City's Sanitation Equipment Charge Revenue Bonds and Solid Waste Resources Revenue Bonds as may be selected by the City, as hereinafter provided (the "Refunded Bonds") and (ii) paying the costs of issuance of the Series 2013-B Bonds; and

WHEREAS, any refunding to be accomplished with the proceeds of the Series 2013-B Bonds shall result in a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Bonds, as calculated by the City's independent financial advisors; and

WHEREAS, the City has previously executed and delivered a Master Trust Agreement, dated as of September 1, 2001 (the "Master Trust Agreement") between the City and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented from time to time, providing for the issuance by the City of revenue bonds secured by the Revenues; and

WHEREAS, the City has previously obligated itself to make debt service payments on bonds secured by the Revenues on a parity with the proposed bonds, which bonds are currently outstanding in an aggregate principal amount of \$282,200,000 (the "Outstanding Parity Bonds"); and

WHEREAS, there have been presented to the Council the following documents:

1. a form of Ninth Supplemental Trust Agreement (the "Ninth Supplement"), by and between the City and the Trustee; and
2. a form of Tenth Supplemental Trust Agreement (the "Tenth Supplement"), by and between the City and the Trustee; and
3. a form of Escrow Agreement (the "Escrow Agreement"), by and between the City and U.S. Bank National Association, as escrow agent (the "Escrow Agent"); and
4. a form of Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"); and
5. a form of Notice Inviting Bids relating to the Bonds (the "Notice Inviting Bids"); and
6. a form of Continuing Disclosure Certificate relating to the Bonds (the "Continuing Disclosure Certificate"); and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Bonds and said documents are subject to completion to reflect the results of the sale of the Bonds.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

1. Issuance of Series 2013-A Bonds; Term of Series 2013-A Bonds. For the purposes set forth in the foregoing recitals, the City hereby deems it necessary to incur the bonded indebtedness and authorizes the issuance of its Solid Waste Resources Revenue Bonds, Series 2013-A, in an aggregate principal amount of up to \$80,000,000, in order to finance the Project. Such Series 2013-A Bonds are to be issued under the Master Trust Agreement, as amended and supplemented, including as amended and supplemented by the Ninth Supplement and the Tenth Supplement (collectively, the "Trust Agreement").

The maximum term of the Series 2013-A Bonds shall be 17 years from the date of issuance. The Series 2013-A Bonds may be issued as serial bonds or term bonds or as both serial and term bonds, all as set forth in the Trust Agreement. The Series 2013-A Bonds shall bear a maximum annual rate of interest not in excess of ten percent (10%) and shall have a true interest cost not in excess of five percent (5%). The true interest cost is the annual discount rate which, when used to discount all debt service payments on the Series 2013-A Bonds to the date of initial delivery of the Series 2013-A Bonds, compounded semiannually, results in the aggregate present value of such debt service payments being equal to the original purchase price. The Series 2013-A Bonds shall be in fully registered form and may be issued as book-entry bonds. Payment of principal and premium, if any, and interest on the Series 2013-A Bonds shall be made at the place or places, on such dates and in the manner provided in the Trust Agreement. The Series 2013-A Bonds shall be available in denominations of \$5,000 and integral multiples thereof. The Series 2013-A Bonds shall be dated as shall be provided in the final form of the Ninth Supplement. The Series 2013-A Bonds shall be subject to redemption prior to maturity at the option of the City on such terms and conditions as shall be set forth in the Trust Agreement. The Series 2013-A Bonds that are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Trust Agreement.

2. Issuance of Series 2013-B Bonds; Term of Series 2013-B Bonds. For the purposes set forth in the foregoing recitals, the City hereby deems it necessary to incur the bonded indebtedness and authorizes the issuance of its Solid Waste Resources Refunding Revenue Bonds, Series 2013-B, in an aggregate principal amount of up to \$101,000,000, in order to refund the Refunded Bonds. Such Series 2013-B Bonds are to be issued under the Trust Agreement.

The Series 2013-B Bonds are hereby authorized to be issued concurrently with the Series 2013-A Bonds, and if not so issued, the Series 2013-B Bonds may be issued at any time within three months before or after the issuance of the Series 2013-A Bonds. The Series 2013-B Bonds shall be issued in such principal amount, and to refund such Refunded Bonds, as may be determined by the City Administrative Officer or any Assistant City Administrative Officer, provided that the refunding of the Refunded Bonds effected thereby shall result in a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Bonds, as calculated by the City's independent financial advisors.

The maximum term of the Series 2013-B Bonds shall be 16 years from the date of issuance. The Series 2013-B Bonds may be issued as serial bonds or term bonds or as both serial

and term bonds, all as set forth in the Trust Agreement. The Series 2013-B Bonds shall bear a maximum annual rate of interest not in excess of ten percent (10%) and shall have a true interest cost not in excess of five percent (5%). The true interest cost is the annual discount rate which, when used to discount all debt service payments on the Series 2013-B Bonds to the date of initial delivery of the Series 2013-B Bonds, compounded semiannually, results in the aggregate present value of such debt service payments being equal to the original purchase price. The Series 2013-B Bonds shall be in fully registered form and may be issued as book-entry bonds. Payment of principal of, premium, if any, and interest on the Series 2013-B Bonds shall be made at the place or places, on such dates and in the manner provided in the Trust Agreement. The Series 2013-B Bonds shall be available in denominations of \$5,000 and integral multiples thereof. The Series 2013-B Bonds shall be dated as shall be provided in the final form of the Tenth Supplement. The Series 2013-B Bonds shall be subject to redemption prior to maturity at the option of the City on such terms and conditions as shall be set forth in the Trust Agreement. The Series 2013-B Bonds that are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Trust Agreement.

3. Special Obligations. The 2013 Bonds shall be special obligations of the City secured by and payable from the Revenues, as defined in the Trust Agreement, consisting of monies in the Solid Waste Resources Special Revenue Fund and certain limited moneys and accounts held by the Trustee under the Trust Agreement, as and to the extent described in the Trust Agreement. Other than the Outstanding Parity Bonds, the City has not previously granted any prior or parity interest in the Revenues or the Solid Waste Resources Special Revenue Fund, and the City hereby agrees that it will not, as long as any of the 2013 Bonds remain outstanding, grant or attempt to grant, except as permitted by the Trust Agreement, any prior or parity pledge, lien or other interest in the Revenues or the Solid Waste Resources Special Revenue Fund to secure any other obligations of the City. The General Fund of the City shall not be obligated to pay principal of, premium, if any, or interest on the 2013 Bonds.

4. Form of Bonds. The Series 2013-A Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the forms set forth in Exhibit A to the Ninth Supplement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or as appropriate to adequately reflect the terms of the Series 2013-A Bonds and the obligations represented thereby. The Series 2013-B Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the forms set forth in Exhibit A to the Tenth Supplement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or as appropriate to adequately reflect the terms of the Series 2013-B Bonds and the obligations represented thereby. The 2013 Bonds shall be executed by the Mayor and by the City Treasurer or a Deputy City Treasurer, and countersigned by the City Clerk or a Deputy City Clerk. All such signatures and countersignatures may be printed, lithographed or otherwise mechanically reproduced except that one signature must be signed manually.

5. Approval of Documents.

(a) The form, terms and provisions of the Ninth Supplement are hereby approved substantially in the form presented to this meeting. The City Administrative Officer and any Assistant City Administrative Officer (each, an "Authorized Representative") are each hereby

authorized and directed for and on behalf of the City to execute and deliver the Ninth Supplement in connection with the issuance and delivery of the Series 2013-A Bonds in substantially the form presented to this meeting, with such changes, additions and modifications thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) The form, terms and provisions of the Tenth Supplement are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to execute and deliver the Tenth Supplement in connection with the issuance and delivery of the Series 2013-B Bonds in substantially the form presented to this meeting, with such changes, additions and modifications thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(c) The form, terms and provisions of the Escrow Agreement are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to execute and deliver the Escrow Agreement in connection with the issuance and delivery of the Series 2013-B Bonds in substantially the form presented to this meeting, with such changes, additions and modifications thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(d) The form, terms and provisions of the Notice Inviting Bids are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to advertise, execute and deliver to prospective purchasers of the 2013 Bonds, or caused to be advertised and delivered to prospective purchasers of the 2013 Bonds, the Notice Inviting Bids in connection with the sale of the 2013 Bonds in substantially the form presented to this meeting, with such changes, additions and modifications thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the delivery thereof.

(e) The form, terms and provisions of the Preliminary Official Statement are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to "deem final" the Preliminary Official Statement as of its date, except for amendment to reflect subsequent events and the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, and are hereby authorized and directed for and on behalf of the City to execute and deliver a final official statement with respect to the 2013 Bonds, in substantially the form of the Preliminary Official Statement, with such changes therein as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(f) The form, terms and provisions of the Continuing Disclosure Certificate are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to execute and deliver the Continuing Disclosure Certificate in connection with the issuance and delivery of the 2013 Bonds in substantially the form presented to this meeting, with such

changes, additions and modifications thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

6. Sale of Bonds. The 2013 Bonds shall be sold at competitive sale pursuant to the terms of the Notice Inviting Bids substantially in the form approved pursuant to this Resolution, at a price not less than 99% of par. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City (i) to fix the actual principal amount of 2013 Bonds issued within the limits set forth in this Resolution and (ii) to execute and deliver any financial guaranty or reimbursement agreement with a provider of a guarantee of payment of the principal of or interest on the 2013 Bonds or with any provider of a surety bond covering all or a portion of the reserve fund for the 2013 Bonds, all upon such terms as shall be satisfactory to such Authorized Representative.

7. Notices. The Authorized Representatives, or any of them, are each further authorized to cause written notice to be provided to the California Debt and Investment Advisory Commission of the proposed sale of the 2013 Bonds, said notice to be provided not later than 30 days prior to the sale of the 2013 Bonds as provided in Section 8855 *et seq.* of the California Government Code, to file the notice of final sale with said Commission, to file a Form 8038-G for the 2013 Bonds with the Internal Revenue Service and to file such additional notices and reports as are deemed necessary or desirable by any of such persons in connection with the 2013 Bonds, including the filing of notices and payment of rebates, if any, required under sections 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, and any prior filings of such notices are hereby ratified, confirmed and approved.

8. Ratification; Additional Authorizations. All acts taken by Authorized Representatives, and any other officers, employees and agents of the City, in connection with the sale and issuance of the 2013 Bonds are hereby ratified and confirmed. The Authorized Representatives and each of their designees, and any other officers, employees and agents of the City, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the receipt of bids for the 2013 Bonds, if applicable, and to carry out the terms hereof, and to take such actions and execute such additional documents, certificates and other instruments as are necessary to accomplish the transactions contemplated by this Resolution, including but not limited to providing for the redemption of any or all of the Refunded Bonds, appointing a verification agent for the defeasance of the Refunded Bonds, obtaining bond insurance for the 2013 Bonds and executing the Tax Certificate required by the Ninth Supplement and the Tenth Supplement.

Any Authorized Representative is hereby authorized, without further action of this Council, to replace the Trustee if such Authorized Representative deems it in the best interest of the City to do so, provided that no replacement of the Trustee shall require an annual fee in excess of \$5,000.

9. Effective Date. This Resolution shall take effect immediately upon its approval.

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 _____ day of _____, 2013.

JUNE LAGMAY,
City Clerk

By _____
Deputy

APPROVED AS TO FORM:

CARMEN A. TRUTANICH,
City Attorney

By _____
Assistant/Deputy City Attorney

Council File No. _____

ATTACHMENT C

NINTH SUPPLEMENTAL TRUST AGREEMENT



NINTH SUPPLEMENTAL TRUST AGREEMENT

by and between the

CITY OF LOS ANGELES, CALIFORNIA

and

**U.S. BANK NATIONAL ASSOCIATION,
as successor trustee**

Dated as of February 1, 2013

Relating to

\$ _____

**City of Los Angeles, California
Solid Waste Resources Revenue Bonds, Series 2013-A**

TABLE OF CONTENTS

(This table of contents is not part of this Ninth Supplemental Trust Agreement and is only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of this Ninth Supplemental Trust Agreement.)

	Page
ARTICLE I DEFINITIONS	2
Section 1.1. Definitions.....	2
Section 1.2. Incorporation of Definitions Contained in the Master Trust Agreement.....	4
Section 1.3. Articles and Section References	4
ARTICLE II THE SERIES 2013-A BONDS	4
Section 2.1. Designation of the Bonds; Principal Amount	4
Section 2.2. Series 2013-A Bonds Under the Master Trust Agreement; Security.....	4
Section 2.3. Terms of the Series 2013-A Bonds	4
Section 2.4. Exchange of Series 2013-A Bonds	6
ARTICLE III REDEMPTION.....	6
Section 3.1. Notices to Trustee; Notices to Bondholders	6
Section 3.2. Redemption Dates.....	6
Section 3.3. Optional Redemption of the Series 2013-A Bonds.....	7
Section 3.4. Mandatory Sinking Fund Redemption of the Series 2013-A Bonds	7
Section 3.5. Payment of Series 2013-A Bonds Called for Redemption	7
Section 3.6. Selection of Series 2013-A Bonds for Redemption; Series 2013-A Bonds Redeemed in Part.....	7
ARTICLE IV APPLICATION OF PROCEEDS; FUNDING OF RESERVE FUND AND PAYMENT OF SERIES 2013-A BONDS	7
Section 4.1. Application of Proceeds.....	7
Section 4.2. Sources of Payment of Series 2013-A Bonds	8
ARTICLE V CREATION OF SERIES 2013-A FUNDS AND ACCOUNTS	8
Section 5.1. Creation of Series 2013-A Account in Reserve Fund.....	8
Section 5.2. Creation of Series 2013-A Costs of Issuance Fund and 2013-A Subaccounts within the Debt Service Fund	8
Section 5.3. Creation of Series 2013-A Acquisition Fund.....	8

ARTICLE VI TAX COVENANTS	9	
Section 6.1. Series 2013-A Rebate Fund	9	
Section 6.2. General Tax Covenants	11	
ARTICLE VII UTILIZATION OF ALTERNATIVE PAYMENT PROVISIONS OF SECTION 4.06 OF MASTER TRUST AGREEMENT	12	
ARTICLE VIII MISCELLANEOUS	12	
Section 8.1. Notices	12	
Section 8.2. Limitation of Rights	13	
Section 8.3. Severability	13	
Section 8.4. Payments Due on Non-Business Days	13	
Section 8.5. Governing Law	13	
Section 8.6. Captions	13	
Section 8.7. Amendments	13	
Section 8.8. Counterparts	13	
Section 8.9. Receipt of Confirmations	13	
EXHIBIT A	FORM OF SERIES 2013-A BOND	A-1
EXHIBIT B	DEBT SERVICE SCHEDULE	B-1
EXHIBIT C	FORM OF REQUISITION FOR SERIES 2013-A COSTS OF ISSUANCE FUND	C-1

NINTH SUPPLEMENTAL TRUST AGREEMENT

Relating to

§ _____
City of Los Angeles, California
Solid Waste Resources Revenue Bonds
Series 2013-A

This NINTH SUPPLEMENTAL TRUST AGREEMENT, dated as of February 1, 2013 (this "Ninth Supplemental Trust Agreement"), by and between the CITY OF LOS ANGELES, CALIFORNIA (the "City"), a municipal corporation and chartered city, duly organized and existing under the Constitution of the State of California and the Charter of the City (the "Charter"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States, as successor trustee (the "Trustee"), supplements that certain Master Trust Agreement, dated as of September 1, 2001, by and between the City and the Trustee, as successor trustee to State Street Bank and Trust Company of California, N.A., as amended and supplemented from time to time (as so amended and supplemented, the "Master Trust Agreement").

RECITALS

WHEREAS, the Master Trust Agreement provides, in Section 2.08 thereof, for the issuance of Bonds and, in Section 9.02 thereof, for the execution and delivery of Supplemental Trust Agreements setting forth the terms of such Bonds;

WHEREAS, pursuant to that certain First Supplemental Trust Agreement, dated as of September 1, 2001, by and between the City and the Trustee, the City provided for the issuance of \$86,640,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2001-A;

WHEREAS, pursuant to that certain Second Supplemental Trust Agreement, dated as of April 1, 2003, by and between the City and the Trustee, the City provided for the issuance of \$47,825,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2003-A;

WHEREAS, pursuant to that certain Third Supplemental Trust Agreement, dated as of December 1, 2003, by and between the City and the Trustee, the City provided for the issuance of \$61,120,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2003-B;

WHEREAS, pursuant to that certain Fourth Supplemental Trust Agreement, dated as of March 15, 2004, by and between the City and the Trustee, the City provided for the issuance of \$56,230,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2004-A;

WHEREAS, pursuant to that certain Fifth Supplemental Trust Agreement, dated as of July 1, 2005, by and between the City and the Trustee, the City provided for the issuance of

\$45,750,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2005-A;

WHEREAS, pursuant to Ordinance No. 177478 adopted on April 7, 2006, the Council of the City changed the name of the former Sanitation Equipment Charge to the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee; and

WHEREAS, pursuant to that certain Sixth Supplemental Trust Agreement, dated as of September 1, 2006, by and between the City and the Trustee, the City provided for the issuance of \$58,370,000 aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2006-A; and

WHEREAS, pursuant to that certain Seventh Supplemental Trust Agreement, dated as of December 1, 2009, by and between the City and the Trustee, the City provided for the issuance of \$65,020,000 aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2009-A; and

WHEREAS, pursuant to that certain Eighth Supplemental Trust Agreement, dated as of December 1, 2009, by and between the City and the Trustee, the City provided for the issuance of \$49,485,000 aggregate principal amount of its Solid Waste Resources Refunding Revenue Bonds, Series 2009-B; and

WHEREAS, by execution and delivery of this Ninth Supplemental Trust Agreement and in compliance with the provisions of the Master Trust Agreement, the City hereby provides for the issuance and sets forth the terms of \$_____ aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2013-A (the "Series 2013-A Bonds"), provides for the deposit and use of the proceeds of the Series 2013-A Bonds and makes other provisions relating to the Series 2013-A Bonds; and

WHEREAS, the City has determined that the Series 2013-A Bonds shall be issued as Additional Bonds pursuant to Section 2.09 of the Master Trust Agreement and concurrently with the execution and delivery of this Ninth Supplemental Trust Agreement, all conditions and requirements for the issuance of the Series 2013-A Bonds pursuant to Section 2.09 thereof have been satisfied and met;

NOW THEREFORE, the City hereby agrees with the Trustee as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The following definitions shall apply to terms used in this Ninth Supplemental Trust Agreement unless the context clearly requires otherwise (capitalized terms not defined below shall have the meanings given such terms in the Master Trust Agreement):

"Costs of Issuance" means the costs and expenses incurred by the City in connection with the authorization, preparation, issuance, sale and delivery of the Series 2013-A Bonds, including

but not limited to the initial fees and expenses of the Trustee and Trustee's counsel, the fees and expenses of Bond Counsel, Disclosure Counsel and the Financial Advisor, rating agency fees, printing costs and related expenses.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"Initial Reserve Fund Requirement" for the Series 2013-A Bonds shall mean the sum of \$_____.

"Payment Date" for the Series 2013-A Bonds means February 1 and August 1 of each year, commencing August 1, 2013.

"Project" means, collectively, the acquisition and installation of certain equipment and vehicles, the construction and renovation of certain real property improvements, or such other capital improvements which may be funded by the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee as determined by the City.

"Rebate Fund" for the Series 2013-A Bonds means the fund by that name created pursuant to Section 6.1 hereof.

"Rebate Requirement" for the Series 2013-A Bonds shall have the meaning given such term in Section 6.1 hereof.

"Record Date" means, for a February 1 Payment Date, the immediately preceding January 15, and for an August 1 Payment Date, the immediately preceding July 15.

"Series 2013-A Bonds" means the \$_____ aggregate original principal amount of Bonds issued under the Master Trust Agreement and this Ninth Supplemental Trust Agreement and designated as "City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A."

"Series 2013-A Acquisition Fund" means the fund by that name created pursuant to Section 5.3 hereof.

“Series 2013-A Costs of Issuance Fund” means the fund by that name created pursuant to Section 5.2 hereof.

“Ninth Supplemental Trust Agreement” means this Ninth Supplemental Trust Agreement, dated as of February 1, 2013, between the City and the Trustee, which sets forth the terms of the Series 2013-A Bonds.

“Tax Certificate” means, collectively, the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds, each dated the date of delivery of the Series 2013-A Bonds, executed by the City, and pertaining to the Series 2013-A Bonds.

Section 1.2. Incorporation of Definitions Contained in the Master Trust Agreement. Except as otherwise provided in Section 1.1 of this Ninth Supplemental Trust Agreement, all words, terms and phrases defined in the Master Trust Agreement shall have the same meanings herein as in the Master Trust Agreement.

Section 1.3. Articles and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Ninth Supplemental Trust Agreement.

ARTICLE II

THE SERIES 2013-A BONDS

Section 2.1. Designation of the Bonds; Principal Amount. The Bonds authorized to be issued under the Master Trust Agreement and this Ninth Supplemental Trust Agreement shall be designated as “City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A” and shall be issued in the aggregate original principal amount of \$_____.

Section 2.2. Series 2013-A Bonds Under the Master Trust Agreement; Security. The Series 2013-A Bonds are issued as Additional Bonds under and subject to the terms of the Master Trust Agreement, including Section 2.09 of the Master Trust Agreement, and are secured by and payable from the Revenues and limited amounts held in the applicable funds and accounts in accordance with the terms of the Master Trust Agreement and this Ninth Supplemental Trust Agreement.

Section 2.3. Terms of the Series 2013-A Bonds.

(a) The Series 2013-A Bonds shall be issuable only as fully registered Bonds in denominations of \$5,000 and integral multiples thereof. The Series 2013-A Bonds shall be numbered as determined by the Registrar.

(b) The Series 2013-A Bonds shall, upon initial issuance, be dated the date of issuance. Each Series 2013-A Bond shall bear interest from the Payment Date next preceding the date of authentication thereof unless such date of authentication is a Payment Date, in which event such Series 2013-A Bond shall bear interest from such date of authentication or unless such date of authentication is after a Record Date and prior to the subsequent Payment Date, in which event such Bond shall bear interest from said subsequent Payment Date or unless such

date of authentication is on or before July 15, 2013, in which event such Bond shall bear interest from the initial date of issuance. If interest on the Series 2013-A Bonds shall be in default, Series 2013-A Bonds issued in exchange for Series 2013-A Bonds surrendered for transfer or exchange shall bear interest from the Payment Date to which interest has been paid in full on the Series 2013-A Bonds surrendered.

(c) Interest on the Series 2013-A Bonds shall be paid, based upon a 360-day year comprised of twelve 30-day months, on each Payment Date.

The Series 2013-A Bonds shall mature in the years and in the amounts and bear interest at the annual rates as set forth in the following schedule:

February 1 of the Year	Principal Amount	Interest Rate
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		

(d) Payment of principal of the Series 2013-A Bonds shall be made upon surrender of the Series 2013-A Bonds to the Trustee or its agent, and payment of interest on any Series 2013-A Bond shall be made to such person as is, on the Record Date, the registered Owner thereof and shall be paid by check of the Trustee mailed on the Payment Date to such person at his address as it appears on the registration books of the Registrar or at such other address as is furnished to the Registrar in writing by such registered Owner provided, however, that if an Owner of \$1,000,000 or more in principal amount of Series 2013-A Bonds requests payment by wire transfer by submitting a written request therefor to the Trustee on or before the Record Date preceding a Payment Date, the Trustee shall on the Payment Date wire transfer the interest payment(s) in immediately available funds to the U.S. account designated by such Owner. The Series 2013-A Bonds shall be substantially in the form of Exhibit A, which is part of this Ninth Supplemental Trust Agreement.

(e) If the principal of a Series 2013-A Bond becomes due and payable, but shall not have been paid, or provision made for its payment, then such Series 2013-A Bond shall bear interest at the same rate after such default as on a day before the default occurred.

Section 2.4. Exchange of Series 2013-A Bonds.

(a) Series 2013-A Bonds that are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Series 2013-A Bonds of the same maturity but of different authorized denominations.

(b) The Registrar will not, however, be required to transfer or exchange any such Bond during the period established by the Trustee for the selection of Bonds for redemption, any Series 2013-A Bond called for redemption, or during the period beginning on a Record Date and ending on a Payment Date.

ARTICLE III

REDEMPTION

Section 3.1. Notices to Trustee; Notices to Bondholders.

(a) If the City wishes that any Series 2013-A Bonds be redeemed pursuant to any optional redemption provision in this Ninth Supplemental Trust Agreement and in the Series 2013-A Bonds, the City will notify the Trustee of the applicable provision, the redemption date, the principal amount of Series 2013-A Bonds to be redeemed and other necessary particulars. The City will give such notice to the Trustee at least 45 days before the redemption date. The Trustee shall give notice of redemption to Bondholders affected by such redemption as provided in Section 3.03 of the Master Trust Agreement and the Trustee shall, at least 30 days and not more than 60 days before each redemption, send such notice of redemption by first-class mail (or with respect to Series 2013-A Bonds held by the Depository by facsimile or an express delivery service for delivery on the next following Business Day) to each Owner of a Series 2013-A Bond to be redeemed; each such notice shall be sent to the Owner's registered address. Failure by any Owner to receive notice as provided herein shall not affect the validity of any such redemption.

(b) In addition to the notice provided for in Section 3.1(a) above, the notice of redemption shall also be given by electronic means through the Electronic Municipal Market Access System designated by the Municipal Securities Rulemaking Board at www.emma.msrb.org; provided, however, that no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is otherwise given as prescribed herein for a notice of redemption. Failure by any Owner to receive notice as provided herein shall not affect the validity of any such redemption.

Section 3.2. Redemption Dates. The redemption date of Series 2013-A Bonds to be redeemed pursuant to any optional redemption provision in the Series 2013-A Bonds and the following Section 3.3 will be a date permitted thereby and specified by the City in the notice delivered pursuant to Section 3.1.

Section 3.3. Optional Redemption of the Series 2013-A Bonds. The Series 2013-A Bonds due on or after February 1, 2024 are redeemable at the option of the City on or after February 1, 2023, in whole or in part at any time, from any moneys that may be provided for such purpose. Series 2013-A Bonds so redeemed shall be redeemed at the principal amount of such Series 2013-A Bonds, without premium, plus accrued interest to the date fixed for redemption.

Section 3.4. Mandatory Sinking Fund Redemption of the Series 2013-A Bonds. The Series 2013-A Bonds are [not subject to mandatory sinking fund redemption].

Section 3.5. Payment of Series 2013-A Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Series 2013-A Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

Section 3.6. Selection of Series 2013-A Bonds for Redemption; Series 2013-A Bonds Redeemed in Part.

(a) Series 2013-A Bonds are subject to redemption in such order of maturity as the City may direct and by lot, selected in such manner as the Trustee shall deem appropriate, within a maturity.

(b) Upon surrender of a Series 2013-A Bond to be redeemed in part, the Trustee will authenticate for the Owner a new Series 2013-A Bond or Series 2013-A Bonds of the same maturity equal in principal amount to the unredeemed portion of the Series 2013-A Bond surrendered.

ARTICLE IV

APPLICATION OF PROCEEDS; FUNDING OF RESERVE FUND AND PAYMENT OF SERIES 2013-A BONDS

Section 4.1. Application of Proceeds.

(a) The net proceeds of the sale of the Series 2013-A Bonds received by the Trustee shall be applied immediately by the Trustee as follows:

(1) the sum of \$_____ shall be credited to the Series 2013-A Account of the Reserve Fund (equal to the Initial Reserve Fund Requirement for the Series 2013-A Bonds);

(2) the sum of \$_____ shall be credited to the Series 2013-A Costs of Issuance Fund; and

(3) the sum of \$_____ shall be transferred to the City to be credited to the Series 2013-A Acquisition Fund.

(b) The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such transfers.

Section 4.2. Sources of Payment of Series 2013-A Bonds. The Series 2013-A Bonds shall be secured by and payable from the Revenues as provided in the Master Trust Agreement and this Ninth Supplemental Trust Agreement. The City may, but is not obligated to, provide for payment of principal of and interest on the Series 2013-A Bonds from any other source or from any other funds of the City.

ARTICLE V

CREATION OF SERIES 2013-A FUNDS AND ACCOUNTS

Section 5.1. Creation of Series 2013-A Account in Reserve Fund. There is hereby created within the Reserve Fund (created and held under the Master Trust Agreement) a separate account to be designated as the "Series 2013-A Account." Such account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund related to the Series 2013-A Bonds for rebate purposes as set forth in Article VII hereof, but for all other purposes shall be held, invested and used as an integral part, of the Reserve Fund as provided in Sections 4.04 and 4.06 and Article VI of the Master Trust Agreement and shall be available to make payments on any Outstanding Bonds. Moneys shall be deposited into such accounts as provided in Section 4.1 of this Ninth Supplemental Trust Agreement.

Section 5.2. Creation of Series 2013-A Costs of Issuance Fund and 2013-A Subaccounts within the Debt Service Fund. A special fund is hereby created and designated the "City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A Costs of Issuance Fund" (the "Series 2013-A Costs of Issuance Fund") which fund shall be held and administered by the Trustee in the manner set forth in this Section 5.2. The City shall cause a portion of the proceeds of the Series 2013-A Bonds to be deposited into the Series 2013-A Costs of Issuance Fund in the amount set forth in Section 4.1(a)(2) hereof and shall give written instructions to the Trustee to expend such moneys solely to pay the Costs of Issuance of the Series 2013-A Bonds, pursuant to requisitions in substantially the form attached hereto as Exhibit C. Upon written request of the City, any unexpended moneys remaining in the Series 2013-A Costs of Issuance Fund shall be transferred by the Trustee for deposit to the Series 2013-A Interest Subaccount of the Debt Service Fund.

There are hereby created within the Debt Service Fund separate subaccounts to be designated the "Series 2013-A Interest Subaccount," the "Series 2013-A Principal Subaccount" and the "Series 2013-A Redemption Subaccount."

Interest earnings on amounts held in the Debt Service Fund, the Series 2013-A Costs of Issuance Fund, the Series 2013-A Interest Subaccount, the 2013-A Principal Subaccount and the Series 2013-A Redemption Subaccount shall be retained therein and used along with the other monies held in such funds for the purposes specified herein and in the Master Trust Agreement.

Section 5.3. Creation of Series 2013-A Acquisition Fund. Pursuant to Section 4.08 of the Master Trust Agreement, a special fund is hereby created and designated the "City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A Acquisition Fund" (the "Series 2013-A Acquisition Fund"), which fund shall be held and administered by the City

in the manner set forth in this Section 5.3. The City shall cause a portion of the proceeds of the Series 2013-A Bonds to be deposited into the Series 2013-A Acquisition Fund in the amount set forth in Section 4.1(a)(3) hereof and shall from time to time expend such moneys solely to pay Costs of the Project. Any unexpended moneys remaining in the Series 2013-A Acquisition Fund on February ___, 2016 (or such earlier or later date as the City may determine, consistent with the Tax Certificate) shall be transferred by the City to the Trustee for deposit to the Series 2013-A Principal Subaccount of the Debt Service Fund. The City shall provide written notice to the Trustee specifying the amount of any such moneys transferred from the Series 2013-A Acquisition Fund, and directing the Trustee to deposit such amount into the Series 2013-A Principal Subaccount of the Debt Service Fund.

Interest earnings on amounts held in the Series 2013-A Acquisition Fund shall be retained therein and used along with the other monies held in such fund for the purposes specified herein and in the Master Trust Agreement.

ARTICLE VI

TAX COVENANTS

Section 6.1. Series 2013-A Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the "Series 2013-A Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under this Ninth Supplemental Trust Agreement and shall be governed by this Section and Section 6.2 of this Ninth Supplemental Trust Agreement and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the City, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the Rebate Requirement.

(b) Deposits.

(1) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (1) the City shall calculate or cause to be calculated with respect to the Series 2013-A Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the City's written direction, the Trustee shall deposit to the Rebate Fund from investment earnings which are subject to the federal tax or rebate requirement, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(2) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with preceding sentence if the amount on deposit in the Rebate Fund

prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(3) The City shall not be required to calculate the “rebate amount,” and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2013-A Bonds (including amounts treated as proceeds of the Series 2013-A Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the City shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Series 2013-A Bonds. Any funds remaining in the Rebate Fund after redemption of all the Series 2013-A Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

(d) Withdrawal for Payment of Rebate. Upon the City’s written direction, but subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series 2013-A Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue

Service Form 8038-T, which shall be completed by or on behalf of the City and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the City equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, upon written instructions from the City, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Series 2013-A Principal Subaccount of the Debt Service Fund.

(h) Survival of Defeasance. Notwithstanding anything in this Ninth Supplemental Trust Agreement to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Series 2013-A Bonds.

Section 6.2. General Tax Covenants.

(a) Investments. Except as otherwise provided in the second sentence of this paragraph, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Ninth Supplemental Trust Agreement, or otherwise containing gross proceeds of the Series 2013-A Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Trust Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Series 2013-A Account of the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code).

(b) Private Activity Bond Limitation. The City will assure that the proceeds of the Series 2013-A Bonds are not so used as to cause the Series 2013-A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(c) Federal Guarantee Prohibition. The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Series 2013-A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(d) Rebate Requirement. The City will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2013-A Bonds.

(e) No Arbitrage. The City will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2013-A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2013-A Bonds would have caused the Series 2013-A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(f) Maintenance of Tax-Exemption. The City will take all actions necessary to assure the exclusion of interest on the Series 2013-A Bonds from the gross income of the Owners of the Series 2013-A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2013-A Bonds.

(g) Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Series 2013-A Bonds for at least 3 years after the Series 2013-A Bonds mature or are redeemed (whichever is earlier); however, if the Series 2013-A Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Series 2013-A Bonds.

(h) Compliance with Tax Certificate. The City will comply with the provisions of the Tax Certificate with respect to the Bonds, the terms of which are incorporated herein as if fully set forth herein. The covenants of this Section 6.2 will survive payment in full or defeasance of the Series 2013-A Bonds.

ARTICLE VII

UTILIZATION OF ALTERNATIVE PAYMENT PROVISIONS OF SECTION 4.06 OF MASTER TRUST AGREEMENT

Pursuant to Section 4.06 of the Master Trust Agreement, this Article VIII shall constitute a written request by the City to the Trustee to utilize the payment provisions of Section 4.06, instead of the provisions of Section 4.04 and Section 4.05, of the Master Trust Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Ninth Supplemental Trust Agreement or the Series 2013-A Bonds must be in writing except as expressly provided otherwise in this Ninth Supplemental Trust Agreement or the Series 2013-A Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when delivered by hand (including any commercial delivery service) or mailed by first-class mail, postage prepaid, addressed to the City at the address provided in the Master Trust Agreement and to the Trustee at the following address: U.S. Bank

National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Corporate Trust Services. Any addressee may designate additional or different addresses for purposes of this Section.

(c) The Trustee shall give written notice to Moody's if at any time (i) a successor Trustee is appointed under the Master Trust Agreement or (ii) there is any amendment to the Master Trust Agreement or this Ninth Supplemental Trust Agreement. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

Section 8.2. Limitation of Rights. Nothing expressed or implied in this Ninth Supplemental Trust Agreement or the Series 2013-A Bonds shall give any person other than the Trustee, City and the holders of the Series 2013-A Bonds any right, remedy or claim under or with respect to this Ninth Supplemental Trust Agreement.

Section 8.3. Severability. If any provision of this Ninth Supplemental Trust Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Ninth Supplemental Trust Agreement.

Section 8.4. Payments Due on Non-Business Days. If a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue for the intervening period.

Section 8.5. Governing Law. This Ninth Supplemental Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.6. Captions. The captions in this Ninth Supplemental Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections in this Ninth Supplemental Trust Agreement.

Section 8.7. Amendments. This Ninth Supplemental Trust Agreement may only be amended in accordance with Article IX of the Master Trust Agreement.

Section 8.8. Counterparts. This Ninth Supplemental Trust Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 8.9. Receipt of Confirmations. The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed this Ninth Supplemental Trust Agreement as of the date first written above.

CITY OF LOS ANGELES, CALIFORNIA

By _____
Assistant City Administrative Officer

APPROVED AS TO FORM AND LEGALITY:

CARMEN A. TRUTANICH,
City Attorney

By _____
Assistant/Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION,
as successor trustee

By _____
Authorized Signatory

EXHIBIT A

FORM OF SERIES 2013-A BOND

No. R-1

\$ _____

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration, exchange or payment, and any bond 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 because the registered owner hereof, Cede & Co., has an interest therein.

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

**CITY OF LOS ANGELES, CALIFORNIA
SOLID WASTE RESOURCES REVENUE BOND
SERIES 2013-A**

<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	February 1, _____		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

The CITY OF LOS ANGELES, CALIFORNIA (hereinafter sometimes called the "City"), a municipal corporation duly organized and existing under the Charter of the City (the "Charter") and the Constitution and laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner named above or registered assigns on the maturity date specified above (subject to right of prior redemption as hereinafter stated), upon presentation and surrender of this bond, the principal sum set forth above, with interest thereon (payable solely from said funds) from the date hereof at the interest rate per annum set forth above, interest payable on February 1 and August 1 of each year, commencing August 1, 2013 (each a "Payment Date"), until this bond is paid; provided, however, that if at the maturity date of this bond, or if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in the Trust Agreement hereinafter mentioned, this bond shall then cease to bear interest. Payment of principal of this bond shall be made upon surrender of this bond to the Trustee or its agent, and payment of interest on this bond shall be made to such person as is, on the Record Date, the registered owner hereof and shall be paid by check of the Trustee mailed on the Payment Date to such person at his address as it appears on the registration books of the Registrar or at such other address as is furnished to the Registrar in writing by the registered

owner hereof (or under certain circumstances by wire transfer to an account within the United States). As used above, "Record Date" means, for a February 1 Payment Date, the immediately preceding January 15, and for an August 1 Payment Date, the immediately preceding July 15.

Neither this bond, the interest hereon, nor any premium payable upon the redemption hereof, is a debt of the State of California or any of its political subdivisions (other than the City to the extent set forth herein) and neither said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be payable out of any funds or properties other than the funds of the City hereinafter mentioned. This bond does not constitute any indebtedness in contravention of any constitutional or statutory debt limitation or restriction. No covenant or agreement contained in this bond shall be deemed to be a covenant or agreement of any present or future official, officer, agent or employee of the City, in his individual capacity, and no person executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

This bond is one of a duly authorized issue of bonds of the City designated "City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A" (hereinafter called the "Series 2013-A Bonds") limited in aggregate principal amount to \$_____ in denominations of \$5,000 and integral multiples thereof all of like tenor (except for bond numbers and maturity dates and differences, if any, in interest rate), all of which have been issued pursuant to and in full conformity with the Charter of the City and Ordinance No. 174129 effective September 4, 2001, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, for the purpose of financing a portion of the cost of the refuse collection and disposal system of the City, and are authorized by and issued pursuant to a resolution adopted by the City on [January 16, 2013], a Master Trust Agreement, dated as of September 1, 2001, by and between the City and U.S. Bank National Association, as successor trustee, as amended and supplemented, and a Ninth Supplemental Trust Agreement, dated as of February 1, 2013, by and between the City and the Trustee (collectively, the "Trust Agreement").

Pledge of Revenues; Security. The Series 2013-A Bonds are special, limited obligations of the City and are secured solely by and payable from a pledge of the Revenues and, subject to application of amounts on deposit therein as permitted in the Trust Agreement, the SWR Revenue Fund and the other funds and accounts created under the Trust Agreement for the payment of the Series 2013-A Bonds in accordance with the terms of the Trust Agreement. "Revenues" include (i) the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee received by the Solid Waste Resources Revenue Fund (or any successor fund held by the City, the "SWR Revenue Fund") after deduction of administration charges by the Department of Water and Power of the City, (ii) any other legally available income, rates, fees, charges and other moneys which the City designates by ordinance or resolution for deposit in the SWR Revenue Fund, and (iii) the earnings on and income derived from the investment of the amounts set forth in clauses (i) and (ii) above and from amounts on deposit in the Reserve Fund.

All of the Series 2013-A Bonds are equally secured in accordance with the terms of the Trust Agreement, reference to which is hereby made for a specific description of the security therein provided for said Series 2013-A Bonds, for the nature, extent and manner of enforcement

of such security, for the covenants and agreements made for the benefit of bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this bond the holder hereof assents to all of the terms, conditions and provisions of said Trust Agreement.

Parity Indebtedness. The City has previously issued debt obligations outstanding and payable from the Revenues on a parity with the Series 2013-A Bonds. The City may issue additional debt on a parity with the Series 2013-A Bonds but only in accordance with the provisions contained in the Trust Agreement.

Amendment of Trust Agreement Permitted. In the manner provided in the Trust Agreement, said Trust Agreement and the rights and obligations of the City and of the holders of the Series 2013-A Bonds, may (with certain exceptions as stated in said Trust Agreement) be modified or amended without the consent of the owners of the Series 2013-A Bonds under certain limited circumstances stated therein and may be more generally modified or amended with the consent of the holders of 51% in aggregate principal amount of the Series 2013-A Bonds and any parity bonds issued under the Trust Agreement then Outstanding, exclusive of any Series 2013-A Bonds or parity bonds known to the Trustee to be held by or for the account of the City or by any person controlling, controlled by or under common control with the City.

Events of Default. The Trust Agreement provides that the occurrences of certain events constitute Events of Default. Bondholders may not enforce the Trust Agreement or the Series 2013-A Bonds except as provided in the Trust Agreement. The Trustee may refuse to enforce the Trust Agreement or the Series 2013-A Bonds unless it receives reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Optional Redemption. If this bond matures on or after February 1, 2024, it is redeemable in the manner and subject to the terms and provisions, and with the effect, set forth in the Trust Agreement, at the option of said City, in whole or in part on any date on or after February 1, 2023, upon at least 30 days' but not more than 60 days' prior notice to the registered owner hereof, at a redemption price equal to the principal amount hereof, without premium, plus accrued interest to the date fixed for redemption.

Neither the faith and the credit nor the taxing power of the City of Los Angeles, the State of California or any public agency, other than the City of Los Angeles to the extent of Revenues, is pledged to the payment of the principal of, premium, if any, or interest on, this bond.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond exist, have happened and have been performed in due time, form and manner as required by the Charter and the Constitution and the laws of the State of California.

This bond shall not be valid and the holder hereof shall not be entitled to any benefit hereunder or under the above-mentioned Trust Agreement unless this bond shall have been authenticated by the Trustee by the manual signature of a duly authorized officer.

IN WITNESS WHEREOF, the City of Los Angeles, California has caused this bond to be signed on its behalf by the Mayor and by the City Treasurer or a Deputy City Treasurer, and countersigned by the City Clerk or a Deputy City Clerk (all signatures and countersignatures printed, lithographed or otherwise mechanically reproduced except that one signature must be signed manually), authenticated by the Trustee and this bond to be dated the ___ day of February, 2013.

CITY OF LOS ANGELES, CALIFORNIA

By: _____
Mayor

By: _____
City Treasurer/Deputy City Treasurer

Countersigned:

City Clerk/Deputy City Clerk

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This bond is one of the Series 2013-A Bonds described in the within mentioned Trust Agreement.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received _____ hereby sell, assign and transfer unto _____ the within bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the Trustee at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an authorized guarantor.

EXHIBIT B
DEBT SERVICE SCHEDULE
Series 2013-A Bonds

Interest Payment Date	Principal	Interest	Total Debt Service
8/1/2013			
2/1/2014			
8/1/2014			
2/1/2015			
8/1/2015			
2/1/2016			
8/1/2016			
2/1/2017			
8/1/2017			
2/1/2018			
8/1/2018			
2/1/2019			
8/1/2019			
2/1/2020			
8/1/2020			
2/1/2021			
8/1/2021			
2/1/2022			
8/1/2022			
2/1/2023			
8/1/2023			
2/1/2024			
8/1/2024			
2/1/2025			
8/1/2025			
2/1/2026			
8/1/2026			
2/1/2027			
8/1/2027			
2/1/2028			
8/1/2028			
2/1/2029			
8/1/2029			
2/1/2030			

EXHIBIT C

FORM OF REQUISITION FOR SERIES 2013-A COSTS OF ISSUANCE FUND

REQUISITION NO. ___

with reference to

\$ _____
City of Los Angeles, California
Solid Waste Resources Revenue Bonds,
Series 2013-A

The City of Los Angeles, California (the "City") hereby requests U.S. Bank National Association, as successor trustee (the "Trustee"), pursuant to that certain Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented, and that certain Ninth Supplemental Trust Agreement, dated as of February 1, 2013 (collectively, the "Trust Agreement"), each by and between the City and the Trustee, to pay from the moneys in the Series 2013-A Costs of Issuance Fund established pursuant to the Trust Agreement, the following amounts, as indicated below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
	%	

Each obligation hereto has been properly incurred and is a proper charge against the Series 2013-A Costs of Issuance Fund as part of Costs of Issuance, in accordance with the Trust Agreement. None of the items for which payment is requested has been reimbursed previously from the Series 2013-A Costs of Issuance Fund.

Dated: _____

CITY OF LOS ANGELES, CALIFORNIA

By _____
Title: _____

ATTACHMENT D

TENTH SUPPLEMENTAL TRUST AGREEMENT

TENTH SUPPLEMENTAL TRUST AGREEMENT

**by and between the
CITY OF LOS ANGELES, CALIFORNIA**

and

**U.S. BANK NATIONAL ASSOCIATION,
as successor trustee**

Dated as of February 1, 2013

Relating to

**\$ _____
City of Los Angeles, California
Solid Waste Resources Refunding Revenue Bonds, Series 2013-B**

TABLE OF CONTENTS

(This table of contents is not part of this Tenth Supplemental Trust Agreement and is only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of this Tenth Supplemental Trust Agreement.)

	Page
ARTICLE I DEFINITIONS	2
Section 1.1. Definitions.....	2
Section 1.2. Incorporation of Definitions Contained in the Master Trust Agreement	4
Section 1.3. Articles and Section References	4
ARTICLE II THE SERIES 2013-B BONDS	4
Section 2.1. Designation of the Bonds; Principal Amount	4
Section 2.2. Series 2013-B Bonds Under the Master Trust Agreement; Security	4
Section 2.3. Terms of the Series 2013-B Bonds	4
Section 2.4. Exchange of Series 2013-B Bonds	6
ARTICLE III REDEMPTION	6
Section 3.1. Notices to Trustee; Notices to Bondholders	6
Section 3.2. Redemption Dates	6
Section 3.3. Optional Redemption of the Series 2013-B Bonds	7
Section 3.4. Mandatory Sinking Fund Redemption of the Series 2013-B Bonds	7
Section 3.5. Payment of Series 2013-B Bonds Called for Redemption.....	7
Section 3.6. Selection of Series 2013-B Bonds for Redemption; Series 2013-B Bonds Redeemed in Part	7
ARTICLE IV APPLICATION OF PROCEEDS; FUNDING OF RESERVE FUND AND PAYMENT OF SERIES 2013-B BONDS	7
Section 4.1. Application of Proceeds.....	7
Section 4.2. Sources of Payment of Series 2013-B Bonds	8
ARTICLE V CREATION OF SERIES 2013-B FUNDS AND ACCOUNTS.....	8
Section 5.1. Creation of Series 2013-B Account in Reserve Fund.....	8
Section 5.2. Creation of Series 2013-B Costs of Issuance Fund and Series 2013-B Subaccounts within the Debt Service Fund.....	8
ARTICLE VI TAX COVENANTS	9
Section 6.1. Series 2013-B Rebate Fund	9

Section 6.2.	General Tax Covenants.....	11
ARTICLE VII UTILIZATION OF ALTERNATIVE PAYMENT PROVISIONS OF SECTION		
	4.06 OF MASTER TRUST AGREEMENT.....	12
ARTICLE VIII MISCELLANEOUS		
	Section 8.1. Notices.....	12
	Section 8.2. Limitation of Rights.....	12
	Section 8.3. Severability	13
	Section 8.4. Payments Due on Non-Business Days.....	13
	Section 8.5. Governing Law	13
	Section 8.6. Captions	13
	Section 8.7. Amendments	13
	Section 8.8. Counterparts.....	13
	Section 8.9. Receipt of Confirmations.....	13
EXHIBIT A	FORM OF SERIES 2013-B BOND	A-1
EXHIBIT B	DEBT SERVICE SCHEDULE.....	B-1
EXHIBIT C	FORM OF REQUISITION FOR SERIES 2013-B	
	COSTS OF ISSUANCE FUND.....	C-1

TENTH SUPPLEMENTAL TRUST AGREEMENT

Relating to

\$ _____

City of Los Angeles, California
Solid Waste Resources Refunding Revenue Bonds
Series 2013-B

This TENTH SUPPLEMENTAL TRUST AGREEMENT, dated as of February 1, 2013 (this "Tenth Supplemental Trust Agreement"), by and between the CITY OF LOS ANGELES, CALIFORNIA (the "City"), a municipal corporation and chartered city, duly organized and existing under the Constitution of the State of California and the Charter of the City (the "Charter"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States, as successor trustee (the "Trustee"), supplements that certain Master Trust Agreement, dated as of September 1, 2001, by and between the City and the Trustee, as successor trustee to State Street Bank and Trust Company of California, N.A., as amended and supplemented from time to time (as so amended and supplemented, the "Master Trust Agreement").

RECITALS

WHEREAS, the Master Trust Agreement provides, in Section 2.08 thereof, for the issuance of Bonds and, in Section 9.02 thereof, for the execution and delivery of Supplemental Trust Agreements setting forth the terms of such Bonds;

WHEREAS, pursuant to that certain First Supplemental Trust Agreement, dated as of September 1, 2001, by and between the City and the Trustee, the City provided for the issuance of \$86,640,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2001-A;

WHEREAS, pursuant to that certain Second Supplemental Trust Agreement, dated as of April 1, 2003, by and between the City and the Trustee, the City provided for the issuance of \$47,825,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2003-A (the "Series 2003-A Bonds");

WHEREAS, pursuant to that certain Third Supplemental Trust Agreement, dated as of December 1, 2003, by and between the City and the Trustee, the City provided for the issuance of \$61,120,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2003-B (the "Series 2003-B Bonds");

WHEREAS, pursuant to that certain Fourth Supplemental Trust Agreement, dated as of March 15, 2004, by and between the City and the Trustee, the City provided for the issuance of \$56,230,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2004-A (the "Series 2004-A Bonds");

WHEREAS, pursuant to that certain Fifth Supplemental Trust Agreement, dated as of July 1, 2005, by and between the City and the Trustee, the City provided for the issuance of

\$45,750,000 aggregate principal amount of its Sanitation Equipment Charge Revenue Bonds, Series 2005-A;

WHEREAS, pursuant to Ordinance No. 177478 adopted on April 7, 2006, the Council of the City changed the name of the former Sanitation Equipment Charge to the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee; and

WHEREAS, pursuant to that certain Sixth Supplemental Trust Agreement, dated as of September 1, 2006, by and between the City and the Trustee, the City provided for the issuance of \$58,370,000 aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2006-A; and

WHEREAS, pursuant to that certain Seventh Supplemental Trust Agreement, dated as of December 1, 2009, by and between the City and the Trustee, the City provided for the issuance of \$65,020,000 aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2009-A; and

WHEREAS, pursuant to that certain Eighth Supplemental Trust Agreement, dated as of December 1, 2009, by and between the City and the Trustee, the City provided for the issuance of \$49,485,000 aggregate principal amount of its Solid Waste Resources Refunding Revenue Bonds, Series 2009-B; and

WHEREAS, pursuant to that certain Ninth Supplemental Trust Agreement, dated as of February 1, 2013, by and between the City and the Trustee, the City provided for the issuance of \$_____ aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2013-A; and

WHEREAS, by execution and delivery of this Tenth Supplemental Trust Agreement and in compliance with the provisions of the Master Trust Agreement, the City hereby provides for the issuance of and sets forth the terms of \$_____ aggregate principal amount of its Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (the "Series 2013-B Bonds"), provides for the deposit and use of the proceeds of the Series 2013-B Bonds and makes other provisions relating to the Series 2013-B Bonds; and

WHEREAS, the City has determined that the Series 2013-B Bonds shall be issued as Additional Bonds pursuant to Section 2.09 of the Master Trust Agreement and, concurrently with the execution and delivery of this Tenth Supplemental Trust Agreement, all conditions and requirements for the issuance of the Series 2013-B Bonds pursuant to Section 2.09 thereof have been satisfied and met;

NOW THEREFORE, the City hereby agrees with the Trustee as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The following definitions shall apply to terms used in this Tenth Supplemental Trust Agreement unless the context clearly requires otherwise (capitalized

terms not defined below shall have the meanings given such terms in the Master Trust Agreement):

“Costs of Issuance” means the costs and expenses incurred by the City in connection with the authorization, preparation, issuance, sale and delivery of the Series 2013-B Bonds, including but not limited to the initial fees and expenses of the Trustee and Trustee’s counsel, the fees and expenses of Bond Counsel, Disclosure Counsel and the Financial Advisor, rating agency fees, printing costs and related expenses.

“Tenth Supplemental Trust Agreement” means this Tenth Supplemental Trust Agreement, dated as of February 1, 2013, between the City and the Trustee, which sets forth the terms of the Series 2013-B Bonds.

“Escrow Agent” means, with respect to the Refunded Bonds, U.S. Bank National Association, as escrow agent under the Escrow Agreement.

“Escrow Agreement” means, with respect to the Refunded Bonds, the Escrow Agreement, dated as of February 1, 2013, by and between the City and the Escrow Agent.

“Initial Reserve Fund Requirement” for the Series 2013-B Bonds shall mean the sum of \$_____.

“Payment Date” for the Series 2013-B Bonds means February 1 and August 1 of each year, commencing August 1, 2013.

“Rebate Fund” for the Series 2013-B Bonds means the fund by that name created pursuant to Section 6.1 hereof.

“Rebate Requirement” for the Series 2013-B Bonds shall have the meaning given such term in Section 6.1 hereof.

“Record Date” means, for a February 1 Payment Date, the immediately preceding January 15, and for an August 1 Payment Date, the immediately preceding July 15.

“Refunded Bonds” means the portions of the Series 2003-A Bonds, the Series 2003-B Bonds and the Series 2004-A Bonds that are to be refunded with proceeds of the Series 2013-B Bonds.

“Series 2013-B Bonds” means the \$_____ aggregate original principal amount of Bonds issued under the Master Trust Agreement and this Tenth Supplemental Trust Agreement and designated as “City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B.”

“Series 2013-B Costs of Issuance Fund” means the fund by that name created pursuant to Section 5.2 hereof.

“Series 2013-B Interest Subaccount” means the subaccount by that name created within the Debt Service Fund pursuant to Section 5.2 hereof.

“Series 2013-B Principal Subaccount” means the subaccount by that name created within the Debt Service Fund pursuant to Section 5.2 hereof.

“Series 2013-B Redemption Subaccount” means the subaccount by that name created within the Debt Service Fund pursuant to Section 5.2 hereof.

“Tax Certificate” means, collectively, the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds, each dated the date of delivery of the Series 2013-B Bonds, executed by the City, and pertaining to the Series 2013-B Bonds.

Section 1.2. Incorporation of Definitions Contained in the Master Trust Agreement. Except as otherwise provided in Section 1.1 of this Tenth Supplemental Trust Agreement, all words, terms and phrases defined in the Master Trust Agreement shall have the same meanings herein as in the Master Trust Agreement.

Section 1.3. Articles and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Tenth Supplemental Trust Agreement.

ARTICLE II

THE SERIES 2013-B BONDS

Section 2.1. Designation of the Bonds; Principal Amount. The Bonds authorized to be issued under the Master Trust Agreement and this Tenth Supplemental Trust Agreement shall be designated as “City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B” and shall be issued in the aggregate original principal amount of \$_____.

Section 2.2. Series 2013-B Bonds Under the Master Trust Agreement; Security. The Series 2013-B Bonds are issued as Additional Bonds under and subject to the terms of the Master Trust Agreement, including Section 2.09 of the Master Trust Agreement, and are secured by and payable from the Revenues and limited amounts held in the applicable funds and accounts in accordance with the terms of the Master Trust Agreement and this Tenth Supplemental Trust Agreement.

Section 2.3. Terms of the Series 2013-B Bonds.

(a) The Series 2013-B Bonds shall be issuable only as fully registered Bonds in denominations of \$5,000 and integral multiples thereof. The Series 2013-B Bonds shall be numbered as determined by the Registrar.

(b) The Series 2013-B Bonds shall, upon initial issuance, be dated the date of issuance. Each Series 2013-B Bond shall bear interest from the Payment Date next preceding the date of authentication thereof unless such date of authentication is a Payment Date, in which event such Series 2013-B Bond shall bear interest from such date of authentication or unless such date of authentication is after a Record Date and prior to the subsequent Payment Date, in which event such Bond shall bear interest from said subsequent Payment Date or unless such

date of authentication is on or before July 15, 2013, in which event such Bond shall bear interest from the initial date of issuance. If interest on the Series 2013-B Bonds shall be in default, Series 2013-B Bonds issued in exchange for Series 2013-B Bonds surrendered for transfer or exchange shall bear interest from the Payment Date to which interest has been paid in full on the Series 2013-B Bonds surrendered.

(c) Interest on the Series 2013-B Bonds shall be paid, based upon a 360-day year comprised of twelve 30-day months, on each Payment Date.

The Series 2013-B Bonds shall mature in the years and in the amounts and bear interest at the annual rates as set forth in the following schedule:

February 1 of the Year	Principal Amount	Interest Rate
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		

(d) Payment of principal of the Series 2013-B Bonds shall be made upon surrender of the Series 2013-B Bonds to the Trustee or its agent, and payment of interest on any Series 2013-B Bond shall be made to such person as is, on the Record Date, the registered Owner thereof and shall be paid by check of the Trustee mailed on the Payment Date to such person at his address as it appears on the registration books of the Registrar or at such other address as is furnished to the Registrar in writing by such registered Owner provided, however, that if an Owner of \$1,000,000 or more in principal amount of Series 2013-B Bonds requests payment by wire transfer by submitting a written request therefor to the Trustee on or before the Record Date preceding a Payment Date, the Trustee shall on the Payment Date wire transfer the interest payment(s) in immediately available funds to the U.S. account designated by such Owner. The Series 2013-B Bonds shall be substantially in the form of Exhibit A, which is part of this Tenth Supplemental Trust Agreement.

(e) If the principal of a Series 2013-B Bond becomes due and payable, but shall not have been paid, or provision made for its payment, then such Series 2013-B Bond shall bear interest at the same rate after such default as on a day before the default occurred.

Section 2.4. Exchange of Series 2013-B Bonds.

(a) Series 2013-B Bonds that are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Series 2013-B Bonds of the same maturity but of different authorized denominations.

(b) The Registrar will not, however, be required to transfer or exchange any such Series 2013-B Bond during the period established by the Trustee for the selection of Series 2013-B Bonds for redemption, any Series 2013-B Bond called for redemption, or during the period beginning on a Record Date and ending on a Payment Date.

ARTICLE III

REDEMPTION

Section 3.1. Notices to Trustee; Notices to Bondholders.

(a) If the City wishes that any Series 2013-B Bonds be redeemed pursuant to any optional redemption provision in this Tenth Supplemental Trust Agreement and in the Series 2013-B Bonds, the City will notify the Trustee of the applicable provision, the redemption date, the principal amount of Series 2013-B Bonds to be redeemed and other necessary particulars. The City will give such notice to the Trustee at least 45 days before the redemption date. The Trustee shall give notice of redemption to Bondholders affected by such redemption as provided in Section 3.03 of the Master Trust Agreement and the Trustee shall, at least 30 days and not more than 60 days before each redemption, send such notice of redemption by first-class mail (or, with respect to Series 2013-B Bonds held by the Depository, by facsimile or an express delivery service for delivery on the next following Business Day) to each Owner of a Series 2013-B Bond to be redeemed; each such notice shall be sent to the Owner's registered address. Failure by any Owner to receive notice as provided herein shall not affect the validity of any such redemption.

(b) In addition to the notice provided for in Section 3.1(a) above, the notice of redemption shall also be given by electronic means through the Electronic Municipal Market Access System designated by the Municipal Securities Rulemaking Board at www.emma.msrb.org; provided, however, that no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is otherwise given as prescribed herein for a notice of redemption. Failure by any Owner to receive notice as provided herein shall not affect the validity of any such redemption.

Section 3.2. Redemption Dates. The redemption date of Series 2013-B Bonds to be redeemed pursuant to any optional redemption provision in the Series 2013-B Bonds and Section 3.3 will be a date permitted thereby and specified by the City in the notice delivered pursuant to Section 3.1.

Section 3.3. Optional Redemption of the Series 2013-B Bonds. The Series 2013-B Bonds due on or after February 1, 2024 are redeemable at the option of the City on or after February 1, 2023, in whole or in part at any time, from any moneys that may be provided for such purpose. Series 2013-B Bonds so redeemed shall be redeemed at the principal amount of such Series 2013-B Bonds, without premium, plus accrued interest to the date fixed for redemption.

Section 3.4. Mandatory Sinking Fund Redemption of the Series 2013-B Bonds. [The Series 2013-B Bonds are not subject to mandatory sinking fund redemption.]

Section 3.5. Payment of Series 2013-B Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Series 2013-B Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

Section 3.6. Selection of Series 2013-B Bonds for Redemption; Series 2013-B Bonds Redeemed in Part.

(a) Series 2013-B Bonds are subject to redemption in such order of maturity as the City may direct and by lot, selected in such manner as the Trustee shall deem appropriate, within a maturity.

(b) Upon surrender of a Series 2013-B Bond to be redeemed in part, the Trustee will authenticate for the Owner a new Series 2013-B Bond or Series 2013-B Bonds of the same maturity equal in principal amount to the unredeemed portion of the Series 2013-B Bond surrendered.

ARTICLE IV

APPLICATION OF PROCEEDS; FUNDING OF RESERVE FUND AND PAYMENT OF SERIES 2013-B BONDS

Section 4.1. Application of Proceeds.

(a) The net proceeds of the sale of the Series 2013-B Bonds received by the Trustee shall be applied immediately by the Trustee as follows:

(1) the sum of \$_____ shall be credited to the Series 2013-B Account of the Reserve Fund (equal to the Initial Reserve Fund Requirement for the Series 2013-B Bonds); and

(2) the sum of \$_____ shall be credited to the Series 2013-B Costs of Issuance Fund; and

(3) the sum of \$_____ shall be transferred to the Escrow Agent for defeasance of the Refunded Bonds, pursuant to the Escrow Agreement.

(b) The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such transfers.

Section 4.2. Sources of Payment of Series 2013-B Bonds. The Series 2013-B Bonds shall be secured by and payable from the Revenues as provided in the Master Trust Agreement and this Tenth Supplemental Trust Agreement. The City may, but is not obligated to, provide for payment of principal of and interest on the Series 2013-B Bonds from any other source or from any other funds of the City.

ARTICLE V

CREATION OF SERIES 2013-B FUNDS AND ACCOUNTS

Section 5.1. Creation of Series 2013-B Account in Reserve Fund. There is hereby created within the Reserve Fund (created and held under the Master Trust Agreement) a separate account to be designated as the "Series 2013-B Account." Such account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund related to the Series 2013-B Bonds for rebate purposes as set forth in Article VII hereof, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund as provided in Sections 4.04 and 4.06 and Article VI of the Master Trust Agreement and shall be available to make payments on any Outstanding Bonds. Moneys shall be deposited into such accounts as provided in Section 4.1 of this Tenth Supplemental Trust Agreement.

Section 5.2. Creation of Series 2013-B Costs of Issuance Fund and Series 2013-B Subaccounts within the Debt Service Fund. A special fund is hereby created and designated the "City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B Costs of Issuance Fund" (the "Series 2013-B Costs of Issuance Fund") which fund shall be held and administered by the Trustee in the manner set forth in this Section 5.2. The City shall cause a portion of the proceeds of the Series 2013-B Bonds to be deposited into the Series 2013-B Costs of Issuance Fund in the amount set forth in Section 4.1(a)(2) hereof and shall give written instructions to the Trustee to expend such moneys solely to pay the Costs of Issuance of the Series 2013-B Bonds, pursuant to requisitions in substantially the form attached hereto as Exhibit C. Upon written request of the City, any unexpended moneys remaining in the Series 2013-B Costs of Issuance Fund shall be transferred by the Trustee for deposit to the Series 2013-B Interest Subaccount of the Debt Service Fund.

There are hereby created within the Debt Service Fund separate subaccounts to be designated the "Series 2013-B Interest Subaccount," the "Series 2013-B Principal Subaccount" and the "Series 2013-B Redemption Subaccount."

Interest earnings on amounts held in the Debt Service Fund, the Series 2013-B Costs of Issuance Fund, the Series 2013-B Interest Subaccount, the Series 2013-B Principal Subaccount and the Series 2013-B Redemption Subaccount shall be retained therein and used along with the other monies held in such funds for the purposes specified herein and in the Master Trust Agreement.

ARTICLE VI

TAX COVENANTS

Section 6.1. Series 2013-B Rebate Fund.

(a) General. The Trustee shall establish a special fund designated the "Series 2013-B Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under this Tenth Supplemental Trust Agreement and shall be governed by this Section and **Error! Reference source not found.** of this Tenth Supplemental Trust Agreement and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of the City, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the Rebate Requirement.

(b) Deposits.

(1) Within 45 days of the end of each Bond Year (as such term is defined in the Tax Certificate), (1) the City shall calculate or cause to be calculated with respect to the Series 2013-B Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) upon the City's written direction, the Trustee shall deposit to the Rebate Fund from investment earnings which are subject to the federal tax or rebate requirement, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(2) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(3) The City shall not be required to calculate the "rebate amount," and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series 2013-B Bonds (including amounts treated as proceeds of the Series 2013-A Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the City under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the

percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the City shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Series 2013-B Bonds. Any funds remaining in the Rebate Fund after redemption of all the Series 2013-B Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

(d) Withdrawal for Payment of Rebate. Upon the City’s written direction, but subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series 2013-B Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by or on behalf of the City and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the City shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from the City equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, upon written instructions from the City, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Series 2013-B Principal Subaccount of the Debt Service Fund.

(h) Record Keeping. The City shall retain records of all determinations made hereunder until six years after the complete retirement of the Series 2013-B Bonds.

(i) Survival of Defeasance. Notwithstanding anything in this Tenth Supplemental Trust Agreement to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Series 2013-B Bonds.

Section 6.2. General Tax Covenants.

(a) Investments. Except as otherwise provided in the second sentence of this paragraph, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Tenth Supplemental Trust Agreement, or otherwise containing gross proceeds of the Series 2013-B Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Trust Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Series 2013-B Account of the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code).

(b) Private Activity Bond Limitation. The City will assure that the proceeds of the Series 2013-B Bonds are not so used as to cause the Series 2013-B Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(c) Federal Guarantee Prohibition. The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Series 2013-B Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(d) Rebate Requirement. The City will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2013-B Bonds.

(e) No Arbitrage. The City will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2013-B Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series 2013-B Bonds would have caused the Series 2013-B Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(f) Maintenance of Tax-Exemption. The City will take all actions necessary to assure the exclusion of interest on the Series 2013-B Bonds from the gross income of the Owners of the Series 2013-B Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series 2013-B Bonds.

(g) Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Series 2013-B Bonds for at least 3 years after the

Series 2013-B Bonds mature or are redeemed (whichever is earlier); however, if the Series 2013-B Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Series 2013-B Bonds.

(h) Compliance with Tax Certificate. The City will comply with the provisions of the Tax Certificate with respect to the Bonds, the terms of which are incorporated herein as if fully set forth herein. The covenants of this Section 6.2 will survive payment in full or defeasance of the Series 2013-B Bonds.

ARTICLE VII

UTILIZATION OF ALTERNATIVE PAYMENT PROVISIONS OF SECTION 4.06 OF MASTER TRUST AGREEMENT

Pursuant to Section 4.06 of the Master Trust Agreement, this Article VIII shall constitute a written request by the City to the Trustee to utilize the payment provisions of Section 4.06, instead of the provisions of Section 4.04 and Section 4.05, of the Master Trust Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Tenth Supplemental Trust Agreement or the Series 2013-B Bonds must be in writing except as expressly provided otherwise in this Tenth Supplemental Trust Agreement or the Series 2013-B Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when delivered by hand (including any commercial delivery service) or mailed by first-class mail, postage prepaid, addressed to the City at the address provided in the Master Trust Agreement and to the Trustee at the following address: U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Corporate Trust Services. Any addressee may designate additional or different addresses for purposes of this Section.

(c) The Trustee shall give written notice to Moody's if at any time (i) a successor Trustee is appointed under the Master Trust Agreement or (ii) there is any amendment to the Master Trust Agreement or this Tenth Supplemental Trust Agreement. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

Section 8.2. Limitation of Rights. Nothing expressed or implied in this Tenth Supplemental Trust Agreement or the Series 2013-B Bonds shall give any person other than the Trustee, City and the holders of the Series 2013-B Bonds any right, remedy or claim under or with respect to this Tenth Supplemental Trust Agreement.

Section 8.3. Severability. If any provision of this Tenth Supplemental Trust Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Tenth Supplemental Trust Agreement.

Section 8.4. Payments Due on Non-Business Days. If a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue for the intervening period.

Section 8.5. Governing Law. This Tenth Supplemental Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.6. Captions. The captions in this Tenth Supplemental Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections in this Tenth Supplemental Trust Agreement.

Section 8.7. Amendments. This Tenth Supplemental Trust Agreement may only be amended in accordance with Article IX of the Master Trust Agreement.

Section 8.8. Counterparts. This Tenth Supplemental Trust Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 8.9. Receipt of Confirmations. The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City will not receive such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed this Tenth Supplemental Trust Agreement as of the date first written above.

CITY OF LOS ANGELES, CALIFORNIA

By _____
Assistant City Administrative Officer

APPROVED AS TO FORM AND LEGALITY:

CARMEN A. TRUTANICH,
City Attorney

By _____
Assistant/Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION,
as successor trustee

By _____
Authorized Signatory

EXHIBIT A

FORM OF SERIES 2013-B BOND

No. R-1

\$ _____

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration, exchange or payment, and any bond 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 because the registered owner hereof, Cede & Co., has an interest therein.

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

**CITY OF LOS ANGELES, CALIFORNIA
SOLID WASTE RESOURCES REFUNDING REVENUE BOND
SERIES 2013-B**

<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	February 1, _____		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

The CITY OF LOS ANGELES, CALIFORNIA (hereinafter sometimes called the "City"), a municipal corporation duly organized and existing under the Charter of the City (the "Charter") and the Constitution and laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner named above or registered assigns on the maturity date specified above (subject to right of prior redemption as hereinafter stated), upon presentation and surrender of this bond, the principal sum set forth above, with interest thereon (payable solely from said funds) from the date hereof at the interest rate per annum set forth above, interest payable on February 1 and August 1 of each year, commencing August 1, 2013 (each a "Payment Date"), until this bond is paid; provided, however, that if at the maturity date of this bond, or if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in the Trust Agreement hereinafter mentioned, this bond shall then cease to bear interest. Payment of principal of this bond shall be made upon surrender of this bond to the Trustee or its agent, and payment of interest on this bond shall be made to such person as is, on the Record Date, the registered owner hereof and shall be paid by check of the Trustee mailed on the Payment Date to such person at his address as it appears on the registration books of the Registrar or at such other address as is furnished to the Registrar in writing by the registered

owner hereof (or under certain circumstances by wire transfer to an account within the United States). As used above, "Record Date" means, for a February 1 Payment Date, the immediately preceding January 15, and for an August 1 Payment Date, the immediately preceding July 15.

Neither this bond, the interest hereon, nor any premium payable upon the redemption hereof, is a debt of the State of California or any of its political subdivisions (other than the City to the extent set forth herein) and neither said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be payable out of any funds or properties other than the funds of the City hereinafter mentioned. This bond does not constitute any indebtedness in contravention of any constitutional or statutory debt limitation or restriction. No covenant or agreement contained in this bond shall be deemed to be a covenant or agreement of any present or future official, officer, agent or employee of the City, in his individual capacity, and no person executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

This bond is one of a duly authorized issue of bonds of the City designated "City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B" (hereinafter called the "Series 2013-B Bonds") limited in aggregate principal amount to \$_____ in denominations of \$5,000 and integral multiples thereof all of like tenor (except for bond numbers and maturity dates and differences, if any, in interest rate), all of which have been issued pursuant to and in full conformity with the Charter of the City and Ordinance No. 174129, effective September 4, 2001, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, for the purpose of refinancing a portion of the cost of the refuse collection and disposal system of the City, and are authorized by and issued pursuant to a resolution adopted by the City on [January 16, 2013], a Master Trust Agreement, dated as of September 1, 2001, by and between the City and U.S. Bank National Association, as successor trustee, as amended and supplemented, and a Tenth Supplemental Trust Agreement, dated as of February 1, 2013, by and between the City and the Trustee (collectively, the "Trust Agreement").

Pledge of Revenues; Security. The Series 2013-B Bonds are special, limited obligations of the City and are secured solely by and payable from a pledge of the Revenues and, subject to application of amounts on deposit therein as permitted in the Trust Agreement, the SWR Revenue Fund and the other funds and accounts created under the Trust Agreement for the payment of the Series 2013-B Bonds in accordance with the terms of the Trust Agreement. "Revenues" include (i) the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee received by the Solid Waste Resources Revenue Fund (or any successor fund held by the City, the "SWR Revenue Fund") after deduction of administration charges by the Department of Water and Power of the City, (ii) any other legally available income, rates, fees, charges and other moneys which the City designates by ordinance or resolution for deposit in the SWR Revenue Fund, and (iii) the earnings on and income derived from the investment of the amounts set forth in clauses (i) and (ii) above and from amounts on deposit in the Reserve Fund.

All of the Series 2013-B Bonds are equally secured in accordance with the terms of the Trust Agreement, reference to which is hereby made for a specific description of the security therein provided for said Series 2013-B Bonds, for the nature, extent and manner of enforcement

of such security, for the covenants and agreements made for the benefit of bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this bond the holder hereof assents to all of the terms, conditions and provisions of said Trust Agreement.

Parity Indebtedness. The City has previously issued debt obligations outstanding and payable from the Revenues on a parity with the Series 2013-B Bonds. The City may issue additional debt on a parity with the Series 2013-B Bonds but only in accordance with the provisions contained in the Trust Agreement.

Amendment of Trust Agreement Permitted. In the manner provided in the Trust Agreement, said Trust Agreement and the rights and obligations of the City and of the holders of the Series 2013-B Bonds, may (with certain exceptions as stated in said Trust Agreement) be modified or amended without the consent of the owners of the Series 2013-B Bonds under certain limited circumstances stated therein and may be more generally modified or amended with the consent of the holders of 51% in aggregate principal amount of the Series 2013-B Bonds and any parity bonds issued under the Trust Agreement then Outstanding, exclusive of any Series 2013-B Bonds or parity bonds known to the Trustee to be held by or for the account of the City or by any person controlling, controlled by or under common control with the City.

Events of Default. The Trust Agreement provides that the occurrences of certain events constitute Events of Default. Bondholders may not enforce the Trust Agreement or the Series 2013-B Bonds except as provided in the Trust Agreement. The Trustee may refuse to enforce the Trust Agreement or the Series 2013-B Bonds unless it receives reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Optional Redemption. If this bond matures on or after February 1, 2024, it is redeemable in the manner and subject to the terms and provisions, and with the effect, set forth in the Trust Agreement, at the option of said City, in whole or in part on any date on or after February 1, 2023, upon at least 30 days' but not more than 60 days' prior notice to the registered owner hereof, at a redemption price equal to the principal amount hereof, without premium, plus accrued interest to the date fixed for redemption.

Neither the faith and the credit nor the taxing power of the City of Los Angeles, the State of California or any public agency, other than the City of Los Angeles to the extent of Revenues, is pledged to the payment of the principal of, premium, if any, or interest on, this bond.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond exist, have happened and have been performed in due time, form and manner as required by the Charter and the Constitution and the laws of the State of California.

This bond shall not be valid and the holder hereof shall not be entitled to any benefit hereunder or under the above-mentioned Trust Agreement unless this bond shall have been authenticated by the Trustee by the manual signature of a duly authorized officer.

IN WITNESS WHEREOF, the City of Los Angeles, California has caused this bond to be signed on its behalf by the Mayor and by the City Treasurer or a Deputy City Treasurer, and countersigned by the City Clerk or a Deputy City Clerk (all signatures and countersignatures printed, lithographed or otherwise mechanically reproduced except that one signature must be signed manually), authenticated by the Trustee and this bond to be dated the ____ day of February, 2013.

CITY OF LOS ANGELES, CALIFORNIA

By: _____
Mayor

By: _____
City Treasurer/Deputy City Treasurer

Countersigned:

City Clerk/Deputy City Clerk

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This bond is one of the Series 2013-B Bonds described in the within mentioned Trust Agreement.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received _____ hereby sell, assign and transfer unto _____ the within bond and hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the Trustee at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an authorized guarantor.

EXHIBIT B
DEBT SERVICE SCHEDULE
Series 2013-B Bonds

Interest Payment Date	Principal	Interest	Total Debt Service
8/1/2013			
2/1/2014			
8/1/2014			
2/1/2015			
8/1/2015			
2/1/2016			
8/1/2016			
2/1/2017			
8/1/2017			
2/1/2018			
8/1/2018			
2/1/2019			
8/1/2019			
2/1/2020			
8/1/2020			
2/1/2021			
8/1/2021			
2/1/2022			
8/1/2022			
2/1/2023			
8/1/2023			
2/1/2024			
8/1/2024			
2/1/2025			
8/1/2025			
2/1/2026			
8/1/2026			
2/1/2027			
8/1/2027			
2/1/2028			
8/1/2028			
2/1/2029			

EXHIBIT C

FORM OF REQUISITION FOR SERIES 2013-B COSTS OF ISSUANCE FUND

REQUISITION NO. ___

with reference to

\$ _____
City of Los Angeles, California
Solid Waste Resources Refunding Revenue Bonds,
Series 2013-B

The City of Los Angeles, California (the "City") hereby requests U.S. Bank National Association, as successor trustee (the "Trustee"), pursuant to that certain Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented, and that certain Tenth Supplemental Trust Agreement, dated as of February 1, 2013 (collectively, the "Trust Agreement"), each by and between the City and the Trustee, to pay from the moneys in the Series 2013-B Costs of Issuance Fund established pursuant to the Trust Agreement, the following amounts, as indicated below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
--------------	---------------	----------------

%

Each obligation hereto has been properly incurred and is a proper charge against the Series 2013-B Costs of Issuance Fund as part of Costs of Issuance, in accordance with the Trust Agreement. None of the items for which payment is requested has been reimbursed previously from the Series 2013-B Costs of Issuance Fund.

Dated: _____

CITY OF LOS ANGELES, CALIFORNIA

By _____
Title: _____

ATTACHMENT E

ESCROW AGREEMENT

ESCROW AGREEMENT

by and between the

CITY OF LOS ANGELES

and

**U.S. Bank National Association,
as Escrow Agent**

Dated as of February 1, 2013

Relating to the Proceeds of

\$ _____

City of Los Angeles, California

Solid Waste Resources Refunding Revenue Bonds, Series 2013-B

ESCROW AGREEMENT

This ESCROW AGREEMENT, dated as of February 1, 2013 (the "Escrow Agreement"), is entered into by and between the CITY OF LOS ANGELES (the "City"), a municipal corporation and a charter city of the State of California (the "State"), and U.S. Bank National Association, its successors and assigns, as escrow agent (the "Escrow Agent"), with reference to the following facts:

WITNESSETH:

WHEREAS, under Section 361 of the Charter, the City has the power to issue revenue bonds pursuant to procedural ordinances adopted by the Council of the City (the "Council"), and the Council, on July 24, 2001, adopted Ordinance No. 174129, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, which permits the City to issue revenue bonds secured by the moneys in the Solid Waste Resources Special Revenue Fund and the earnings thereon for the purposes enumerated in Section 5.121.5 of the Administrative Code and Section 66.41 of the Municipal Code;

WHEREAS, pursuant to the Master Trust Agreement, dated as of September 1, 2001, by and between the City and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented from time to time (the "Master Trust Agreement"), and the Second Supplemental Trust Agreement, dated as of April 1, 2003 (the "Second Supplement"), between the City and the Trustee, the City issued its Sanitation Equipment Charge Revenue Bonds, Series 2003-A (the "Series 2003-A Bonds") in the original aggregate principal amount of \$47,825,000, and such Series 2003-A Bonds are currently outstanding in the aggregate principal amount of \$17,425,000 (after the scheduled payment of principal by the City on February 1, 2013); and

WHEREAS, pursuant to the Master Trust Agreement and the Third Supplemental Trust Agreement, dated as of December 1, 2003 (the "Third Supplement"), between the City and the Trustee, the City issued its Sanitation Equipment Charge Revenue Bonds, Series 2003-B (the "Series 2003-B Bonds") in the original aggregate principal amount of \$61,120,000, and such Series 2003-B Bonds are currently outstanding in the aggregate principal amount of \$41,705,000 (after the scheduled payment of principal by the City on February 1, 2013); and

WHEREAS, pursuant to the Master Trust Agreement and the Fourth Supplemental Trust Agreement, dated as of March 15, 2004 (the "Fourth Supplement"), between the City and the Trustee, the City issued its Sanitation Equipment Charge Revenue Bonds, Series 2004-A (the "Series 2004-A Bonds") in the original aggregate principal amount of \$56,230,000, and such Series 2004-A Bonds are currently outstanding in the aggregate principal amount of \$32,155,000 (after the scheduled payment of principal by the City on February 1, 2013); and

WHEREAS, the City has determined that it is in the best interests of the City to refund, in advance of their respective maturities, (1) the Series 2003-A Bonds set forth on Schedule 1 hereto (the "Refunded Series 2003-A Bonds"), (2) the Series 2003-B Bonds set forth on Schedule 1 hereto (the "Refunded Series 2003-B Bonds") and (3) the Series 2004-A Bonds set forth on Schedule 1 hereto (the "Refunded Series 2004-A Bonds" and together with the

Refunded Series 2003-A Bonds and the Refunded Series 2003-B Bonds, the "Refunded Bonds"); and

WHEREAS, the Master Trust Agreement provides that the Refunded Bonds shall, prior to the maturity thereof, be deemed to have been paid when payment of the principal, interest and premium, if any, shall have been provided for by irrevocably depositing with the Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (2) noncallable Government Obligations (as defined in the Master Trust Agreement), maturing as to principal and interest in such amounts and at such times as in the opinion of an Independent certified public accountant will insure the availability of sufficient moneys to make such payment; and

WHEREAS, the Master Trust Agreement provides that once such deposit shall have been made, the Trustee shall notify all holders of the Refunded Bonds that the Refunded Bonds are deemed to have been paid in accordance with the Master Trust Agreement; and

WHEREAS, the City has issued \$_____ of its Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (the "Series 2013-B Bonds") for the purpose, among other purposes, of refunding the Refunded Bonds, and such Series 2013-B Bonds are being issued under the terms of the Master Trust Agreement and a Tenth Supplemental Trust Agreement, dated as of February 1, 2013 (the "Tenth Supplement"), by and between the City and the Trustee; and

WHEREAS, the Refunded Series 2003-A Bonds are first subject to redemption on February 1, 2013, and the City has determined that all of the Series 2003-A Bonds shall be redeemed on _____, 2013 (the "Series 2003-A Redemption Date") at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption; and

WHEREAS, the callable Refunded Series 2003-B Bonds are first subject to redemption on February 1, 2014, and the City has determined that all of the callable Series 2003-B Bonds shall be redeemed on February 1, 2014 (the "Series 2003-B Redemption Date") at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, and that the non-callable Series 2003-B Bonds shall be paid at maturity on February 1, 2014; and

WHEREAS, the callable Refunded Series 2004-A Bonds are first subject to redemption on February 1, 2014, and the City has determined that all of the callable Series 2004-A Bonds shall be redeemed on February 1, 2014 (the "Series 2004-A Redemption Date" and together with the Series 2003-A Redemption Date and the Series 2003-B Redemption Date, the "Redemption Dates") at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, and that the non-callable Series 2004-A Bonds shall be paid at maturity on February 1, 2014; and

WHEREAS, the Escrow Agent shall take any and all action necessary to transfer amounts provided hereunder to the Trustee to redeem or pay at maturity the Refunded Bonds on the

applicable redemption date or maturity date as provided above, in accordance with the provisions of this Escrow Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

Section 1. Incorporation of Definitions. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Master Trust Agreement, as amended and supplemented.

Section 2. Receipt of Documents and Confirmation of Book-Entry Status of the Refunded Bonds. The Escrow Agent hereby acknowledges the receipt of a copy of the verification report prepared by Grant Thornton LLP, independent certified public accountants, in connection with calculations of the sufficiency of the funds to be used to pay upon maturity or redemption the principal of and interest on the Refunded Bonds. The City hereby confirms that all of the Refunded Bonds are in "book-entry" form, and are registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), which acts as the securities depository for the Refunded Bonds. So long as the Refunded Bonds are in such book-entry form, the Escrow Agent shall give all notices pursuant to this Escrow Agreement to Cede & Co. as the registered owner of the Refunded Bonds and DTC as the securities depository therefor. The Escrow Agent shall make all payments required hereunder to the Trustee.

Section 3. Payment of Bonds; Notice to Owners. The Escrow Agent is hereby appointed to serve as escrow agent and to make the payments required pursuant to this Escrow Agreement as directed by the City.

(a) The Escrow Agent shall, from funds held under this Escrow Agreement, pay or cause to be paid all interest as it becomes due on the Refunded Bonds (i) to the respective maturity dates, with respect to the non-callable Refunded Bonds, and (ii) to the applicable Redemption Date, with respect to the callable Refunded Bonds.

(b) On the respective maturity dates thereof, the Escrow Agent shall, from funds held under this Escrow Agreement, pay or cause to be paid the principal amount of the non-callable Refunded Bonds, plus accrued interest, if any, to such dates.

(c) On the applicable Redemption Date, the Escrow Agent shall, from funds held under this Escrow Agreement, pay or cause to be paid the principal amount of the callable Refunded Bonds, plus accrued interest, if any, to the Redemption Date.

(d) The City hereby agrees to give notice in accordance with Article VI of the Master Trust Agreement, as soon as practicable, that the deposit has been made hereunder to provide for the payment of the Refunded Bonds and agrees to give proper and timely notice of the redemption of the Refunded Bonds. To implement such agreement, the City hereby irrevocably directs the Escrow Agent to give the following notices and the Escrow Agent agrees that it will:

(i) send by first-class United States mail, postage prepaid, to all owners of the Refunded Bonds, a notice in substantially the form of **Exhibit A** to this Escrow

Agreement as soon as practicable after its receipt of proceeds of the Series 2013-B Bonds as described in Section 4(b);

(ii) send by first-class United States mail, postage prepaid (or with respect to Refunded Bonds held by the Depository, by facsimile or an express delivery service for delivery on the next following Business Day), at least 30 days and not more than 60 days before each Redemption Date, to all owners of the Refunded Bonds to be called on such Redemption Date, a notice in substantially the form of **Exhibit B** to this Escrow Agreement; and

(iii) file, by electronic means through the Electronic Municipal Market Access System designated by the Municipal Securities Rulemaking Board at www.emma.msrb.org, the notices described in clauses (i) and (ii) of this subsection (d) at the respective times such notices are mailed pursuant to said clauses (i) and (ii).

Section 4. Establishment of the Escrow Account; Disposition of Initial Deposit.

(a) There is hereby created and established with the Escrow Agent a special, irrevocable escrow to be designated "City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B Escrow Account" (the "Escrow Account") to be held, in trust, by the Escrow Agent separate and apart from any other funds of the Escrow Agent and the City, if any, held by the Escrow Agent.

(b) On the date of issuance of the Series 2013-B Bonds, the City shall cause to be transferred to the Escrow Agent a portion of the net proceeds of the Series 2013-B Bonds in the amount of \$_____. In addition, the City shall cause to be transferred to the Escrow Agent (i) \$_____, representing funds released from the Series 2003-A Account in the Reserve Fund attributable to the Refunded Series 2003-A Bonds, (ii) \$_____, representing funds released from the Series 2003-B Account in the Reserve Fund attributable to the Refunded Series 2003-B Bonds, and (iii) \$_____, representing funds released from the Series 2004-A Account in the Reserve Fund attributable to the Refunded Series 2004-A Bonds. The Escrow Agent shall deposit such amounts, in the sum of \$_____, in the Escrow Account promptly upon receipt. The City hereby ratifies and confirms that upon the Escrow Agent's receipt of the good faith deposit, the Escrow Agent was authorized by the City to invest such funds in a taxable money-market portfolio composed of Government Obligations and repurchase agreements fully secured by such Government Obligations. The City hereby instructs the Escrow Agent to transfer the money earned on the investment of the good faith deposit in such money market fund and not needed to purchase the securities pursuant to Section 4(c) below to the City promptly after the issuance of the Series 2013-B Bonds.

(c) The Escrow Agent is hereby directed to use the amounts set forth on **Exhibit C** hereto to purchase on the date of issuance of the Series 2013-B Bonds the securities set forth on such exhibit and to hold the amounts set forth on such exhibit in cash.

The securities listed on **Exhibit C** hereto shall constitute the "Initial Government Obligations" to be held by the Escrow Agent hereunder. Investments in mutual funds or unit investment trusts are prohibited for amounts in the Escrow Account.

(d) The Escrow Agent shall use the maturing principal of the Initial Government Obligations, together with the interest to be paid thereon, any securities substituted therefor in accordance with Section 13 hereof and any cash balance ever existing in the Escrow Account, to pay the interest on and the principal of the Refunded Bonds as provided in Section 3 hereof.

(e) The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the City cash transaction statements on a quarterly basis which shall include detail for all investment transactions made by the Escrow Agent hereunder.

Section 5. Irrevocable Deposit; Express Trust. The escrow created hereby shall be irrevocable, and all moneys, the Initial Government Obligations and any securities substituted therefor in accordance with the terms of this Escrow Agreement held in the Escrow Account and any reinvestment of amounts held hereunder shall be subject to the express trust created by this Escrow Agreement until paid out, used and applied in accordance with this Escrow Agreement.

The deposits made pursuant to Section 4(b) hereof shall constitute an irrevocable deposit and pledge for the benefit of the holders of the Refunded Bonds, and the moneys and Initial Government Obligations and any securities substituted therefor in accordance with the terms of this Escrow Agreement, together with any interest paid thereon and any reinvestment thereof, shall be held in trust, and shall be applied solely by the Escrow Agent in accordance with the provisions of this Escrow Agreement. Neither the Initial Government Obligations, securities substituted therefor, any reinvestment thereof, nor moneys deposited with the Escrow Agent under this Escrow Agreement nor principal or interest payments on any such securities shall, except as provided in Sections 4, 12 and 13 hereof, be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium and interest on the Refunded Bonds.

Section 6. Receipt of Funds. The Escrow Agent hereby acknowledges receipt of the moneys described in Section 4(b) hereof, and acknowledges that with such moneys it has purchased and received the securities listed on **Exhibit C** hereto. Except as specifically provided in Sections 4, 12 and 13 of this Escrow Agreement, the Escrow Agent shall have no power or duty to invest or reinvest any moneys held hereunder or to make substitutions for the Initial Government Obligations or to sell, transfer or otherwise dispose of the Initial Government Obligations except to collect the principal and interest thereon.

Section 7. Late Presentment of Bonds. All moneys which have been set aside or deposited with the Escrow Agent, the Trustee or the Paying Agent for the purpose of paying any of the Refunded Bonds upon redemption, and for which the applicable Redemption Date shall have occurred, shall be held in trust for the respective holders of such Refunded Bonds. But any moneys which shall be so set aside or deposited and which shall remain unclaimed by the holders of such Refunded Bonds for a period of one year after the applicable Redemption Date shall be paid to the City, and thereafter the holders of such Bonds shall look only to the City for payment and the City shall be obligated to make such payment, but only to the extent of the amounts so

received without any interest thereon, and neither the Trustee, the Paying Agent nor the Escrow Agent shall have any responsibility with respect to any of such moneys.

Section 8. Destruction of Paid Bonds. All Refunded Bonds paid upon maturity or redemption shall be cancelled and destroyed in accordance with Section 2.07 of the Master Trust Agreement.

Section 9. Waiver of Rights. The City hereby irrevocably waives any right it may have to redeem any of the Refunded Bonds prior to the Redemption Date.

Section 10. Escrow Agent Fees; Indemnification. For acting under this Escrow Agreement, the Escrow Agent shall be entitled to payment by the City of, and the City shall pay to the Escrow Agent, fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Escrow Agent in connection with its services under this Escrow Agreement; however, such amounts shall never be payable from or become a lien upon the Escrow Account, which account shall be held solely for the purpose set forth in Section 3 of this Escrow Agreement. To the extent permitted by law, the City agrees to indemnify and hold the Escrow Agent harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys' fees), losses and damages suffered by it as a result thereof including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the acceptance or performance by the Escrow Agent of its duties under this Escrow Agreement, including the enforcement by the Escrow Agent of any remedies provided hereunder. Such indemnification shall not extend to claims, suits and actions brought against the Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made based upon the Escrow Agent's negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the Escrow Account, which account shall be held solely for the purpose set forth in Section 3 of this Escrow Agreement. This right of indemnification shall survive the termination of this Escrow Agreement. The Escrow Agent shall assert no lien whatsoever on the Escrow Account, or moneys on deposit in the Escrow Account, for the payment of fees and expenses for services rendered by Escrow Agent under this Escrow Agreement or otherwise.

Section 11. Escrow Agent Privileges; Immunities; Successors.

(a) The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys in the Escrow Account to pay the principal of and interest on the Refunded Bonds. So long as the Escrow Agent applies the funds held in the Escrow Account as provided herein and complies fully with the terms of this Escrow Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to make such payments caused by such calculations.

(c) In the event of the Escrow Agent's failure to account for any of the funds deposited in the Escrow Account or moneys received by the Escrow Agent, said Escrow Account or moneys shall, nevertheless, be and remain in trust for the holders of the Refunded Bonds or portions thereof, as herein provided.

(d) The Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent.

(e) The Escrow Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed herein, and shall be protected and indemnified, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document, report or opinion furnished to the Escrow Agent and reasonably believed by the Escrow Agent to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate, document, report or opinion.

(f) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent, be liable for any special, indirect or consequential damages, even if parties know of the possibility of such damages. The Escrow Agent shall have no duty or responsibility under this Escrow Agreement in the case of any default in the performance of covenants or agreements contained in the Master Trust Agreement, or in the case of the receipt of any written demand with respect to such default. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Escrow Agreement.

(g) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(h) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein, in the Master Trust Agreement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Tenth Supplement, the Refunded Bonds or the Series 2013-B Bonds.

(i) The Escrow Agent shall not be liable for any action or omission of the City under the Escrow Agreement, the Master Trust Agreement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Tenth Supplement, the Refunded Bonds or the Series 2013-B Bonds.

(j) Whenever in the administration of the trust of the Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of the City (signed by any City representative authorized pursuant to the Tenth Supplement), and such Certificate of the City shall, in the absence of negligence or willful misconduct on the part of the

Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

(k) The Escrow Agent may at any time resign by giving written notice to the City of such resignation prior to the proposed resignation date, whereupon the City shall promptly use its best efforts to appoint a successor escrow agent by the resignation date. Resignation of the Escrow Agent will be effective only upon the appointment, acceptance and qualification of a successor escrow agent. If the City does not appoint a successor escrow agent within 60 days after notice of resignation by the Escrow Agent, the resigning escrow agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent at the expense of the City, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor escrow agent. After receiving a notice of resignation of an escrow agent, the City may appoint a temporary escrow agent to replace the resigning escrow agent until the City appoints a successor escrow agent. Any such temporary escrow agent so appointed by the City shall immediately and without further act be superseded by the successor escrow agent so appointed. No successor escrow agent shall be appointed unless such successor escrow agent shall be a commercial bank or trust company, a state or national banking association or any other corporation with trust powers which is rated at least "Baa3/P3" by Moody's Investors Service ("Moody's").

If a successor escrow agent is appointed, all agreements and obligations described herein with respect to the Escrow Agent, as the escrow agent, shall apply to such successor escrow agent. Every successor escrow agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and the City an instrument in writing accepting such appointment hereunder and thereupon such successor escrow agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, but such predecessor shall, nevertheless, on the written request of such successor escrow agent or the City, execute and deliver an instrument transferring to such successor escrow agent all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor escrow agent shall deliver all investments and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the City be required by any successor escrow agent for more fully and certainly vesting in such successor escrow agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor escrow agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Any corporation or association into which the Escrow Agent, or any successor to it and the trusts created by this Escrow Agreement, may be merged or converted or with which it or any successor to it may be consolidated (or any corporation or association resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any other bank then serving as escrow agent, or any successor to it, shall be a party), shall be the successor escrow agent under this Escrow Agreement, shall hold the Escrow Account in accordance with the terms hereof and shall be vested with all of the trusts, powers, rights, obligations, duties, immunities and privileges hereunder as was its predecessor without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

(l) The Escrow Agent will provide the City with annual statements of the Escrow Account maintained hereunder.

Section 12. Termination. This Escrow Agreement shall terminate when the Refunded Bonds have been fully paid and discharged in accordance with the provisions hereof. Any moneys or securities held in the Escrow Account at termination and not required for the payment of the principal of or interest on any of the Refunded Bonds shall be paid or transferred to the City.

Section 13. Investment of Funds in the Escrow Account.

(a) Except as otherwise provided herein, amounts held in the Escrow Account under this Escrow Agreement may be invested only in Government Obligations, as defined in the Master Trust Agreement

(b) At the direction of the City, the Escrow Agent shall redeem, transfer or exchange the Initial Government Obligations or any Government Obligations which are then held as an investment of the Escrow Account and reinvest the proceeds thereof, together with the other moneys held in the Escrow Account in Government Obligations, and may release to the City the excess amount then resulting in the Escrow Account provided that the City delivers to the Escrow Agent the following:

(i) an opinion of an independent certified public accountant to the effect that, after such reinvestment the principal amount of Government Obligations, together with the interest thereon and other available moneys held in the Escrow Account, will be sufficient without reinvestment to pay interest on the Refunded Bonds and to redeem and pay the redemption premium on the Refunded Bonds as provided in Section 3 hereof; and

(ii) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause either the Refunded Bonds, other Bonds issued under the Master Trust Agreement or the Series 2013-B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder in effect on the date of such investment, or otherwise cause the interest on any of such bonds to be included in the gross income of the recipients thereof for federal income tax purposes, and (b) such reinvestment complies with the Constitution and laws of the State of California and with all relevant documents relating to the issuance of the Refunded Bonds.

(c) If, at any time, the Initial Government Obligations (as defined in Section 4(c) hereof) or other Government Obligations then held as an investment of the Escrow Account mature or payments are made thereon to the Escrow Agent or the Escrow Agent otherwise holds or receives cash in advance of the time same cash is needed to make payment on the Refunded Bonds, such amounts shall be held uninvested unless Escrow Agent has received written instructions from the City directing the investment of such amounts and all of the following requirements have been met:

(i) such moneys shall be invested only in Government Obligations which mature not later than the date on which the funds invested therein will be needed to make payments on the Refunded Bonds;

(ii) such moneys shall be invested only in Government Obligations which mature in an amount, together with interest thereon, not less than the full amount paid by Escrow Agent to acquire such investments;

(iii) prior to any such reinvestment, the Escrow Agent shall receive from the City or the City's financial advisor a certificate to the effect that the investments to be acquired by the Escrow Agent meet the requirements of Subsections 13(c)(i) and 13(c)(ii) above; and

(iv) if the yield on such reinvestment is greater than 0.00% or the reinvestment is being made pursuant to an agreement providing for the purchase of Government Obligations at a future time or times, then prior to any such reinvestment, the City shall deliver to the Escrow Agent an unqualified opinion of nationally recognized municipal bond counsel to the effect that (i) such reinvestment will not cause either the Refunded Bonds, other Bonds issued under the Master Trust Agreement or the Series 2013-B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the regulations thereunder in effect on the date of such investment, or otherwise cause the interest on any of such bonds to be included in the gross income of the recipients thereof for federal income tax purposes; provided that, if such investment is made pursuant to the terms of an agreement between the Escrow Agent and a supplier of securities which agreement is entered into by the Escrow Agent at the written direction of the City and provides for investments to be provided at a future time or times, then the requirement set forth in this Subsection 13(c)(iv) shall be met if the opinion described herein is provided prior to the time the agreement is entered into and relates to all investments made in accordance with the terms of such agreement.

(d) In addition to the requirements and restrictions set forth above in Section 13(c), if the Refunded Bonds, or any of them, then carry a rating assigned by Moody's and/or Standard & Poor's on the basis of the security provided by the Escrow Account, then the City shall not direct the Escrow Agent to enter into an agreement providing for the purchase of securities at a future time or times as an investment of the Escrow Account unless prior to the time the Escrow Agent enters into such agreement, the City has been notified by the rating agency or agencies then maintaining such rating or ratings that entering into the agreement will not cause the rating or ratings then assigned to the Refunded Bonds to be reduced or withdrawn.

Section 14. Tax Covenant of the City. The City covenants that it will not take or omit to take any action, which action or omission to act would cause the Refunded Bonds, any other Bonds issued under the Master Trust Agreement or the Series 2013-B Bonds to be arbitrage bonds within the meaning of Section 148 of the Code, and the regulations thereunder, or take or omit to take any action which would cause the interest on any such bonds to be included in the gross income of the recipients thereof for federal income tax purposes.

Section 15. Compensation Acknowledgement. The Escrow Agent hereby acknowledges that under the terms of this agreement with the City, all fees that are or will become due to the Escrow Agent for services performed under this Escrow Agreement have been provided for and that provision has been made to the satisfaction of the Escrow Agent between the City and the Escrow Agent for all necessary and proper compensation and expenses of Escrow Agent with respect to such Refunded Bonds, so long as the Refunded Bonds remain in book-entry only form. Amounts to be paid to the Escrow Agent for compensation and expenses of the Escrow Agent shall never be payable from or become a lien upon the Escrow Account, which account shall be held solely for the purpose set forth in Section 3 of this Escrow Agreement.

Section 16. Further Amendments or Supplements. This Escrow Agreement may not be amended or supplemented after the execution and delivery hereof except to the extent required to obtain a "Aaa" rating from Moody's and/or a "AAA" rating from Standard & Poor's with respect to the Refunded Bonds; provided that each of the following shall be a condition to the execution and delivery of any such amendment or supplement (1) if Moody's or Standard & Poor's is then maintaining a rating on any Refunded Bonds on the basis of the security provided by the Escrow Account, then such rating agency must have received a copy of such amendment or supplement and have notified the City that such amendment or supplement will not cause the rating then being maintained to be reduced or withdrawn and (2) there shall be delivered to the City an opinion of nationally recognized municipal bond counsel to the effect that such amendment or supplement (a) will not cause either any Refunded Bonds, other Bonds issued under the Master Trust Agreement or the Series 2013-A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder in effect on the date of such amendment or supplement or otherwise cause the interest on any such bonds to be included in the gross income of the recipients thereof for federal income tax purposes and (b) complies with the terms of this Escrow Agreement.

Section 17. Severability. If any one or more of the covenants or agreements to be performed by any of the parties to this Escrow Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Escrow Agreement. If any provisions of this Escrow Agreement shall be deemed by a court of competent jurisdiction to be unenforceable, the City shall promptly notify Moody's Investor's Services at 7 World Trade Center, New York, NY 10007, Standard & Poor's at 55 Water Street, New York, New York 10041 and Fitch Ratings, Inc. at One State Street Plaza, New York, New York 10004, and any other rating agency at the time maintaining a rating on any Refunded Bonds.

Section 18. Governing Law; Counterparts. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of California. This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to be one and the same document.

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

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

Attest:

June Lagmay, City Clerk

By: _____
Deputy

Approved as to form:

Carmen A. Trutanich, City Attorney

By: _____
Assistant/Deputy City Attorney

U.S. Bank National Association,
as Escrow Agent

By: _____
Trust Officer

SCHEDULE 1
REFUNDED BONDS

EXHIBIT A

FORM OF NOTICE OF DEFEASANCE

CITY OF LOS ANGELES, CALIFORNIA
OF SANITATION EQUIPMENT CHARGE REVENUE BONDS, SERIES _____

MATURITIES: February 1, 20__ through 20__

The City of Los Angeles, California (the "City") hereby gives notice to the owners of the above-described bonds that:

(1) On _____, 2013, there was deposited with U.S. Bank National Association, as escrow agent, funds that have been irrevocably set aside to pay the principal of and interest on the City of Los Angeles, California Sanitation Equipment Charge Revenue Bonds, Series _____ with the stated maturities (or term bond components thereof) as set forth above and the CUSIP numbers set forth below (the "Refunded Bonds").

<u>Maturity (February 1)</u>	<u>CUSIP No.</u>
------------------------------	------------------

The Refunded Bonds maturing on February 1, 20__ and February 1, 20__ are hereinafter referred to as the "Non-Callable Refunded Bonds." The Refunded Bonds maturing on February 1, 20__ through 20__ are hereinafter referred to as the "Callable Series Refunded Bonds."

(2) As a result of such deposit, the Refunded Bonds are deemed to be no longer outstanding under the terms of the Master Trust Agreement pursuant to which such Refunded Bonds were issued.

(3) With respect to the Non-Callable Refunded Bonds, interest will earned through, but not including, the respective maturity dates of such Non-Callable Refunded Bonds, and interest will be payable as provided in the Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented to date, including as amended and supplemented by the _____ Supplemental Trust Agreement, dated as of _____ 1,

20__, by and between the City and U.S. Bank National Association, as successor trustee.

(4) With respect to the Callable Refunded Bonds, interest will be earned through January 31, 20__, and paid on February 1, 20__ (or if such day is not a Business Day then on the next Business Day), from government obligations purchased with the deposited funds, the earnings thereon and the cash held under the escrow agreement.

(5) All of the Callable Refunded Bonds will be redeemed on February 1, 20__ (or if such day is not a Business Day then on the next Business Day) at a redemption price of the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption.

CITY OF LOS ANGELES

EXHIBIT B
FORM OF NOTICE OF REDEMPTION
CITY OF LOS ANGELES, CALIFORNIA
OF SANITATION EQUIPMENT CHARGE REVENUE BONDS, SERIES _____

MATURITIES: February 1, 20__ through 20__

The City of Los Angeles hereby gives notice to the owners of the above-described bonds (the "Refunded Bonds") that all of such Refunded Bonds will be redeemed on February 1, 20__.

The following information is hereby provided with respect to such redemption:

- (1) The redemption price shall be the principal amount of the Refunded Bonds redeemed, without premium, plus accrued interest to the date fixed for redemption.
- (2) To receive payment of the redemption price, the Refunded Bonds must be presented to

By Mail: U.S. Bank National Association, as Paying Agent

[address]

By Hand: U.S. Bank National Association, as Paying Agent

[address]

and the redemption price will be paid at such location. Upon receipt, if any, of such bonds the Paying Agent will forward the bonds to the City for cancellation.

- (3) The CUSIP numbers of the bonds to be redeemed are :
Maturity (February 1) CUSIP No.

(4) On February 1, 20__, the Bonds will cease to bear interest.

Notice given by mailing this ____ day of _____, _____.

CITY OF LOS ANGELES

cc: Paying Agent

EXHIBIT C

INITIAL GOVERNMENT OBLIGATIONS

Escrow Securities

<u>Type</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	----------------------	-------------------------	----------------------

Total Amount Used to Purchase Securities = \$ _____
Total Amount Held in Cash = \$ _____

ATTACHMENT F

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

DTC Bond

NEW ISSUE-- FULL BOOK-ENTRY ONLY

RATINGS:
(See "Ratings" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

CITY OF LOS ANGELES, CALIFORNIA

\$ _____ *
Solid Waste Resources Revenue Bonds
Series 2013-A

\$ _____ *
Solid Waste Resources Refunding Revenue Bonds
Series 2013-B

Dated: Date of Delivery

Due: February 1, as shown on inside cover page

This cover page contains certain information for general reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Solid Waste Resources Revenue Bonds, Series 2013-A and the Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (herein referred to collectively as the "Bonds," as the "Series A Bonds" and the "Series B Bonds," respectively, and each series as a "Series" of the Bonds) are being issued by the City of Los Angeles (the "City"). The Series A Bonds are being issued to finance the acquisition of vehicles and equipment and the construction and acquisition of improvements to certain facilities (the "Project"), to fund a deposit to the Reserve Fund, as further described herein, and to pay a portion of the costs of issuance of the Bonds. The Series B Bonds are being issued to provide for the refunding of certain outstanding Parity Bonds (as defined herein), to fund a deposit to the Reserve Fund, as further described herein, and to pay a portion of the costs of issuance of the Bonds. The Bonds are authorized under the Charter of the City and Ordinance No. 174129 adopted July 24, 2001, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, and are being issued under a Master Trust Agreement, dated as of September 1, 2001 (the "Master Trust Agreement") as amended and supplemented, including as amended and supplemented by a Ninth Supplemental Trust Agreement relating to the Series A Bonds and a Tenth Supplemental Trust Agreement relating to the Series B Bonds, each dated as of February 1, 2013 (the "Ninth Supplemental Trust Agreement" and "Tenth Supplemental Trust Agreement," respectively, and together with the Master Trust Agreement, the "Trust Agreement"), each by and between the City and U.S. Bank National Association, as successor trustee (the "Trustee").

Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2013 until maturity or prior redemption thereof. The Bonds will be delivered in fully registered form and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds will be in denominations of \$5,000 each or any integral multiple thereof. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased. Principal of and interest on the Bonds will be paid by the Trustee to

DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "The Bonds—General Terms" and APPENDIX E—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS—Redemption."

The Bonds are special, limited obligations of the City and are secured solely by and payable from a pledge of the Revenues (as defined in the Trust Agreement) which include (i) the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (the "Solid Waste Resources Fee" and formerly known as Sanitation Equipment Charge) received by the Solid Waste Resources Revenue Fund (or any successor fund held by the City, the "SWR Revenue Fund"), including penalties and delinquencies, if any, after deduction of costs of administering the billing and collection process, (ii) any other legally available income, rates, fees, charges and other moneys which the City designates by ordinance or resolution for deposit in the SWR Revenue Fund, including the Extra Capacity Fee (defined herein), and (iii) the earnings on and income derived from the investment of the amounts set forth in (i) and (ii) and from amounts on deposit in the Reserve Fund (as defined in the Trust Agreement). Each Series of the Bonds is payable from the Revenues on a parity with the Parity Bonds issued and outstanding under the Trust Agreement. There are currently seven prior series of Parity Bonds outstanding under the Trust Agreement in the aggregate principal amount of \$255,110,000 (as of February 1, 2013). The City may issue additional debt or incur additional obligations under the Trust Agreement ("Additional Bonds") on a parity with the Bonds, but only in accordance with the provisions contained in the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

MATURITY SCHEDULES
(See Inside Cover)

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY AND ARE SECURED SOLELY BY AND PAYABLE FROM A PLEDGE OF THE REVENUES. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE CITY, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF THE CONSTITUTION OR STATUTES OF THE STATE.

The Bonds are offered when, as and if issued by the City and accepted by the purchaser, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Carmen A. Trutanich, City Attorney, and by Lofton & Jennings, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2013.

Electronic and sealed bids for the Bonds will be received by the City on _____, February __, 2013 until __:00 a.m. California Time for the Series A Bonds and until __:30 a.m. California Time for the Series B Bonds, in each case unless postponed or changed, all as set forth in the Notice Inviting Bids included herein.

Date of Official Statement: _____, 2013.

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP[†] NUMBERS

\$ _____ *
Solid Waste Resources Revenue Bonds, Series 2013-A
 (Base CUSIP[†] Number: 54463P)

<u>Maturity (February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				

\$ _____ *
Solid Waste Resources Refunding Revenue Bonds, Series 2013-B
 (Base CUSIP[†] Number: 54463P)

<u>Maturity (February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				

* Preliminary, subject to change.

† Copyright 2013, American Bankers Association. CUSIP numbers herein are provided by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are set forth herein for the convenience of reference only. None of the City, Bond Counsel, Disclosure Counsel, or the Financial Advisor assume any responsibility for the accuracy of such numbers.

CITY OF LOS ANGELES, CALIFORNIA

Mayor

Antonio R. Villaraigosa

City Council

Ed P. Reyes (*District 1*)
Paul Krekorian (*District 2*)
Dennis P. Zine (*District 3*)
Tom LaBonge (*District 4*)
Paul Koretz (*District 5*)

Vacant (*District 6*)
Richard Alarcón (*District 7*)
Bernard C. Parks (*District 8*)
Jan Perry (*District 9*)
Herb J. Wesson, Jr. (*District 10*)

Bill Rosendahl (*District 11*)
Mitchell Englander (*District 12*)
Eric Garcetti (*District 13*)
José Huizar (*District 14*)
Joe Buscaino (*District 15*)

City Officials

Carmen A. Trutanich, *City Attorney*
Wendy Greuel, *City Controller*
Miguel A. Santana, *City Administrative Officer*
June Lagmay, *City Clerk*
Antoinette Christovale, *City Treasurer*

City Department Issuing Debt

Office of the City Administrative Officer,
Debt Management Group

PROFESSIONAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Lofton & Jennings
San Francisco, California

Financial Advisor

Fieldman, Rolapp & Associates
Irvine, California

Trustee

U.S. Bank National Association
Los Angeles, California

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

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

The information set forth herein has been obtained from the City and other sources which are believed to be reliable.

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

Certain statements included or incorporated by reference in the following information constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "pro forma" 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. No assurance is given that actual results will meet the City's forecasts in any way, regardless of the level of optimism communicated in the information. Except as set forth in the continuing disclosure certificate (see APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE"), the City does not plan 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.

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

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

A wide variety of other information, including financial information, concerning the City, is available from publications and websites of the City of Los Angeles, the County of Los Angeles and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION.....	1	City Residential Solid Waste Collection	25
THE BONDS.....	3	Organization and Management.....	26
General Terms.....	3	Department of Public Works, Bureau of	
Redemption.....	3	Sanitation Budgeted Expenditures.....	26
PLAN OF FINANCE.....	4	Labor and Employment	27
Series A Bonds.....	4	Retirement and Other Postemployment	
Series B Bonds.....	4	Benefits Contributions	27
Refunding and Redemption of Series		Recycling Implementation Plan-AB 939.....	28
2003-A Bonds, Series 2003-B Bonds		Automated Collection.....	28
and Series 2004-A Bonds.....	5	Automated Container Systematic	
ESTIMATED SOURCES AND USES OF		Replacement Program.....	28
PROCEEDS	6	Alternative Clean Fuel Program	29
SECURITY AND SOURCES OF PAYMENT		Processing and Disposal	29
FOR THE BONDS.....	6	Solid Waste Disposal Alternatives	30
Revenue Pledge.....	6	Solid Waste Integrated Resources Plan.....	31
Parity Bonds.....	7	Future Capital Projects and Borrowing	
Limitations on Parity and Superior		Plans.....	31
Obligations; Additional Bonds.....	8	REGULATION.....	33
Maintenance of Solid Waste Resources		Potential Restrictions on Solid Waste	
Fee.....	9	Disposal	33
Proposition 218.....	10	Provision for City Landfill Closure and	
Reserve Fund	11	Postclosure Maintenance Costs	34
Investment of Funds.....	12	Federal and State Laws Governing Solid	
Limited Liability	13	Waste Disposal	34
Debt Service Schedule	13	Regulatory Agencies.....	36
THE PROJECT	15	California Integrated Waste Management	
Description.....	15	Act	36
Substitution of Project	15	CONTINUING DISCLOSURE.....	37
SOLID WASTE RESOURCES FEE	15	TAX MATTERS.....	37
Background.....	15	CERTAIN LEGAL MATTERS.....	39
Charges	16	LITIGATION.....	39
Exemptions From Solid Waste Resources		Certain Claims Against the SWR Revenue	
Fee.....	18	Fund	39
Billing and Collection.....	19	Other Pending Legal Matters.....	39
Application of Revenues.....	22	FINANCIAL STATEMENTS	40
Historical Debt Service Coverage.....	22	RATINGS	40
Pro Forma Statement of Debt Service		SALE OF THE BONDS	40
Coverage	23	Series A Bonds	40
Risk Factors Relating to Fee Collection		Series B Bonds	41
and Revenues	24	VERIFICATION OF MATHEMATICAL	
DEPARTMENT OF PUBLIC WORKS,		COMPUTATIONS	41
BUREAU OF SANITATION SOLID WASTE		FINANCIAL ADVISOR	41
OPERATIONS	24	AVAILABILITY OF DOCUMENTS	41
Introduction.....	24	MISCELLANEOUS	42

TABLES

	<u>Page</u>
Table 1 Debt Service Schedule	14
Table 2 Solid Waste Resources Fee–Rate History	17
Table 3 Funding Sources of the Solid Waste Program	18
Table 4 Department of Water and Power–Billings and Collections–Solid Waste Resources Fee.....	21
Table 5 Historical Debt Service Coverage	22
Table 6 Pro Forma Statement of Debt Service Coverages	23
Table 7 Total Budgeted Solid Waste Management Costs of Bureau of Sanitation	26
Table 8 Annual Solid Waste Collections	28
Table 9 Department of Public Works, Bureau of Sanitation–Proposed Capital Improvement Program and Equipment.....	32

APPENDICES

APPENDIX A CITY OF LOS ANGELES INFORMATION STATEMENT	A-1
APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT	B-1
APPENDIX C PROPOSED FORM OF BOND COUNSEL OPINION	C-1
APPENDIX D FORM OF CONTINUING DISCLOSURE CERTIFICATE	D-1
APPENDIX E DTC AND THE BOOK ENTRY-ONLY SYSTEM.....	E-1

CITY OF LOS ANGELES, CALIFORNIA

\$ _____ *
Solid Waste Resources Revenue Bonds
Series 2013-A

\$ _____ *
Solid Waste Resources Refunding Revenue Bonds
Series 2013-B

INTRODUCTION

This Official Statement is provided for the purpose of setting forth information concerning the issuance and sale by the City of Los Angeles, California (the "City") of the \$ _____ * Solid Waste Resources Revenue Bonds, Series 2013-A and the \$ _____ * Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (herein referred to collectively as the "Bonds," as the "Series A Bonds" and the "Series B Bonds," respectively, and each series as a "Series" of the Bonds). The Bonds are authorized under the Charter of the City and Ordinance No. 174129 adopted July 24, 2001, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, and are being issued under a Master Trust Agreement, dated as of September 1, 2001 (the "Master Trust Agreement"), as amended and supplemented by the various supplemental trust agreements hereinafter described, including as amended and supplemented by a Ninth Supplemental Trust Agreement relating to the Series A Bonds and a Tenth Supplemental Trust Agreement relating to the Series B Bonds, each dated as of February 1, 2013 (the "Ninth Supplemental Trust Agreement" and "Tenth Supplemental Trust Agreement," respectively, and together with the Master Trust Agreement, the "Trust Agreement"), each by and between the City and U.S. Bank National Association, as successor trustee (the "Trustee"). See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for the definitions of certain capitalized terms and further information regarding the City's obligations under the Trust Agreement.

The Series A Bonds are being issued to finance the acquisition of certain vehicles, equipment and improvements to certain facilities (collectively, the "Project"), as further described herein, to fund a deposit to the Reserve Fund, as further described herein, and to pay a portion of the costs of issuance of the Bonds. The Series B Bonds are being issued to refund certain outstanding Parity Bonds, as further described herein, to fund a deposit to the Reserve Fund, further described herein, and to pay a portion of the costs of issuance of the Bonds. See "PLAN OF FINANCE" herein.

The Bonds will be secured by a pledge of Revenues (as defined in the Trust Agreement) which shall consist of (i) the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (the "Solid Waste Resources Fee") received by the Solid Waste Resources Revenue Fund (or any successor fund held by the City, the "SWR Revenue Fund"), after deduction of administration charges by the Department of Water and Power of the City of Los Angeles ("DWP"), (ii) any other legally available income, rates, fees, charges and other moneys which the City designates by ordinance or resolution for deposit in the SWR Revenue Fund, including the Extra Capacity Fee (defined herein), and (iii) the earnings and income derived from the investment of the amounts set forth in clauses (i) and (ii) and from amounts on deposit in the Reserve Fund.

The City may designate hereafter as Revenues any other income, rates, fees, charges and other legally available moneys as the City chooses and, by ordinance, may expand the permitted uses of the Solid Waste Resources Fee. For additional information on the Solid Waste Resources Fee and the Extra Capacity Fee, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Revenue Pledge" and "SOLID WASTE RESOURCES FEE" herein.

* Preliminary, subject to change.

The City has previously issued eight series of bonds under the Master Trust Agreement as Additional Bonds (as hereinafter defined) (such eight series being herein referred to as the "Parity Bonds"), that are secured by the Revenues, of which seven series remain outstanding as of February 1, 2013 in the aggregate principal amount of \$255,110,000. The debt service on the Parity Bonds is payable from the Revenues on a parity with payment of principal of and interest on the Bonds. In connection with the issuance of the Parity Bonds, the City and the Trustee entered into certain supplemental trust agreements, collectively referred to herein as the "Parity Bond Documents." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Parity Bonds" herein.

In addition, the City may issue additional bonds (whether in the form of contracts, notes, installment purchase agreements, lease or sublease agreements, or otherwise) of the City ("Additional Bonds") secured by the Revenues on a parity with the Bonds and the Parity Bonds, but only in accordance with the provisions of the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Limitations on Parity and Superior Obligations; Additional Bonds." See "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS-Future Capital Projects and Borrowing Plans." Under the Trust Agreement, the City may not issue or incur any future obligations payable from Revenues which would create a lien prior to the lien of the Bonds and Parity Bonds on the Revenues.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY AND ARE SECURED SOLELY BY AND PAYABLE FROM A PLEDGE OF THE REVENUES. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE CITY, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF THE CONSTITUTION OR STATUTES OF THE STATE.

For a discussion of the collection of the Solid Waste Resources Fee and the City's solid waste collection and disposal system, see "SOLID WASTE RESOURCES FEE" and "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS." In addition, certain economic and demographic and other information with respect to or affecting the City is contained in APPENDIX A-"CITY OF LOS ANGELES INFORMATION STATEMENT" herein.

Certain risk factors relating to the collection of the Solid Waste Resources Fee and the Revenues are discussed herein under "SOLID WASTE RESOURCES FEE-Risk Factors Relating to Fee Collections and Revenues."

This Official Statement contains brief descriptions of, among other things, the Bonds, the Trust Agreement, the City, the SWR Revenue Fund and the Project. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by references to such documents and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Trust Agreement.

THE BONDS

General Terms

The Bonds will be dated their date of delivery. The Bonds, when issued, will be initially registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants (as defined in APPENDIX E—“DTC AND THE BOOK-ENTRY ONLY SYSTEM”). So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, all payments on the Bonds and any notice with respect to any Bond will be sent directly to DTC, and disbursement of such payments and delivery of such notices to the DTC Participants will be the responsibility of DTC. Disbursement of such payments and delivery of such notices to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants as more fully described herein. See APPENDIX E—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2013 (each, a “Payment Date”) at the rates set forth on the inside cover page hereof, to the holders of record on the immediately preceding January 15 and July 15 (each, a “Record Date”) and will mature on February 1 in each of the designated years in the principal amounts set forth on the inside cover page hereof. Each Bond shall bear interest from the Payment Date next preceding the date of authentication thereof unless such date of authentication is a Payment Date, in which event such Bond shall bear interest from such date of authentication or unless such date of authentication is after a Record Date and prior to the subsequent Payment Date, in which event such Bond shall bear interest from said subsequent Payment Date or unless such date of authentication is on or before July 15, 2013, in which event such Bond shall bear interest from the initial date of issuance.

Redemption

Optional Redemption. The Bonds of each Series that are due on or before February 1, 2023 are not subject to redemption prior to their maturity. The Bonds of each Series that are due on or after February 1, 2024 are subject to redemption prior to maturity at the option of the City, in whole or in part at any time on or after February 1, 2023, from any moneys that may be provided for such purpose, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued and unpaid interest thereon to the date fixed for redemption.

Notice of Redemption. In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the City, of the redemption of such Bonds, at least 30 days but not more than 60 days before each redemption, by first-class mail (or with respect to Bonds held by the Depository by facsimile or an express delivery service for delivery on the next following Business Day) to each Owner of a Bond to be redeemed; each such notice shall be sent to the Owner’s registered address. The notice shall (i) specify the Bonds to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption.

The Trust Agreement provides that the redemption notice will also be given by electronic means through the EMMA System at www.emma.msrb.org provided, however, that no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is otherwise given as prescribed in the Trust Agreement for a notice of redemption. Failure by any Owner to receive notice as provided in the Trust Agreement shall not affect the validity of any such redemption.

While the Bonds are subject to the book-entry system, the Trustee will not be obligated to give any notice of redemption to any person or entity other than DTC and the EMMA System as provided in the Trust Agreement. DTC and the DTC Participants shall have sole responsibility for providing such notice of redemption to the beneficial owners. Any failure of DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the beneficial owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption described below under "Effect of Redemption."

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall be held in trust to pay the redemption price, such Bonds so called shall become and be due and payable on the redemption date, shall cease to be entitled to any lien, benefit or security under the Trust Agreement other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Selection of Bonds for Redemption; Bonds Redeemed in Part. Bonds are subject to redemption in such order of maturity as the City may direct and by lot, selected in such manner as the Trustee shall deem appropriate, within a maturity. Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the Owner a new Bond or Bonds of the same maturity and Series equal in principal amount to the unredeemed portion of the Bond surrendered.

PLAN OF FINANCE

Series A Bonds

Pursuant to the Ninth Supplemental Trust Agreement, the proceeds of the Series A Bonds are being issued to finance the Project, as further described herein under "THE PROJECT," to fund a deposit to the Series A Account of the Reserve Fund, as further described herein, and to pay a portion of the costs of issuance of the Bonds.

Series B Bonds

Pursuant to the Tenth Supplemental Trust Agreement, proceeds of the Series B Bonds will be applied in part to the refunding of the outstanding Series 2003-A Bonds, Series 2003-B Bonds and Series 2004-A Bonds as further described herein, to fund a deposit to the Series B Account of the Reserve Fund, as further described herein, and to pay a portion of the costs of issuance of the Bonds.

Refunding and Redemption of Series 2003-A Bonds, Series 2003-B Bonds and Series 2004-A Bonds

Pursuant to the Tenth Supplemental Trust Agreement, a portion of the proceeds of the Series B Bonds and a portion of the amounts held in the reserve accounts within the Reserve Fund for the Series 2003-A Bonds, Series 2003-B Bonds and Series 2004-A Bonds (collectively, the "Refunded Bonds") will be transferred to the Trustee, acting as escrow agent (the "Escrow Agent") pursuant to the Escrow Agreement dated as of February 1, 2013, by and between the City and the Escrow Agent (the "Escrow Agreement") for deposit in the Escrow Account established under the Escrow Agreement for the refunding of the Refunded Bonds. The Refunded Bonds will be outstanding, as of February 1, 2013, in the aggregate principal amount of \$91,285,000, as follows: the Series 2003-A Bonds will be outstanding in the aggregate principal amount of \$17,425,000, the Series 2003-B Bonds will be outstanding in the aggregate principal amount of \$41,705,000, and the Series 2004-A Bonds will be outstanding in the aggregate principal amount of \$32,155,000.

Pursuant to the Escrow Agreement, amounts held in the Escrow Account may only be invested in Government Obligations, defined in the Master Trust Agreement to mean (1) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Trust Corporation securities, and (2) prerefunded municipal obligations, in each case meeting the conditions set forth in the Master Trust Agreement.

Amounts deposited in the Escrow Account are intended to be sufficient in timing and amount to pay all principal and interest coming due on the Refunded Bonds on the scheduled payment dates, and to redeem the Refunded Bonds on the following dates: the Series 2003-A Bonds approximately 30 days following the delivery date of the Bonds and the Series 2003-B Bonds and Series 2004-A Bonds on February 1, 2014. Grant Thornton LLP (the "Verification Agent") will provide a report to the City verifying the sufficiency of the deposit to the Escrow Account and the investment proceeds thereof. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

(Remainder of this Page Intentionally Left Blank)

ESTIMATED SOURCES AND USES OF PROCEEDS

The estimated sources and uses of funds with respect to the Bonds are expected to be generally as set forth in the following table.

	<u>Series A Bonds</u>	<u>Series B Bonds</u>	<u>Total Sources</u>
Sources of Funds:			
Principal Amount of Bonds			
Net Original Issue Premium			
Total Bonds Sources			
Prior Debt Service Reserve Accounts ⁽¹⁾			
TOTAL SOURCES			
Uses of Funds:			
Deposit to Series A Acquisition Fund			
Deposit to Escrow Account ⁽²⁾			
Deposit to Reserve Fund ⁽³⁾			
Costs of Issuance ⁽⁴⁾			
Underwriters' Discount ⁽⁵⁾			
TOTAL USES			

- (1) A portion of the amounts held in the reserve accounts within the Reserve Fund for the Refunded Bonds will be transferred to the Escrow Account for redemption of Refunded Bonds. See "PLAN OF FINANCE" herein.
- (2) Deposit from Series B Bond proceeds and a portion of the amounts held in the reserve accounts within the Reserve Fund for the Refunded Bonds to be transferred to the Escrow Account for redemption of the Refunded Bonds. See "PLAN OF FINANCE" herein.
- (3) Deposit necessary to cause the balance in the Reserve Fund to equal, on the date of issuance and delivery of the Bonds, the Reserve Requirement for each Series of the Bonds and the Parity Bonds.
- (4) Includes rating agencies' fees, Bond Counsel fees and expenses, Disclosure Counsel fees and expenses, Financial Advisor fees and expenses, Trustee fees and expenses, printing costs, and other costs of issuance.
- (5) See "SALE OF THE BONDS."

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Revenue Pledge

The Bonds are special, limited obligations of the City and are secured solely by and payable from a pledge of the Revenues which includes (i) the Solid Waste Resources Fee received by the SWR Revenue Fund after deduction of administration charges by DWP; (ii) any other legally available income, rates, fees, charges and other moneys which the City designates by ordinance or resolution for deposit in the SWR Revenue Fund, including the Extra Capacity Fee further described below; and (iii) the earnings on and income derived from the investment of the amounts set forth in clause (i) and (ii) and from the amounts on deposit in the Reserve Fund. The term "SWR Revenue Fund" (formerly known as the Sanitation Equipment Charge Revenue Fund) includes any successor fund held by the City.

The Solid Waste Resources Fee was first established by Ordinance effective July 21, 1983 (the "SWR Ordinance"). The SWR Ordinance has been amended from time to time such that the Solid Waste Resources Fee currently may be imposed for all costs related to the collection, transfer, recycling, recovery of waste resources and/or disposal of solid waste collected by the City, as well as certain internal costs of the City. See "SOLID WASTE RESOURCES FEE—Charges" herein.

Effective February 19, 1996, the City approved an Extra Capacity Fee (the "Extra Capacity Fee") by Ordinance No. 170868 and began collection of the Extra Capacity Fee, which is a component of

Revenues as defined under clause (ii) above, in July 1996. See "SOLID WASTE RESOURCES FEE—Charges" herein.

All Revenues and all amounts on deposit in the SWR Revenue Fund are irrevocably pledged to the payment of the Bonds as provided in the Trust Agreement and to the payment of any Parity Bonds and any Additional Bonds. The Revenues shall not be used during any month of any Fiscal Year for any other purpose if any of the transfers required by the Trust Agreement and the Parity Bond Documents to be made from the SWR Revenue Fund (i) to the debt service funds for the Bonds, the Parity Bonds and any Additional Bonds, (ii) to the Reserve Fund and the reserve funds for any Parity Bonds, and (iii) to the debt service funds for any subordinate obligations, is delinquent. Following such transfers out of the SWR Revenue Fund, the City may use remaining Revenues in the SWR Revenue Fund for any lawful purpose. This pledge constitutes a first lien on the Revenues, subject to application of amounts on deposit therein as provided in the Trust Agreement and the Parity Bond Documents for the payment of debt service on the Bonds, the Parity Bonds and any Additional Bonds in accordance with the terms of the Trust Agreement and the Parity Bond Documents.

Subject to the covenants of the City under the Trust Agreement and applicable law, the City may by ordinance modify the Solid Waste Resources Fee rate and the Extra Capacity Fee. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—MASTER TRUST AGREEMENT—REVENUES AND FUNDS—Alternative Receipt and Deposit of Revenues; Withdrawals."

The City has the option to transfer moneys from the SWR Revenue Fund to the Debt Service Fund for debt service payments on the Bonds, the Parity Bonds and any Additional Bonds on a semiannual, rather than a monthly, basis under the conditions specified in the Trust Agreement. Commencing February 2009, the City has made the transfers for debt service payments on the Parity Bonds on a semi-annual basis and will make semi-annual, transfers for debt service payments on the Bonds. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—MASTER TRUST AGREEMENT—REVENUES AND FUNDS—Alternative Receipt and Deposit of Revenues; Withdrawals."

Moneys in the SWR Revenue Fund shall be used and applied by the City as provided in the Trust Agreement. The City will maintain all Revenues in the SWR Revenue Fund separate and apart from other funds of the City so long as the Bonds, the Parity Bonds or Additional Bonds remain unpaid. All moneys in the SWR Revenue Fund shall be used and applied to pay Debt Service as defined in the Trust Agreement (see See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT"), including principal of and interest on the Bonds, the Parity Bonds and any Additional Bonds, and to replenish all reserve funds established for the Bonds, the Parity Bonds and any Additional Bonds, including the Reserve Fund, or for other purposes of the City permitted by law. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—MASTER TRUST AGREEMENT—REVENUES AND FUNDS—Alternative Receipt and Deposit of Revenues; Withdrawals."

Parity Bonds

The City has issued eight series of Parity Bonds, comprised of Sanitation Equipment Charge Revenue Bonds and Solid Waste Resources Revenue Bonds, under the Master Trust Agreement as Additional Bonds, further described in the table below. The Sanitation Equipment Charge Revenue Bonds, Series 2001-A have previously been refunded and are no longer outstanding. The outstanding Sanitation Equipment Charge Revenue Bonds, Series 2003-A (the "Series 2003-A Bonds"), Sanitation Equipment Charge Revenue Bonds, Series 2003-B (the "Series 2003-B Bonds"), and Sanitation Equipment Charge Revenue Bonds, Series 2004-A (the "Series 2004-A Bonds") will be refunded with a portion of the proceeds of the Series B Bonds, as described herein under "PLAN OF FINANCE," and for purposes of this Official Statement, are excluded from the definition of Parity Bonds and calculations relating thereto. The payment of principal and interest on the Parity Bonds is payable from the Revenues

on a parity with payment of principal of and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS–Parity Bonds” herein. In connection with the issuance of the Parity Bonds, the City and the Trustee entered into the following supplemental trust agreements described in the table below, collectively referred to herein as the “Parity Bond Documents.”

<u>Supplemental Trust Agreement</u>	<u>Dated Date</u>	<u>Original Par Amount</u>	<u>Name of Issue</u>
First Supplemental Trust Agreement	September 1, 2001	\$86,640,000	San. Equip. Charge Revenue Bonds, Series 2001-A ⁽¹⁾
Second Supplemental Trust Agreement	April 1, 2003	\$47,825,000	San. Equip. Charge Revenue Bonds, Series 2003-A ⁽²⁾
Third Supplemental Trust Agreement	December 1, 2003	\$61,120,000	San. Equip. Charge Revenue Bonds, Series 2003-B ⁽²⁾
Fourth Supplemental Trust Agreement	March 15, 2004	\$56,230,000	San. Equip. Charge Revenue Bonds, Series 2004-A ⁽²⁾
Fifth Supplemental Trust Agreement	July 1, 2005	\$45,750,000	San. Equip. Charge Revenue Bonds, Series 2005-A
Sixth Supplemental Trust Agreement	September 1, 2006	\$58,370,000	Solid Waste Resources Revenue Bonds, Series 2006-A
Seventh Supplemental Trust Agreement	December 1, 2009	\$65,020,000	Solid Waste Resources Revenue Bonds, Series 2009-A
Eighth Supplemental Trust Agreement	December 1, 2009	\$49,485,000	Solid Waste Resources Revenue Bonds, Series 2009-B

⁽¹⁾ Refunded by the Solid Waste Resources Revenue Bonds, Series 2009-B.

⁽²⁾ To be refunded by the Series B Bonds.

The eight prior series of bonds comprising the Parity Bonds, excluding the Series 2001-A Bonds, which were already refunded, and the Series 2003-A Bonds, the Series 2003-B Bonds and the Series 2004-A Bonds to be refunded, are outstanding in the aggregate principal amount of \$163,825,000 (as of February 1, 2013) as shown in the table below:

<u>Parity Bonds</u>	<u>Principal Amount Outstanding</u>
Sanitation Equipment Charge Revenue Bonds, Series 2005-A	\$28,725,000
Solid Waste Resources Revenue Bonds, Series 2006-A	48,320,000
Solid Waste Resources Revenue Bonds, Series 2009-A	53,895,000
Solid Waste Resources Revenue Bonds, Series 2009-B	<u>32,885,000</u>
TOTAL	\$163,825,000

Debt service payments on the Parity Bonds are shown in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS–Debt Service Schedule” herein.

Limitations on Parity and Superior Obligations; Additional Bonds

No Obligations Superior to Debt Service Payments on the Bonds and Parity Bonds. The City has covenanted in the Trust Agreement and in the Parity Bond Documents that it will not, so long as any Bonds or Parity Bonds are Outstanding under the Trust Agreement, issue or incur any obligations secured by a pledge of Revenues superior to the pledge securing the payment of principal of and interest on the Bonds and the Parity Bonds.

Obligations on a Parity with the Bonds; Additional Bonds. The City may at any time issue Additional Bonds, provided:

(1) The Revenues for the most recent Fiscal Year for which the City has unaudited financial statements certified by a City Representative preceding the date of adoption by the City Council of the City of the resolution authorizing the issuance of such Additional Bonds, as evidenced by a calculation prepared by the City Representative on file with the Trustee, shall have produced a sum equal to at least 125% of the Debt Service (See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT-MASTER TRUST AGREEMENT") for such Fiscal Year; and

(2) The Revenues for the most recent Fiscal Year preceding the date of adoption by the City Council of the City of the resolution authorizing the issuance of such Additional Bonds, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in the Solid Waste Resources Fee or other rates and charges described in clause (2) of the definition of Revenues approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the City Representative and on file with the Trustee, shall have produced a sum equal to at least 125% of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued had such Additional Bonds been issued at the beginning of such Fiscal Year; and

(3) The estimated Revenues for the then current Fiscal Year and for the first Fiscal Year thereafter, as evidenced by a certificate of the City Representative on file with the Trustee, plus an allowance for estimated Revenues for each of such Fiscal Years arising from any increase or decrease in the Solid Waste Resources Fee or other rates and charges described in clause (2) of the definition of Revenues estimated to be fixed and prescribed to the extent such increases or decreases shall take effect during such period, as evidenced by a certificate of the City Representative on file with the Trustee, shall produce a sum equal to at least 125% of the estimated maximum annual Debt Service for each of such Fiscal Years, after giving effect to the issuance of such Additional Bonds.

In addition, the documents relating to each series of Additional Bonds shall provide that, prior to or simultaneous with the issuance of such series of Additional Bonds, there shall be deposited into the Reserve Fund an amount equal to the difference between the Reserve Requirement for the Bonds, the Parity Bonds and such Additional Bonds and the amount on deposit therein on the date of issuance of the Additional Bonds. Notwithstanding the foregoing, such deposits may be in the form of a credit facility as provided below under "Reserve Fund."

Maintenance of Solid Waste Resources Fee

The City has covenanted in the Trust Agreement that if at any time during the Fiscal Year the City determines that the Solid Waste Resources Fee is not being maintained at a level sufficient to provide for payment of all Debt Service within the Fiscal Year, together with any amount required to replenish the Reserve Fund following a withdrawal therefrom and to pay all costs, fees and expenses to be paid by the City under the Trust Agreement, the City will take action at that time to maintain the Solid Waste Resources Fee at a level sufficient to provide for payment of all Debt Service within the Fiscal Year, together with any amount required to replenish the Reserve Fund following a withdrawal therefrom and to pay all costs, fees and expenses required to be paid by the City under the Trust Agreement; provided, however, that to the extent the City designates other legally available funds for such payment, it need not increase the Solid Waste Resources Fee. Under Proposition 218, approved by California voters in November 1996, any increase in the Solid Waste Resources Fee may require a public hearing, preceded by mailed notice, and be subject to a majority written protest. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Proposition 218" below.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property related fees and charges.

Article XIID contains several provisions affecting property related "fees" and "charges," which are defined for purposes of Article XIID to mean "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local governmental entity upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service."

Notice, Public Hearing and Majority Protest. Article XIID requires that any local government imposing or increasing any property related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such property related fee or charge is proposed to be imposed, and must conduct a public hearing with respect thereto. The proposed property related fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if the Solid Waste Resources Fee or the Extra Capacity Fee is determined to be a "fee" or "charge" for a property related service as defined in Proposition 218, any increase in the Solid Waste Resources Fee or the Extra Capacity Fee would require a public hearing, preceded by mailed notice, and would be subject to a majority written protest.

The City currently provides written notices to all property owners receiving service in connection with proposed increases in Solid Waste Resources Fee and the Extra Capacity Fee and holds public hearings with respect to such proposed increases as if they were subject to the provisions of Proposition 218.

Election Requirement for Certain Fees or Charges. In addition, Article XIID provides that, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased unless such fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge, or at the option of the local governmental entity, by a two-thirds vote of the electorate residing in the affected area.

The City believes that the Solid Waste Resources Fee and the Extra Capacity Fee would be deemed to be fees and charges for "refuse collection services" and not subject to this election requirement, although there can be no assurance that a court would not determine otherwise.

Limitations on Uses of Fees or Charges. Article XIID also includes the following limitations applicable to property related fees or charges: (i) revenues derived from the fee or charge may not exceed the funds required to provide the property related service; (ii) revenues derived from the fee or charge may not be used for any purpose other than that for which the fee or charge imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (iv) no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.

The City believes that the Solid Waste Resources Fee and the Extra Capacity Fee satisfy these requirements, although there can be no assurance that a court would not determine otherwise. See "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS—Department of Public Works, Bureau of Sanitation Budgeted Expenditures."

Judicial Interpretation of Article XIID. In *Bighorn-Desert View Water Agency v. Beringson* ("Bighorn"), the California Supreme Court held that that fees and charges for ongoing water service through an existing connection were property related fees and charges imposed on a person as an incident

of property ownership for purposes of Article XIID, whether the fees and charges are calculated based on consumption or are imposed as a fixed monthly fee.

Initiative Power. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.”

Judicial Interpretation of Article XIIC. In its review in *Bighorn*, the California Supreme Court stated that the absence of a restrictive definition of “fee” or “charge” in Article XIIC suggests that those terms include all levies that are ordinarily understood to be fees or charges, including all of the property-related fees and charges subject to Article XIID. Though the Supreme Court did not arrive at an exact definition of such terms, it did conclude that fees and charges within the meaning of Article XIID are fees and charges within the meaning of Article XIIC. See “–Judicial Interpretation of Article XIID” above.

The interpretation and application of Proposition 218 will likely be subject to further judicial determinations, and it is not possible at this time to predict with certainty the outcome of such determinations.

Proposition 26. On November 2, 2010, voters of the State approved Proposition 26 (“Proposition 26”), which amended Article XIIC of the State Constitution to expand the definition of a “tax” so that certain fees and charges imposed by governmental entities are subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 lists several exceptions to such definition of “tax”, including property-related fees imposed in accordance with Article XIID (Proposition 218), reasonable regulatory costs of performing investigations and inspections, and charges imposed as a condition of property development. The City believes that Proposition 26 does not apply to the Solid Waste Resources Fee or the Extra Capacity Fee because such fee is within various exceptions to Proposition 26.

Future Initiatives. No assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges, including a reduction of all or any portion of the Solid Waste Resources Fee or the Extra Capacity Fee securing the Bonds. The use of the initiative power is arguably limited in the case of levies directly pledged to bonded indebtedness, such as the Solid Waste Resources Fee and the Extra Capacity Fee securing the Bonds. However, there can be no assurance that the voters of the City will not approve an initiative which attempts to reduce the Solid Waste Resources Fee or the Extra Capacity Fee.

Effect on Compliance with Trust Agreement Covenants. The ability of the City to comply with the covenants in the Trust Agreement, including the rate covenant described under “Maintenance of Solid Waste Resources Fee” above, could be adversely affected by actions taken (or not taken) by voters, property owners or other persons obligated to pay the Solid Waste Resources Fee or Extra Capacity Fee.

Reserve Fund

Concurrently with the issuance of the Bonds, pursuant to the Ninth Supplemental Trust Agreement and the Tenth Supplemental Trust Agreement, there shall be created within the Reserve Fund created and held under the Master Trust Agreement separate accounts relating to each Series of the Bonds, to be designated as the “Series 2013-A Account” and the “Series 2013-B Account.” Such accounts shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund related to the respective Series of the Bonds for rebate purposes, as set forth in the Ninth Supplemental Trust Agreement and the Tenth Supplemental Trust Agreement for the respective Series of Bonds, but for all other purposes shall be held, invested and used as an integral part,

of the Reserve Fund as provided in the Master Trust Agreement. The Master Trust Agreement provides that the Reserve Fund shall be held as a separate and distinct fund for the pro rata benefit of all Outstanding Bonds and Parity Bonds as measured by outstanding principal amount and shall be available to make payments on the Bonds and the Parity Bonds.

The Reserve Fund is held and invested by the Trustee, at the direction of the City, in Permitted Investments, as defined in the Trust Agreement. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—MASTER TRUST AGREEMENT." The Master Trust Agreement provides that the Trustee shall semiannually on or about February 1 and August 1 of each year and at such other times as the City shall request, value the Reserve Fund on the basis of the cost value thereof. As of January 1, 2013, the balance of cash and investments in the Reserve Fund was valued at \$ _____. Upon the issuance of the Bonds, a portion of the Reserve Fund held in the reserve accounts for the Refunded Bonds will be applied, together with a portion of the proceeds of the Series B Bonds, to the refunding of the Refunded Bonds. See "PLAN OF FINANCE" herein.

The Reserve Fund was established in connection with the initial series of bonds secured by the Revenues and amounts have been deposited in the Reserve Fund upon the issuance of each series of Parity Bonds sufficient to meet the Reserve Requirement for the bonds then issued and the previously issued Parity Bonds. Portions of the proceeds of the Bonds will be deposited in the Series 2013-A Account and the Series 2013-B Account within the Reserve Fund in the amounts necessary such that the Reserve Requirement will be satisfied. See "ESTIMATED SOURCES AND USES OF PROCEEDS." Pursuant to the Trust Agreement, the term "Reserve Requirement" is defined to mean, with respect to the Bonds or such series of Additional Bonds or Parity Bonds as of the date of calculation, the least of (a) the maximum annual Debt Service with respect to the Bonds or such series of Parity Bonds or Additional Bonds, (b) 125% of the average annual aggregate Debt Service with respect to the Bonds or such series of Parity Bonds or Additional Bonds, and (c) 10% of the proceeds of the Bonds or such series of Parity Bonds or Additional Bonds; provided, however, the Reserve Requirement with respect to the Parity Bonds, all series of Additional Bonds and the Bonds combined shall not exceed the maximum annual Debt Service with respect to the Parity Bonds, the Bonds and all series of Additional Bonds combined. The Trustee will deposit in the Reserve Fund the amounts required to be deposited therein pursuant to the Trust Agreement and apply moneys in the Reserve Fund in accordance with the Trust Agreement.

If on any interest or principal payment date with respect to the Parity Bonds, the Bonds or any series of Additional Bonds, the moneys available are insufficient to make the payments required with respect to the Parity Bonds, the Bonds or such series of Additional Bonds on such payment date, the Trustee will transfer from the Reserve Fund to the applicable fund the amount of such insufficiency.

In the event that the Trustee has transferred moneys from the Reserve Fund in accordance with the Trust Agreement, upon receipt of the moneys from the City to increase the balance in the Reserve Fund to the Reserve Requirement, the Trustee will deposit such moneys in the Reserve Fund.

At the option of the City, a credit facility in the amount of all or a portion of the Reserve Requirement may be substituted for the funds held by the Trustee in the Reserve Fund as provided in the Trust Agreement. No such credit facilities are currently held for the account of the Reserve Fund. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—MASTER TRUST AGREEMENT—REVENUES AND FUNDS—Reserve Fund."

Investment of Funds

Moneys on deposit in the SWR Revenue Fund are currently held and invested by the Treasurer of the City in the Treasurer's general pooled investment fund (the "Pool"). See APPENDIX A—"CITY OF LOS

ANGELES INFORMATION STATEMENT—FINANCIAL OPERATIONS—Investment Practices” for information on the City’s investment practices.

Certain proceeds of the Bonds and other moneys required to be deposited by the City to the funds and accounts established under the Trust Agreement will be held and invested by the Trustee; at the direction of the City, in Permitted Investments, as defined in the Trust Agreement. See APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—MASTER TRUST AGREEMENT—REVENUES AND FUNDS.” The City anticipates that the proceeds of the Series A Bonds deposited to the Acquisition Fund will be held by the Treasurer of the City and invested in Permitted Investments. The proceeds of the Series B Bonds will be held, deposited and invested by the Trustee, as escrow agent, as further described herein under the caption “PLAN OF FINANCE.”

Limited Liability

Notwithstanding anything contained in the Trust Agreement, the City shall not be required to advance any moneys derived from any source of income other than the Revenues, the SWR Revenue Fund and the other funds provided in the Trust Agreement for the payment of principal and interest on the Bonds. The City may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and which may be legally used by the City for such purpose.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY AND ARE SECURED SOLELY BY AND PAYABLE FROM A PLEDGE OF THE REVENUES. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE CITY, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF THE CONSTITUTION OR STATUTES OF THE STATE.

The Bonds are not secured by, and the Owners have no security interest in or mortgage on, the Project, or the solid waste collection and disposal system of the City or any other property of the City (other than the SWR Revenue Fund). Default by the City on the payment of the Bonds will not result in loss of the Project. Should the City default, the Trustee may take whatever actions are available legally to enforce performance and observance of any obligation, agreement or covenant of the City under the Trust Agreement. Neither the Trustee nor the Owners are permitted to accelerate the payment by the City of the principal of and interest on the Bonds under any circumstances. See APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT.”

Debt Service Schedule

The following table sets forth the amounts required in each fiscal year for the payment of principal and interest on the Bonds and the Parity Bonds. The debt service payments on the Parity Bonds are secured by the Revenues on parity with the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Parity Bonds.” Debt service amounts reflected below exclude the Series 2003-A Bonds, the Series 2003-B Bonds and the Series 2004-A Bonds being refunded with a portion of the proceeds of the Series B Bonds. See “PLAN OF FINANCE” herein.

**TABLE NO. 1
DEBT SERVICE SCHEDULE⁽¹⁾**

Interest Payment Date	Series 2013-A Bonds		Series 2013-B Bonds		Parity Bonds ⁽²⁾		All Outstanding Bonds ⁽²⁾	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal Outstanding</u>	<u>Total Interest</u>	<u>Total Debt Service</u>	<u>Total Annual Debt Service</u>
8/1/2013								
2/1/2014								
8/1/2014								
2/1/2015								
8/1/2015								
2/1/2016								
8/1/2016								
2/1/2017								
8/1/2017								
2/1/2018								
8/1/2018								
2/1/2019								
8/1/2019								
2/1/2020								
8/1/2020								
2/1/2021								
8/1/2021								
2/1/2022								
8/1/2022								
2/1/2023								
8/1/2023								
2/1/2024								
8/1/2024								
2/1/2025								
8/1/2025								
2/1/2026								
8/1/2026								
2/1/2027								
8/1/2027								
2/1/2028								
8/1/2028								
2/1/2029								
TOTAL								

(1) Totals may not add due to independent rounding.

(2) Assumes the Series 2003-A Bonds, the 2003-B Bonds and the 2004-A Bonds have been refunded by the Series B Bonds.

THE PROJECT

Description

The capital project to be financed with the proceeds of the Series A Bonds is the acquisition of vehicles and equipment and the construction and acquisition of improvements to certain facilities (collectively, the "Project").

The following items are expected to be financed with the proceeds of the Series A Bonds:

<u>Project Item</u>	<u>Estimated Costs</u>
General Vehicles	\$6,645,000
Refuse Collection Vehicles and Equipment	54,680,000
West Los Angeles Truck Maintenance Facility Retrofit	6,000,000
CLARTS Stormwater and Safety Improvements	<u>3,952,000</u>
TOTAL	\$71,277,000

See "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS—Processing and Disposal."

The Bonds are not secured by, and the owners of the Bonds have no security interest in or mortgage on, the Project.

Substitution of Project

The City may substitute other capital items for the Project described above and may add additional items in compliance with the provisions of the Trust Agreement.

SOLID WASTE RESOURCES FEE

Background

The Solid Waste Resources Fee, which is the primary component of Revenues, is imposed on all single family dwellings in the City and those multiple unit dwellings for which the City provides solid waste collection services. The City provides household solid waste collection services to any residential dwelling on the basis of whether solid waste containers are placed upon the street for City collection. In practice, most multiple unit dwellings that receive City collection consist of buildings with four or fewer units. A moratorium, imposed by the City Council in 1990, stipulates that no new multiple unit dwellings over four units may be added for City solid waste collection service.

The Solid Waste Resources Fee was instituted by the City Council pursuant to Ordinance No. 157819 effective July 21, 1983 (as amended to date, the "SWR Ordinance"). The SWR Ordinance has been amended from time to time such that the Solid Waste Resources Fee currently may be imposed for all costs related to the collection, transfer, recycling, recovery of waste resources and/or disposal of solid waste collected by the City of Los Angeles including, but not limited to: salaries, direct and indirect overhead, equipment, ancillary equipment, refuse and recycling containers and vehicles, landfill costs, whether for disposal or for resource recovery facilities or refuse to energy and fuel facilities or closure of City owned facilities, development, acquisition, construction, operation and maintenance of equipment, alternative fuel infrastructure, buildings or facilities used in the collection, recycling, recovery of waste resources and/or disposal of solid waste or storage of solid waste related equipment, transfer facilities,

resource recovery facilities or transfer equipment, maintenance of transfer facilities or equipment, or for facilities and equipment used in the recovery of waste resources in the form of energy, alternative fuels or manufacturing feedstocks, and all related costs of the services provided in the collection, the availability of collection, transfer, recycling, the availability of recycling, the recovery of waste resources, disposal and the availability of disposal of solid waste.

Charges

The Trust Agreement requires that the City maintain the Solid Waste Resources Fee at a level sufficient at all times to provide for payment of all Debt Service within each Fiscal Year, and other costs of the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Maintenance of Solid Waste Resources Fee" herein. The City reviews the Solid Waste Resources Fee and the actual receipts thereof in order to ensure that its obligations under the Trust Agreement are met. The Solid Waste Resources Fees are calculated to cover the program costs of all departments of the City supporting the program. All City charges are reviewed annually by the City Administrative Officer as part of the budgetary process.

The Solid Waste Resources Fee was first enacted in 1983 and levied a fee of \$1.50 per month for all single family residences and \$1.00 per month per unit in a multiple dwelling unit residence served by the City. The Solid Waste Resources Fee has been increased nine times and decreased one time by the City Council since 1983. Residents currently can dispose of 240 gallons a week per single family residence (60 gallons for general household refuse, 90 gallons for yard trimmings and 90 gallons for recyclable materials) and 60 gallons a week per unit in multiple unit dwellings for general household refuse (with an additional 90 gallons provided to each parcel for yard trimmings and an additional 90 gallons provided to each parcel for recyclable materials), at a rate of \$36.32 per month for single family dwellings and \$24.33 per month per unit for multiple unit dwellings.

(Remainder of this Page Intentionally Left Blank)

The following table provides historical levels of the Solid Waste Resources Fee for single family and multiple dwelling unit residences.

**TABLE NO. 2
SOLID WASTE RESOURCES FEE
RATE HISTORY**

<u>Fiscal Years</u>	<u>Monthly Charge</u>	
	<u>Single-Family Dwelling Unit</u>	<u>Multi-Family Dwelling Unit</u>
1983-1990 ⁽¹⁾	\$1.50	\$1.00
1990-1992 ⁽²⁾	3.00	2.00
1992-1994 ⁽³⁾	6.00	4.00
1994-1996 ⁽⁴⁾	4.50	3.00
1996-2003 ⁽⁵⁾	6.00	4.00
2003-2004 ⁽⁶⁾	10.00	6.60
2004-2006 ⁽⁷⁾	11.00	7.27
2006-2007 ⁽⁸⁾	18.00	11.88
2007 ⁽⁹⁾	22.00	14.52
2007-2008 ⁽¹⁰⁾	26.00	17.16
2008-2013 ⁽¹¹⁾	36.32	24.33

- (1) Established July 21, 1983.
- (2) Increase effective July 5, 1990.
- (3) Increase effective January 20, 1993.
- (4) Decrease effective July 1, 1994.
- (5) Increase effective July 1, 1996.
- (6) Increase effective October 25, 2003.
- (7) Increase effective July 1, 2004.
- (8) Increase effective September 1, 2006.
- (9) Increase effective July 1, 2007.
- (10) Increase effective September 20, 2007.
- (11) Increase effective September 8, 2008.

Source: Department of Public Works, Bureau of Sanitation.

The current rates are set forth in an ordinance adopted by the City Council with the concurrence of the Mayor on August 6, 2008. Such ordinance was effective on September 8, 2008. The Solid Waste Resources Fee increases beginning in 2006-07 were intended to reduce the City General Fund contribution to costs related to solid waste operations and facilities. The final increase effective September 8, 2008 provided for full recovery of budgeted costs, except that the General Fund is still responsible for paying for a percentage of the service provided to lifeline customers, which are exempted from paying the Solid Waste Resources Fee as discussed below, and for service to certain City departments and for service to certain special events that are exempted from payment by the City Council.

The following table sets forth the City's contributions to costs related to solid waste operations and facilities from its General Fund since July 1, 2008. Table 3 also provides the total cost of the City's Solid Waste Program funded by the SWR Revenue Fund, including the Bureau's costs, debt service, costs relating to the General Services Department, and overhead costs from other City departments.

TABLE NO. 3
FUNDING SOURCES OF THE SOLID WASTE PROGRAM
Fiscal Years 2008-09 through 2012-13
(Dollar Amounts in Thousands)

	2008-09	2009-10	2010-11	2011-12	2012-13
	<u>Actual Cost</u>	<u>Actual Cost</u>	<u>Actual Cost</u>	<u>Actual Cost</u>	<u>Budgeted Cost</u>
General Fund	\$11,241	\$14,746	\$4,963	\$16,896 ⁽⁴⁾	\$6,100
Solid Waste Resources Fee	246,057	259,032	276,304	281,710	271,730
Other Revenue in SWR Revenue Fund ⁽¹⁾	4,253	24,778	18,889	19,230	15,959
Other Sources (Uses) of Funds ⁽²⁾	<u>(5,927)</u>	<u>(29,929)</u>	<u>(34,120)</u>	<u>(54,556)</u>	<u>(2,421)</u>
Total Cost of the Program ⁽³⁾	\$255,624	\$268,627	\$266,036	\$263,280	\$291,368

- (1) Other revenue deposited in the SWR Revenue Fund includes state grants, sales of equipment, interest on debt services, interest income, and reimbursement from other City special funds.
- (2) Other sources of funds include credits and interest from debt service reserves and reduction of the SWR Revenue Fund cash balance. Other uses of funds reflect the contribution to the SWR Revenue Fund cash balance.
- (3) Costs and revenue from other special funds in the Solid Waste Program have been excluded.
- (4) Includes \$15,473 actual amount received in Fiscal Year 2011-12 but attributable to Fiscal Year 2010-11.
- Source: Department of Public Works, Bureau of Sanitation.

Further increases in the Solid Waste Resources Fee have not yet been adopted by the City Council. The current rates are expected to provide sufficient revenues to pay operations and facilities costs and debt service on all Outstanding Bonds and Outstanding Parity Bonds. The City Council will consider further increases as necessary to recover the costs of solid waste operations and facilities in the future. See "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS—Department of Public Works, Bureau of Sanitation Budgeted Expenditures."

The City Council approved the Extra Capacity Fee Ordinance, Ordinance No. 170868, on January 3, 1996. The Extra Capacity Fee, which was first imposed in July 1996, is a charge of \$5.00 per month for each additional 30 gallons of refuse, \$2.50 per month for each additional 30 gallons of yard trimmings and \$2.00 for a tag to allow 30 gallons of intermittent extra capacity. Effective August 22, 2002, the City amended the Extra Capacity Fee by Ordinance No. 174699 to increase the standard yard trimming allowance to 90 gallons.

Subject to the covenants of the City under the Trust Agreement and applicable law, the City may by ordinance modify the Solid Waste Resources Fee rate and the Extra Capacity Fee. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Charges" and "—Proposition 218." See, also, APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—Alternate Receipt and Deposit of Revenues; Withdrawals."

Exemptions From Solid Waste Resources Fee

Certain exemptions from the Solid Waste Resources Fee are allowed pursuant to the SWR Ordinance. Multiple dwelling unit residences which do not utilize household solid waste collection services from the City are not subject to the Solid Waste Resources Fee imposed by the SWR Ordinance. An exemption for this reason is available as long as a multiple dwelling unit residence can be verified as not receiving solid waste collection services from the City. Such exemptions are granted or removed upon verification of lack of service by field inspectors from the Department of Public Works, Bureau of

Sanitation (the "Bureau"). Upon verification, exemption information is provided to DWP by the Bureau in order to update billing and collection information.

A second major category of exemptions applies to lifeline customers, which are senior or certain disabled citizens who qualify for an exemption from the Solid Waste Resources Fee pursuant to the SWR Ordinance. An individual 62 years or older or a disabled individual shall not be liable for the payment of the Solid Waste Resources Fee provided that the adjusted gross income for the household in which such individual resides is less than a certain level specified in the SWR Ordinance. There are currently approximately 36,199 lifeline customers who have applied to the Department of Water and Power and have received the lifeline exemption. The City has a cap of 51,400 on the number of customers who may qualify for this exemption. The Bureau is reimbursed from the General Fund in each fiscal year an amount relating to the lifeline exemptions; for the Fiscal Year 2011-12, the anticipated reimbursement amount was \$6,011,123. In addition, refund claims for previously paid amounts of the Solid Waste Resources Fee for a period within twelve months of the date of the filing may be submitted by senior or disabled individuals who qualify for an exemption for the first time. The amounts of such refund claims historically have been negligible.

Billing and Collection

The collection of the Solid Waste Resources Fee imposed by the SWR Ordinance occurs under the direction, supervision and control of the City's Director of Finance. However, the SWR Ordinance also calls for the Director of Finance to arrange for the billing and collection of, and accounting for, the Solid Waste Resources Fee through and by available facilities of the DWP and to pay for the costs of such services. Under the SWR Ordinance, the Director of Finance has the ability to establish separate billing and collection services; however, since the inception of the Solid Waste Resources Fee, billing and collection services have been provided by DWP. The City currently expects to continue to use the billing and collection services of DWP but may elect not to do so at any time.

As the exclusive provider of water service and practically the sole provider of electric service to the City's residents, DWP regularly bills for its services and collects accounts receivable from its customers. DWP includes the Solid Waste Resources Fee on its bimonthly bill which includes charges for water, electric and sewer services and certain taxes as well as the Solid Waste Resources Fee (each a "Billed Account"). Beginning in Fiscal Year 2007-08, the City began also including on the DWP bill the Multifamily Bulky Item Fee, imposed on multifamily complexes for which the City provides bulky item collection services, but which are not subject to the Solid Waste Resources Fee. The Multifamily Bulky Item Fee is deposited into an independent special fund, separate from the SWR Revenue Fund, and is not commingled with the Solid Waste Resources Fee. The cost and revenue associated with this special fund have been excluded from Table No. 3.

Payments received by DWP are credited first to the accounts in arrears in the following order: (i) water reconnection charge, (ii) electric reconnection charge, (iii) water arrears greater than 90 days, (iv) electric and city tax arrears greater than 90 days, pro rata, (v) sewer charge arrears greater than 90 days, (vi) Solid Waste Resources Fee arrears greater than 90 days, (vii) Multifamily Bulky Item Fee arrears greater than 90 days, (viii) water arrears greater than 60 days, (ix) electric and city tax arrears greater than 60 days, pro rata, (x) sewer charge arrears greater than 60 days, (xi) Solid Waste Resources Fee arrears greater than 60 days, (xii) Multifamily Bulky Item Fee arrears greater than 60 days, (xiii) water arrears greater than 30 days, (xiv) electric and city tax arrears greater than 30 days, pro rata, (xv) sewer charge arrears greater than 30 days, (xvi) Solid Waste Resources Fee arrears greater than 30 days, (xvii) Multifamily Bulky Item Fee arrears greater than 30 days, (xviii) water late payment charge and (xix) electric late payment charge. Remaining amounts are then credited to the current amounts for each

utility in the order set forth in the previous sentence. This procedure brings any customer's delinquent charges for each utility current prior to applying amounts received to such customer's current charges.

For any individual payment, the customer may specify the application of his payment to a specific charge. This is infrequent, occurring only when, in correspondence or in person, the customer specifically states such a direction. Then, for that payment only, a payment code is entered so that the charge specified by the customer is paid first. Any remainder is then applied to the other charges in the above sequence. For example, if a customer directs that his/her payment be applied to the water bill, items (i), (iii), (viii), (xiii), and (xviii) listed in the preceding paragraph and current water charges are paid in that order. Any remainder is then applied from (ii) through (xvi) listed in the preceding paragraph and then to current charges. Moreover, when accounts are assigned to collection agencies, payments received on those accounts are posted to DWP charges (water and electric) first, in the above sequence, and then to non-DWP charges.

Though partial utility payments could result in the Solid Waste Resources Fee not being credited in a given billing period due to the hierarchy of credits described above, payments in the subsequent billing period would be credited to the Solid Waste Resources Fee arrears before being credited to the electric and water charges. In this way, any failure to pay part of a utility bill will eventually result in outstanding electric and water balances, triggering the procedure for discontinuing service (described in the following paragraph) if those balances exceed \$150. Non-payment of the Solid Waste Resources Fee portion of the utility bill will eventually lead to unpaid electric and/or water balances because of the hierarchy of credits discussed above, possibly leading to service termination.

The DWP policy for most customers is that when a utility bill (water or electric) is in arrears by \$150 or more, a Late Payment Charge of 18 percent per annum is applied. When the total accounts receivable in arrears reaches \$250, collection procedures are started. The first step in this procedure is a "final notice." This notice is mailed to the bi-monthly and monthly customer 20 days after the current bill issue date, when the past due balance of the account reaches a certain threshold in arrears (varies depending on the customer's credit standing with DWP). This notice provides the customer a "last day to pay", typically identified 2 weeks from the date this final notice is issued. Approximately 7 days prior to this "last day to pay," customers with delinquent balances greater than \$100 are eligible to receive an outbound call notifying the customer their bill is past due.

A five-day shut off notice is issued to the bi-monthly and monthly customer after the "last day to pay" date has been exceeded, at approximately 37 days from the bill issue date, if the delinquent amount remains over \$250. A customer's failure to pay by the conclusion of the five-day period leads to a temporary shut off of water and/or electrical service on the first field call. Should the bill remain unpaid ten days after the initial shut off, the water and/or electrical service may be permanently discontinued if a follow-up check in the field confirms this customer is no longer at the location.

Certain DWP customers receive water and electric service by means of a master meter which may serve multiple dwelling units. Water and electrical service to multiple dwelling unit residences served by a master meter may be disconnected for non-payment. In February 1998, DWP implemented the Utility Maintenance Program (UMP) as an alternative to the termination of master-metered service. This program is an extension of the existing Rent Escrow Accounts Program, or REAP. Tenants who participate in the program have the option of putting their rent into an escrow trust fund established by the Los Angeles Housing Department to maintain utility services until such time as the delinquent bill is paid in full.

Customer accounts where the water and/or electrical service are disconnected due to non-payment are monitored by DWP collections personnel. Unless a customer vacates the service location, DWP

collections personnel will continue to regard the customer's account as an active account and attempt collection of the delinquent amounts owing. Should the customer vacate the service location, a closing bill is generated which initiates further collection efforts. An outside collection agency may be used on accounts with \$10.00 to \$7,499.99 outstanding as soon as 45 days after the closing bill is issued. Accounts with \$7,500.00 or more outstanding are referred to the City Attorney for legal action. If the delinquent amount remains outstanding approximately three months after the closing bill has been issued, the amount owed is transferred into write off, where collection efforts will be maintained for up to four years from the closing bill issue date. The four year period may be extended by up to one year, if payment is received within the fourth year.

On a weekly basis, the Department of Water and Power transfers an amount equal to that week's projected collection of the Solid Waste Resources Fee revenue to the Bureau of Sanitation. On a quarterly basis, an adjustment is made to reflect the actual Solid Waste Resources Fee revenue collected for the previous quarter. The amount remitted to the Bureau of Sanitation is also reduced by administrative charges (currently \$328,800 per quarter), refunds of incorrectly billed charges, bank returned checks and other adjustments.

The following table summarizes the collection history for the previous ten fiscal years for the Solid Waste Resources Fee. The amount shown for billings and collections represents the amounts billed and the amounts collected by DWP. The remittance to the City reflects collections less (i) DWP's administration charges, (ii) refunds of incorrectly billed charges and (iii) any corrections. The remittance to the City does not include interest earnings on collections. Remittances are deposited in the SWR Revenue Fund held by the City Treasurer.

**TABLE NO. 4
DEPARTMENT OF WATER AND POWER
BILLINGS AND COLLECTIONS
SOLID WASTE RESOURCES FEE
Fiscal Years 2002-03 through 2011-12**

<u>Fiscal Year</u>	<u>Billings</u>	<u>Collections</u>	<u>Collection Rate</u> ⁽¹⁾	<u>Solid Waste Resources Fee Remitted</u> ⁽²⁾
2002-03	\$48,223,368	\$49,046,622	101.71	\$49,804,757
2003-04	69,315,104	66,555,962	96.02	67,053,351
2004-05	88,254,936	87,161,181	98.76	87,412,019
2005-06	88,511,139	88,288,321	99.75	86,638,349
2006-07	128,444,105	123,326,171	96.02	119,117,583
2007-08	191,110,979	182,899,335	95.70	191,040,176
2008-09	261,232,839	250,405,893	95.86	246,057,329
2009-10	260,251,177	256,622,113	98.61	259,031,507
2010-11	272,139,496	275,381,471	101.19	276,304,047
2011-12	288,733,227	286,562,787	99.25	281,709,908

⁽¹⁾ The collection rate varies from year to year and may exceed 100% because of differences in the average time taken by customers to pay their bills and differences in the estimations used to calculate remittances of the Solid Waste Resources Fee at fiscal year-end.

⁽²⁾ After deduction of DWP administrative charges.

Source: Department of Public Works, Bureau of Sanitation.

Application of Revenues

The Solid Waste Resources Fee and Extra Capacity Fee amounts received by the Bureau of Sanitation are deposited when received into the SWR Revenue Fund. Such amounts are applied first to pay debt service on the Bonds, the Parity Bonds and any Additional Bonds, including any required reserve fund deposits, and to pay debt service funds on any subordinate obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Revenue Pledge." Amounts remaining following payment of debt service are retained in the SWR Revenue Fund and may be applied to any lawful purposes of the Solid Waste Program. The Bureau of Sanitation has historically maintained significant balances in the SWR Revenue Fund to apply to future capital costs. See "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS—Future Capital Projects and Borrowing Plans."

Historical Debt Service Coverage

The following table provides a history of debt service coverage on the Parity Bonds from fiscal year 2007-08 through 2011-12.

TABLE NO. 5
HISTORICAL DEBT SERVICE COVERAGE
Fiscal Years 2007-08 through 2011-12
(Dollar Amounts in Thousands)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Solid Waste Resources Fee and Extra Capacity Fee	\$191,040	\$246,057	\$259,032	\$276,304	\$281,710
Interest	<u>1,131</u>	<u>1,248</u>	<u>1,124</u>	<u>1,040</u>	<u>1,681</u>
Pledged Revenues	192,171	247,305	260,156	277,344	283,391
Debt Service	37,322	36,085	36,978	40,098	40,089
Debt Service Coverage	5.15x	6.85x	7.04x	6.92x	7.07x

Source: Department of Public Works, Bureau of Sanitation and Office of City Administrative Officer, Debt Management Group.

(Remainder of this Page Intentionally Left Blank)

Pro Forma Statement of Debt Service Coverage

The following table presents a projection of Solid Waste Resources Fee and Extra Capacity Fee revenues available to pay debt service payable in the Fiscal Years 2012-13 through 2016-17 on the Bonds and the Parity Bonds. Debt service on the Series 2003-A Bonds, Series 2003-B Bonds and Series 2004-A Bonds following the refunding thereof from proceeds of the Series B Bonds is excluded from the table. This projection assumes that the Solid Waste Resources Fee and the Extra Capacity Fee remain at current levels. See "SOLID WASTE RESOURCES FEE—Charges" herein. See also, "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS—Future Capital Projects and Borrowing Plans."

TABLE NO. 6
PRO FORMA STATEMENT OF DEBT SERVICE COVERAGES
Fiscal Years 2012-13 through 2016-17
(Dollar Amounts in Thousands)

	<u>2012-13⁽¹⁾</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Revenues					
Solid Waste Resources Fee and Extra Capacity Fee ⁽²⁾	\$271,730	\$280,365	\$280,620	\$280,874	\$281,129
Interest	483	209	179	157	108
Total Pledged Revenues	\$272,213	\$280,574	\$280,799	\$281,031	\$281,237
Debt Service⁽³⁾					
Series 2003-A Bonds ⁽⁴⁾	\$8,431	—	—	—	—
Series 2003-B Bonds ⁽⁴⁾	6,459	—	—	—	—
Series 2004-A Bonds ⁽⁴⁾	3,220	—	—	—	—
Series 2005-A Bonds	4,644	\$4,641	\$4,641	\$4,638	\$4,641
Series 2006-A Bonds	5,624	5,569	5,586	5,551	5,552
Series 2009-A Bonds	6,100	6,101	6,103	6,104	6,103
Series 2009-B Bonds	5,564	5,566	5,561	5,563	5,565
Series 2013-A Bonds ⁽⁵⁾	—	8,972	8,885	5,645	3,525
Series 2013-B Bonds ⁽⁵⁾	—	15,311	15,227	15,225	16,729
Total Debt Service ⁽⁵⁾⁽⁶⁾	\$40,043	\$46,160	\$46,004	\$42,726	\$42,115
Debt Service Coverage ⁽⁶⁾	6.80x	6.08x	6.10x	6.58x	6.68x

(1) Budgeted amount.

(2) Estimated Solid Waste Resources Fee to be remitted to City after deducting DWP administrative charges.

(3) Comprised of bond payments on the August 1 and the following February 1 interest payment dates occurring in the applicable Fiscal Year.

(4) Assumed to be defeased as of the date of delivery of the Series B Bonds.

(5) Estimated, subject to change.

(6) Totals may not add due to rounding.

Source: Office of City Administrative Officer, Debt Management Group and Fieldman Rolapp & Associates.

The City may in the future issue one or more series of Additional Bonds secured by a pledge of the Solid Waste Resources Fee and the Extra Capacity Fee on a parity with the pledge thereof securing the Bonds and the Parity Bonds. See "DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS—Future Capital Projects and Borrowing Plans."

Risk Factors Relating to Fee Collection and Revenues

No assurances can be given that the above levels of projected revenues from the Solid Waste Resources Fee and Extra Capacity Fee (the "Fees") which comprise the Revenues securing the Bonds will, in fact, be realized. As of the date of issuance of the Bonds, the City, State and national economies are beginning to recover from the effects of the economic recession that began in late 2007. Although the Bureau's services are essential to property owners in the City, the operations of the Bureau and the collection of the Fees are affected by to some degree by the overall economic conditions affecting the City, particularly the real estate economy of the City affecting owners and occupants of single family real properties in the City.

The Department has realized operational savings in the Fiscal Year 2008-09 as a result of the decrease in trash generation and a consequent reduction in tipping fees at landfills. The Department's collection rate has remained essentially stable for Fiscal Years 2006-07 through 2008-09. See "TABLE NO. 4-DEPARTMENT OF WATER AND POWER-BILLINGS AND COLLECTIONS-SOLID WASTE RESOURCES FEE-Fiscal Years 2002-03 through 2011-12." However, economic conditions which adversely affect the ability of property owners to pay for property-related costs and services, such as mortgages, property taxes and utility bills, including trash collection fees, may also have an adverse effect on the collection of the Fees. It can be expected that property owners whose property is in foreclosure or who have lost their jobs will likely be delinquent in paying their property-related fees and charges, such as the Fees. It is possible that the Department could experience a dip in Fee collections, netted against any reduced operating costs, during the duration of weak or adverse economic conditions.

In addition to the effects of economic conditions on the Fees, the scope of the Bureau's operations could change over time. For example, the number of single family and multiple dwelling unit residences served by the City could change due to several factors. The number of households eligible for solid waste collection and disposal service could increase due to the construction of new single family residences or multiple unit dwellings. Likewise, the number of households eligible for solid waste collection and disposal service could be reduced to the extent that single family residences are replaced with multiple unit dwellings which do not utilize City solid waste collection, or by the conversion of dwelling units to commercial or industrial uses. See "SOLID WASTE RESOURCES FEE-Billing and Collection."

DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION SOLID WASTE OPERATIONS

Introduction

The City collects refuse, green material, and recyclables throughout the City from single family dwellings and smaller multiple unit dwelling residences (typically from buildings of four or fewer units) where containers are placed at the curb. Larger apartments and commercial buildings utilize private collection. The City provides collection service to approximately 740,000 residents within six collection districts: East Valley, West Valley, West Los Angeles, North Central Los Angeles, South Los Angeles, and Harbor. Collection service is accomplished by a fleet of over 770 heavy-duty vehicles. In order to collect its scheduled routes, the Bureau requires approximately 550 trucks to be available for service each day. The Bureau's vehicles, including solid resources collection equipment, are maintained by the Fleet Services Division of the City's General Services Department.

City Residential Solid Waste Collection

Each solid waste collection district of the City is divided by the five days of the week and is divided, in turn, into five sections. The district is supervised by a district superintendent and his or her staff. Additional personnel assist with the collection of dead animals, white goods (composed of metal and composite materials, such as appliances) and bulky items. During Fiscal Year 2011-12, the City collected an average of 3,300 tons of refuse, 1,800 tons of green material, and 760 tons of recyclables per day. The average number of collection days per year is 261.

Within the City limits, all City residents (other than in multifamily residences of more than four units) are entitled to household solid waste collection services, which must be provided by the City if solid waste containers are placed for collection. The City is not obligated, nor does it presently intend, to provide solid waste collection services to commercial and industrial customers. Throughout the County, commercial and industrial solid waste collection services are typically performed pursuant to service agreements with private companies. Residential solid waste collection contracts with individual homeowners and homeowner groups and municipal service provided by other cities in the County provide the balance of solid waste collection services Countywide. Private haulers operate under franchise agreements (in the case of the County) and business licenses (in the case of the City) to collect residential, multifamily, industrial and commercial solid waste within the City and unincorporated areas of the County.

On August 3, 2007, the Los Angeles City Council, with concurrence of the Mayor, voted to expand the Department of Public Works, Bureau of Sanitation, Bulky Item Collection Program to include 541,000 residents and owners of apartment complexes comprised of five or more units. The Multifamily Bulky Item ("MFBI") Program commenced operations on October 1, 2007. A Multifamily Monthly Bulky Item Fee of \$1.28 per residential unit, split equally between the owner and tenants, funds this service. The fee is included on the DWP municipal services bill. This fee is later deposited into an independent special fund, separate from the SWR Revenue Fund, and is not commingled with the Solid Waste Resources Fee. The cost and revenue associated with this special fund have been excluded from Table No. 3.

Multifamily residents, in need of bulky item collections, are instructed to call the citywide toll free 3-1-1 number to schedule collections. In addition to scheduled requests, collections result from reports of illegal dumping, proactive sweeps, and neighborhood clean-up events. MFBI truck drivers are deployed according to requests for service and reports of abandoned items. Neighborhood sweeps are conducted in areas with frequent reports of abandoned items and upon requests by City Council and Neighborhood Council representatives.

The estimated combined cost for Fiscal Year 2011-12 for residential solid waste collection and disposal for the City, including recycling efforts, was approximately \$263 million (including, without limitation, costs incurred by the General Services Department and the SWR Revenue Fund). Estimated annual Solid Waste Resources Fee revenues provided approximately \$282 million in Fiscal Year 2011-12.

Organization and Management

The Board of Public Works manages and controls the Department of Public Works, which administers the City's solid waste and solid resources collection and disposal program, and is responsible for the following bureaus: Contract Administration, Engineering, Sanitation, Street Lighting and Street Services and the Office of Accounting of the Board of Public Works. The Board of Public Works is composed of five full-time salaried members appointed by the Mayor, and confirmed by the City Council, for a term of four years. The Board of Public Works advertises and invites proposals for bids, awards contracts for the construction of public buildings and coordinates the issuance of certain activity permits for use of City-owned property.

The Bureau is responsible for the collection and disposal of residential solid waste and other solid resources. The Bureau also has responsibility for the operation and maintenance of all facilities required for the conveyance and treatment of wastewater, including industrial waste enforcement, for maintenance of local storm drains, and for the reduction of pollutants in urban runoff.

The Office of Accounting of the Public Works Department prepares accounting documents, maintains budget data and cost accounts for Public Works, and accounts for special funds affecting Public Works activities, including the Acquisition Fund and the SWR Revenue Fund. The Office of Accounting of the Public Works Department also prepares and maintains a record of Public Works payroll data, maintains records of accounts receivable and payable, prepares statements and issues reports for use by management to control expenditures and operations, and develops and installs cost systems for various public works projects.

Department of Public Works, Bureau of Sanitation Budgeted Expenditures

The budgeted program and related costs for the Solid Waste Management operations of the Bureau are summarized below. These budgeted amounts include general administration and overhead as allocated to the household solid waste collection and disposal activities of the Bureau but exclude the cost of collection and disposal of dead animals. The amounts do not include the costs of certain other City departments, such as the General Services Department, or overhead allocated to the General Services Department. See Table 3 herein for information which includes the total cost of the Solid Waste Program funded by the SWR Revenue Fund, including the General Services Department's costs, overhead costs from other City departments and debt service, in addition to the Bureau's costs.

TABLE NO. 7
TOTAL BUDGETED SOLID WASTE MANAGEMENT COSTS OF BUREAU OF SANITATION
Fiscal Years 2008-09 through 2012-13

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Household Solid Waste Collection	\$78,494,293	\$79,886,975	\$81,968,248	\$82,834,480	\$82,960,396
Solid Waste Disposal	73,980,361	75,292,954	69,490,587	69,826,321	71,203,858
Related Costs [†]	<u>67,430,867</u>	<u>68,736,868</u>	<u>59,421,213</u>	<u>60,154,315</u>	<u>44,040,930</u>
Combined Total	\$219,905,521	\$223,916,797	\$210,880,048	\$212,815,116	\$198,205,184

[†] Related costs include retirement, health insurance, workers' compensation, data processing, other personnel and general costs and liability claims.

Source: Department of Public Works, Bureau of Sanitation.

The table below shows the amount of City solid waste collections for Fiscal Years 2002-03 through 2011-12.

**TABLE NO. 8
ANNUAL SOLID WASTE COLLECTIONS
Fiscal Years 2002-03 through 2011-12**

FISCAL YEAR	GREEN MATERIAL (Tons)	RECYCLABLES[†] (Tons)	REFUSE (Tons)	TOTAL (Tons)
2002-03	471,709	190,043	986,533	1,648,285
2003-04	491,422	181,176	991,021	1,663,619
2004-05	495,387	277,400	1,009,618	1,782,405
2005-06	508,847	272,892	1,031,198	1,812,937
2006-07	479,234	266,633	965,116	1,710,983
2007-08	485,376	254,792	942,799	1,682,967
2008-09	401,524	214,000	868,867	1,484,391
2009-10	474,657	211,290	867,113	1,553,060
2010-11	492,341	207,000	882,005	1,581,346
2011-12	470,527	197,432	851,434	1,519,393

[†] Includes tonnage collected from all Solid Waste programs and contamination tonnage.
Source: Department of Public Works, Bureau of Sanitation.

Labor and Employment

Several City departments and bureaus contribute labor and employee time to the operation of the Solid Waste Program. See “–Organization and Management” above.

The Bureau of Sanitation workforce is 99% unionized under the Coalition of Los Angeles City Unions, the non-coalition Engineers and Architects Association, and the non-coalition Service Employees International Union–Units 8 and 17. The City’s memoranda of understandings with the Coalition of Los Angeles City Unions and the Service Employees International Union–Units 8 and 17 (“SEIU”) are effective through Fiscal Year 2013-14. The City’s contract with the Engineers and Architects Association is effective through July 1, 2013. The City’s contract with SEIU is effective through June 30, 2014. See APPENDIX A–“CITY OF LOS ANGELES INFORMATION STATEMENT–FINANCIAL OPERATIONS–LABOR RELATIONS” attached hereto.

Retirement and Other Postemployment Benefits Contributions

Members of the Bureau of Sanitation workforce are members of the Los Angeles City Employee’s Retirement System (“LACERS”). As discussed above under the caption “–Department of Public Works, Bureau of Sanitation Budgeted Expenditures,” a portion of the costs of Bureau of Sanitation costs include payment to the City for various costs related to the Solid Waste Program, including, among other things, contributions to LACERS for retirement benefits and other postemployment healthcare benefits (“OPEB”) of City employees who work on the Solid Waste Program, which are attributable to the SWR Revenue Fund. For a discussion of funding of the City Retirement and OPEB, see APPENDIX A–“CITY OF LOS ANGELES INFORMATION STATEMENT–FINANCIAL OPERATIONS–Retirement and Pension System” and “–Other Post-Employment Benefits” attached hereto.

Recycling Implementation Plan-AB 939

The City began its recycling program plan in 1989 with the adoption of the "Recycling Implementation Plan." The same year, the State passed AB 939, which established a mandate to achieve a waste diversion rate of 25% by the year 1995 and 50% by the year 2000. See "REGULATION-California Integrated Waste Management Act." The City exceeded these goals with diversion rates of 44% in 1995, and 60% in 2000. This act was modified in 2008 by the passage of SB1016, which modified the method for determining compliance with the measure from a diversion rate calculation, to a disposal measurement system. The City is in compliance with all requirements regarding program implementation, and has a diversion rate equivalent of 72% for 2011. In addition, the City has adopted a Zero Waste plan and goal to reach 90% diversion by 2025 through a combination of policies, programs, and facility development.

The Bureau's curbside recycling programs collect and recycle over 210,000 tons of blue bin recyclables and over 460,000 tons of green materials annually. These programs represent a significant component of the City's successful diversion efforts. The Bureau also provides recycling collection and support to all City Departments, and to Los Angeles Unified School District schools within the City. In December 2010, the City adopted a mandatory construction and demolition recycling ordinance, which directs all mixed construction waste to recycling facilities, and provides rebates to encourage restaurants to recycle food and organics.

Private sector programs include robust paper, metals, and mixed materials recycling industries, which also contribute a significant amount to the City's diversion from landfill disposal. In 2011, AB341 was adopted by the State Legislature, which requires mandatory recycling programs for all commercial and industrial businesses that generate more than four cubic yards of waste per week, as well as all multifamily buildings of five or more units. Further policy initiatives under development include a ban on single use plastic bags, as well as a waste franchise system to provide the City greater control and environmental monitoring of the solid waste industry.

All homes served by the Bureau are participating in the Curbside Recycling Program, and recycling has been extended to large apartment complexes as well. Materials accepted for Blue Bin recycling include glass, plastic containers, plastic bags polystyrene, bi-metal cans, metal hangers, aluminum, empty paint and aerosol cans, and any color or type of uncontaminated paper products.

Automated Collection

The City has been collecting nearly all household solid waste through an automated collection process since August 1995. Automated collection is accomplished by a special-purpose vehicle having a mechanical arm which can reach out, grasp a 60 or 90 gallon wheeled plastic container, lift and empty the container into the body of the truck and then place the container back on the ground. This particular type of vehicle eliminates manual lifting by the operator and enables a single driver to collect from at least twice as many homes as compared to manual collection.

Automated Container Systematic Replacement Program

In order to reduce costly service request calls and increase the level of customer service, the City replaced solid waste containers that have exceeded their service life. The Automated Container Systematic Replacement Program ("ACSRP") was launched on July 15, 2002 to replace containers after the end of their ten-year service life. The ACSRП replaced a total of 835,874 units of black and green containers and was completed on August 14, 2010. Moreover, the City also has an Ad Hoc container services operation, an ongoing program, which provides containers upon request and replaces lost or broken containers at an average of 160,000 per year.

Alternative Clean Fuel Program

In June 2000, the Los Angeles City Council adopted a Clean Fuel Policy as part of its effort to reduce air toxins and pollutant emissions, and recommended support of the South Coast Air Quality Management District ("SCAQMD") Proposed Rule 1193 ("Rule 1193"). Rule 1193 requires solid waste collection fleet operators with 15 or more solid waste collection vehicles to acquire alternative-fuel solid waste collection heavy-duty vehicles when procuring or leasing such vehicles. Later that month, the SCAQMD adopted Rule 1193 with amendments as requested by the City Council.

Consistent with the City Council's amendments to Rule 1193 and in furtherance of the City's role as a leader in the clean air arena, the Bureau is committed to the development of a combined liquefied natural gas ("LNG") and compressed natural gas ("CNG") facility at all six solid waste district yards. The five completed fueling stations provide LNG and CNG for the Bureau and other City departments operating in the vicinity of the fueling stations. The first fueling facility was constructed at the new East Valley Solid Resources Management Complex in Sun Valley. The East Valley facility is equipped with four 15,000-gallon LNG storage tanks, six LNG dispensers, and three CNG dispensers. The second LNG/CNG fueling facility is now operational at the West Valley Collection Yard. This facility is equipped with three 15,000-gallon LNG storage tanks, six LNG dispensers, and two CNG dispensers. A third LNG facility was constructed at the South Los Angeles Yard. This facility is equipped with three 15,000-gallon LNG storage tanks and has been operational since summer of 2006. The fourth LNG fueling facility was installed at the Harbor Collection Yard and equipped with 6,000-gallon LNG storage tank and dispensing equipment to fuel approximately 30 collection vehicles. The fifth LNG/CNG fueling station was built at the North Central District Yard. Completed in 2010, this station is equipped with three 20,000-gallon LNG storage tanks and dispensing equipment to accommodate LNG/CNG fueling service to approximately 150 solid waste collection vehicles. Construction of a CNG fueling station at the West Los Angeles District yard will soon be underway. Scheduled for completion in 2014, this station will be equipped with CNG compressors and other equipment to provide time fill and fast fill fueling to a fleet of approximately 130 collection vehicles. Furthermore, the Bureau has retrofitted its existing diesel-fuel solid waste trucks to use particulate traps and ultra-low-sulfur diesel fuel. A portion of the proceeds of the Series A Bonds is expected to be used for acquiring alternative fuel refuse collection vehicles and upgrading the truck maintenance facility at the West Los Angeles District Yard.

Processing and Disposal

The Bureau currently utilizes the Falcon Disposal Transfer Station in Wilmington and the Central Los Angeles Recycling and Transfer Station ("CLARTS") in Los Angeles for the transfer of solid waste collected from residential units. Both CLARTS and Falcon are completely enclosed and utilize two transfer tipping ports.

The City currently delivers an average of 90 tons of refuse per day to the Falcon Transfer Station. The City pays a tipping fee of \$45.11 per ton to Republic Services Company for the transfer of refuse at the Falcon Transfer Station and disposal of the refuse at the Sunshine Canyon Landfill in Granada Hills. The transfer station is permitted to accept residential, commercial/industrial, and demolition wastes.

CLARTS is located immediately Southeast of downtown Los Angeles. The facility, which has a permitted capacity of 4,025 tons per day, is completely enclosed and utilizes a forty thousand square foot tipping floor with two transfer tipping ports. The Bureau uses CLARTS for transferring material collected within the North Central and South Solid Waste Collection districts to Sunshine Canyon Landfill. An average of 1,600 tons of City-collected refuse per day is transferred and disposed of at the Sunshine Canyon Landfill (1,000 tpd) and El Sobrante Landfill (600 tpd). In addition, approximately 150 tons per day of privately hauled refuse is brought to CLARTS for transfer and disposal at landfills other than

Sunshine Canyon Landfill. An average of 400 tons of City-collected greenwaste per day is transferred for processing at the WM-Bradley Landfill. The City operates the CLARTS facility with its own personnel.

Green Recycling Facilities. The Bureau operates two facilities at which curbside collected yard trimmings are processed into mulch and compost for land application. At the Harbor Green Recycling Facility in San Pedro, an average of 80 tons per day of yard trimmings are mulched. This material is then supplied to several farmers and local colleges.

The Lopez Canyon Environmental Center (formerly known as the Lake View Terrace Green Recycling Facility) began operation in December 2003 on a closed portion of the Lopez Canyon Landfill. The facility presently processes about 300 tons per day of curbside collected yard trimmings, 100 to 150 tons per day of brush and 85 tons per week of horse manure from the East Valley Collection District into mulch and compost, which is distributed to residents at no cost at several sites located throughout the City. The final products are also distributed to agricultural end-users in Los Angeles and Ventura Counties, to local colleges and universities, and to the California Department of Transportation for spreading along freeway right-of-ways.

Landfill Construction Activities. The Bureau is responsible for the maintenance and closure construction of City-owned sanitary landfills, as well as the construction of roads, support facilities and methane gas recovery systems, among other functions.

Closure of the Gaffey Street, Bishops Canyon, Lopez Canyon, Sheldon Arleta and Toyon Canyon landfills are complete and two of these sites (Gaffey and Bishop) have been developed into active recreational facilities. Sheldon Arleta is currently undergoing conversion into an active recreational facility.

Solid Waste Disposal Alternatives

Since refuse disposal operations ceased at the City-owned Lopez Canyon Landfill in 1996, City-collected refuse has been disposed primarily at the Sunshine Canyon Landfill.

In 2000, the City approved a new disposal contract with BFI (now Republic Services Company) for disposing of the majority of City-collected refuse at the Sunshine Canyon Landfill. This contract, which began in July 2001, allowed the City to deliver material at an increasing cost per ton for the first five years, with increases based on the CPI beginning in the sixth year. The City has the sole option to renew each five years, and the contract terminates in 2021.

Approximately 80 tons per day of the refuse collected in the Harbor District is delivered to the Southeast Resource Recovery Facility waste-to-energy facility in Long Beach. The remainder is delivered to the Falcon Disposal Transfer Station and then transported to Sunshine Canyon Landfill.

Beginning in 2007, at the direction of the City Council, the City began reducing its reliance on the Sunshine Canyon Landfill, partially located within the City limits, as the primary disposal alternative. Currently, approximately 3,300 tons per day of refuse from the residential curbside collection program are disposed mainly at the Sunshine Canyon Landfill with 600 tons per day of this disposed at the El Sobrante Landfill (a solid waste facility in Riverside County, California) and 100 tons per day at the South East Resource Recovery Facility (a waste-to-energy facility in Long Beach, California). In the future, the volume of refuse disposed at Sunshine Canyon Landfill is expected to further decline with increased recycling efforts and the availability of alternative disposal options.

In addition, since 2005, the City has engaged in a study to identify and evaluate alternative technologies for processing the City's municipal solid waste ("MSW") that is source separated prior to collection for energy and other resources recovery. The main objective of the alternative technologies study is to identify alternative MSW processing technologies that will increase the diversion of waste from landfills in an environmentally sound manner, while emphasizing options that are energy efficient, socially acceptable, and economical. The key findings from the first phase of the study, completed in September 2005, include: (1) an alternative MSW processing facility can be successfully developed in the City and (2) thermal technologies are best suited for commercially viable processing of MSW that is source separated prior to collection. These technologies include advanced thermal recycling and thermal conversion (gasification). Currently, the City is under contract negotiation with a development partner for a commercial scale alternative technology facility utilizing advanced thermal recycling to treat post-source separated MSW for energy and other resources recovery. The Bureau of Sanitation has also been granted authority to conduct contract negotiation with another development partner for the second emerging scale alternative technology facility. This development partner proposed to use a combination of gasification, advanced thermal recycling, and anaerobic digestion/composting to treat the City's MSW.

Solid Waste Integrated Resources Plan

To further develop its solid waste program, the City expects to complete development by 2013 of its Solid Waste Integrated Resources Plan ("SWIRP"). The SWIRP includes solicitation of input from stakeholders representing a broad cross-section of the City from diverse cultural backgrounds and income levels, businesses, environmental groups, solid waste haulers, recycling processors, environmental justice groups, unions, etc. The goal of this endeavor is to develop and implement a 20-year master plan for the City's solid waste and recycling programs and infrastructure that will include a Facilities Plan, Environmental Impact Report, Financial Plan and Implementation Plan.

SWIRP will outline the City's objectives to provide sustainability, resource conservation, source reduction, recycling, renewable energy, maximum material recovery, public health and environmental protection for solid waste management planning through 2030.

The goals of SWIRP are to adopt a zero waste philosophy, eliminate the City's use of urban landfills, develop alternative technologies for long-term waste disposal, increase recycling and resource recovery through education, incentives and policy changes. Full implementation of SWIRP will also provide for local management of the City's waste, promotion of green jobs and reduction in greenhouse gases.

Future Capital Projects and Borrowing Plans

The Bureau has proposed several future capital projects, and equipment purchases, which may require further increases to the Solid Waste Resources Fee and future borrowing to finance these projects and equipment as shown in Table No. 9. Facilities costs are adjusted to reflect an inflation rate of 5.0% per annum. The capital projects and the rate increases are subject to future Mayor and Council review and approval. Any further rate increases may also be subject to the provisions of Proposition 218. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Proposition 218."

In each of the years shown, certain costs are expected to be funded from proceeds of previous bond issues, reprogrammed funds, cash, grant funds and other sources, in addition to the proceeds of future bond issues. The Bureau has historically maintained significant cash balances which amounts are intended to be applied to future capital needs and other Program purposes.

TABLE NO. 9
DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION
PROPOSED CAPITAL IMPROVEMENT PROGRAM AND EQUIPMENT
Fiscal Years 2012-13 through 2016-17
(Dollar Amounts in Thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
CLARTS Master Plan – Implementation Phase	\$0	\$1,572	\$2,380	\$0	\$0
DWP and ITA System Interface	1,000	3,000	4,000	0	0
East Valley Container Building Remodel ⁽¹⁾	153	0	0	0	0
Harbor CNG Fueling Station	0	0	700	1,000	0
Harbor Parking Infrastructure	700	0	0	0	0
Harbor Yard Access Road Repavement	250	0	0	0	0
HTP Environmental Learning Center ⁽¹⁾	898	1,000	0	0	0
Jefferson Transfer Facility Improvement	0	500	2,000	4,500	6,000
Lopez Canyon Landfill Composting Facility Expansion	0	0	0	1,787	0
Lopez Canyon Educational Center ⁽¹⁾	55	621	0	0	0
Lopez Canyon Proposed Site Development	0	0	0	146	395
North Central Truck Washing Facility	0	0	0	0	1,300
SAFE Center — Balboa (CD 12) ⁽¹⁾	1,230	0	0	0	0
SWIRP ⁽¹⁾	300	0	0	0	0
West Los Angeles CNG Facility	0	5,982	0	0	0
West Los Angeles Maintenance Facility Upgrade	0	3,000	3,000	0	0
Subtotal Capital Facilities	<u>\$4,586</u>	<u>\$15,675</u>	<u>\$12,080</u>	<u>\$7,433</u>	<u>\$7,695</u>
EQUIPMENT⁽²⁾					
Automated Recycling Containers	14,500	14,500	14,500	18,527	18,322
Automated Collection Vehicles and Other Equipment	<u>31,300</u>	<u>30,663</u>	<u>30,663</u>	<u>21,279</u>	<u>21,917</u>
Subtotal Equipment	<u>\$48,800</u>	<u>\$45,163</u>	<u>\$45,163</u>	<u>\$39,806</u>	<u>\$40,239</u>
TOTAL CAPITAL FACILITIES AND EQUIPMENT	<u>\$50,386</u>	<u>\$60,838</u>	<u>\$57,243</u>	<u>\$47,239</u>	<u>\$47,934</u>

(1) Existing CIP projects

(2) Equipment total and two capital facilities for Fiscal Years 2013-14 and 2014-15 (except for \$46,803,000 to be cash-financed) are expected to be funded from the proceeds of the Series A Bonds. Equipment totals for remaining years are expected to be financed through future bond issues.

Source: Department of Public Works, Bureau of Sanitation.

The Bureau's Capital Improvement Expenditure Program (CIEP) comprises three general areas of need in the foreseeable future: landfill, transfer station, and collection yard improvements.

Transfer Station. There are very few local landfills available to the City for direct haul by the City's fleet of refuse collection vehicles. The majority of the City's waste goes to the Sunshine Canyon Landfill at the north end of the San Fernando Valley and the remainder goes to El Sobrante Landfill in Riverside. City refuse trucks deliver waste from the northern area of the City comprising the San Fernando Valley directly to the Sunshine Canyon landfill. Refuse from the remainder of the City is transferred into transfer trailers from the Central Los Angeles Recycling and Transfer Station ("CLARTS") for disposal at the landfills.

Ongoing facility upgrades need to be made at CLARTS to maintain the necessary level of transloading services. These improvements include replacing the tipping floor, paving the rear parking area with concrete, installing energy efficient lighting fixtures, replacing wall and roof panels, painting the building interior and exterior, upgrading security camera system, building exterior restroom, installing overhead doors, installing bullet-proof scale house, and upgrading the hazardous waste storage area.

Landfills. City-owned sanitary landfills (Lopez Canyon, Toyon Canyon, Sheldon Arleta, Gaffey Street and Bishops) are closed and are in post-closure maintenance. Post-closure activities include landfill gas monitoring, road construction, maintenance of support facilities, and development into active recreational facilities.

Various areas within the Lopez Canyon landfill were renovated including the office trailer complex, parking lot, installation of a security surveillance system, guard house, and barrier gates to provide security to employees and capital assets. The landfill buffer property in the White Horse neighborhood adjacent to Lopez Canyon is also proposed for conversion into a natural adventure play area with an outdoor classroom, terraced seating walls, restrooms, picnic area, and an equestrian hitching post and trail.

Collection Yards. Most of the collection yards were built over 30 years ago, prior to current environmental health and safety, and seismic stability regulations. While regular updates are being made to comply with regulations, the upgrades have not addressed present day needs.

At the West Los Angeles District Yard, there is a need to construct a clean fuel facility to support the deployment of clean-fueled vehicles in this district. A CNG facility is currently being designed to provide time and fast fill fueling for approximately 130 collection vehicles and its construction is expected to be completed in 2014. The existing diesel truck maintenance facility is also being upgraded to comply with regulatory requirements and building code standards for servicing clean-fueled vehicles.

The temporary LNG fueling station at the Harbor District Yard has been put out of service since August 2010 and is planned for an upgrade to a permanent facility.

At the North Central District Yard, construction of a new truck washing facility is being proposed to replace the old truck wash that was demolished during the construction of the LNG/CNG fueling station.

At the East Valley District Yard, there is a need to remodel the existing Container Building to improve working conditions, employee health and safety. The project involves the construction of a 2,000 sq. ft. area consisting of a locker, restroom, conference room, and an exercise room. It also includes the installation of voice and data lines, connection to utility lines, providing office furniture, installation of a fire alarm system, paging system, heating system, and more lighting, and the improvement of the ventilation system at the pressure wash rooms. Construction of the project will soon be underway.

REGULATION

Potential Restrictions on Solid Waste Disposal

There are serious, often unforeseeable, risks and potentially substantial cost exposures associated with waste processing and disposal facilities. These risk factors include, but are not limited to: (i) an increasing shortage of disposal capacity available to the City, coupled with the difficulty of obtaining permits to expand or establish new sites and facilities, and public and private opposition to the location,

expansion and operation of these facilities, (ii) increasing governmental actions at all levels that seek to restrict the operation of disposal facilities as well as the interstate movement of waste for disposal, (iii) landfill costs associated with liner requirements, leachate and methane gas control, greenhouse gas emission control, post-closure monitoring, site cleanup, other remedial work and maintenance, and perpetual care obligations, (iv) alleged possible adverse effects on groundwater and the environment, (v) substantial regulatory compliance expenditures, fines or other sanctions and civil damage liabilities, (vi) demonstrating financial responsibility (see “-Federal and State Laws Governing Solid Waste Disposal” below) and conforming to prescribed or changing standards and methods of operation, (vii) judicial and administrative proceedings regarding alleged possible adverse environmental and health effects of landfills or treatment and disposal facilities, and (viii) legislation that requires waste recycling, minimization and incineration.

Provision for City Landfill Closure and Postclosure Maintenance Costs

In 1987, the State enacted the Solid Waste Disposal Site Hazard Reduction Act (“AB 2448”), which requires landfill operators to submit closure and postclosure maintenance plans to the California Integrated Waste Management Board (“CIWMB”) for approval, including evidence of financial responsibility to provide for landfill closure and 30 years of postclosure maintenance. Evidence of financial responsibility is required in the form of a trust fund or other financial mechanism acceptable to the CIWMB into which sufficient funds are deposited to provide for these costs.

In 1989, Ordinance No. 164896 established the Landfill Closure and Postclosure Maintenance Trust Fund and began funding for closure and postclosure maintenance of City-owned landfills. In 1993, by Ordinance No. 168581, the Landfill Closure and Postclosure Maintenance Trust Fund was amended to provide for a new special fund entitled “Lopez Canyon Landfill Closure Trust Fund.” The Lopez Canyon Landfill Closure Trust Fund was established for the purposes of receiving and expending monies for the closure costs of the Lopez Canyon Landfill. Funds previously appropriated in the Landfill Closure and Postclosure Maintenance Trust Fund for Lopez Canyon Landfill were transferred to the new Trust Fund.

In accordance with AB 2448, the City estimated that \$17.54 million (in 1994 dollars) in construction costs would be required to close the Lopez Canyon Landfill. That amount was made available to the Lopez Canyon Landfill Closure Trust Fund for closure activities in March 1995. Closure construction was completed in March 2012 and final closure certification was given by the Local Enforcement Agency in September 2012. In October 2012 the remaining Trust Fund balance (\$3.47 million) was released back and deposited to the City’s Landfill Closure/Post-closure Fund (Fund 488).

Ordinance No. 168581 also established the Landfill Maintenance Special Fund for the purpose of receiving all revenues received by the Department of Public Works from the sale of recyclable materials from curbside recycling. Money in the Maintenance Fund would be used for postclosure maintenance costs of City-owned landfills. Also, a Pledge of Revenue Agreement was signed by the City with the CIWMB pledging that money in the Landfill Maintenance Special Fund will be used for purposes of postclosure maintenance at the Lopez Canyon Landfill. Postclosure maintenance costs are estimated to be about \$1.2 million per year for the 30-year period from 2012 through 2042, or approximately \$36 million.

Federal and State Laws Governing Solid Waste Disposal

Since the passage of the Hazardous and Solid Waste Amendments of 1984 (“HSWA Amendments”) to the Resource Conservation and Recovery Act of 1976 (“RCRA”), the emphasis of the Federal waste regulatory program has been the reduction of waste volumes and encouragement of recycling and treatment of waste instead of land disposal. The HSWA Amendments prohibit the land disposal of untreated hazardous waste. Restriction on land disposal of certain hazardous waste became

effective in 1986, 1987, 1988 and 1989. These restrictions identified treatment levels that the waste must meet before it can be land disposed. Currently, the City's wastes are not considered "hazardous wastes" for purposes of Federal and State regulations.

Since its enactment, RCRA included the authority for the Environmental Protection Agency ("EPA") to control the disposal of solid waste, as well as the management of hazardous waste. In the past, the EPA relied on general solid waste management guidelines and did not develop a comprehensive solid waste regulatory program. The regulatory framework covering solid waste management was developed by individual states and the stringency of these frameworks was highly variable. In August 1988, the EPA proposed comprehensive location, design, operating, groundwater monitoring, corrective action, closure and post-closure, and financial assurance criteria for municipal solid waste landfills. The EPA released final criteria referred to as "Subtitle D" regulations whereby the states were required to develop state regulatory programs at least as stringent as the EPA's criteria. In 1993, the State of California adopted the EPA criteria with minor and stricter revisions. Currently, the regulatory regime for controlling solid waste management is substantially similar to that in place for hazardous waste management facilities.

The HSWA Amendments to RCRA have substantially increased the quantity of hazardous waste brought under regulation, including large quantities of organic waste that were brought under the regulatory system for the first time in 1990. Land disposal regulations require increased use of treatment technologies and the Federal "Subtitle D" landfill regulations have resulted in the closure of a significant number of smaller, older existing landfills, increasing the demand for solid waste capacity at other landfills that comply with the new regulations. The EPA's financial responsibility regulations require owners or operators of hazardous waste facilities to demonstrate financial assurance for sudden and accidental pollution occurrences. For facilities with surface impoundments, landfills and land treatment units, the owner or operator must also demonstrate financial assurance for non-sudden or gradual pollution occurrences.

State regulations also require owners and operators of waste facilities to provide financial assurance of their ability to cover the estimated costs of proper closure and post-closure monitoring and maintenance of these facilities. The City has been able to rely on its financial position, rather than upon other very costly financial assurance mechanisms, to satisfy these requirements. See "REGULATION-Provision for City Landfill Closure and Maintenance Costs."

Pursuant to California Code of Regulations Chapter 23, Section 66273.1 et seq. effective February 8, 2006, the regulatory exemption that allowed households and conditionally exempt small quantity generators ("CESQG") to dispose of universal waste in the refuse stream had expired making it unlawful to dispose of universal waste in the trash. Under California Health and Safety Code Section 25163(e), a solid waste operator who unknowingly transports hazardous waste to a solid waste facility, incidental to the collection of solid waste is not subject to hazardous waste transporter registration requirements. A solid waste transporter that discovers, after the fact, that it has unknowingly transported universal waste in a load of solid waste may have the universal waste removed at the solid waste facility and manage it as part of the facility's load check program in accordance with the State of California, Department of Toxic Substances Control's regulations.

The Bureau is responsible for the implementation of the City's Household Hazardous, Electronic, and Universal Waste programs which serve residents and CESQG with collection points and proper management and recycling or disposal. The City has six permanent SAFE (solvents/automotive/flammable/electronics disposal) centers that are available year-round to residents and CESQG. In addition, several one-day events are held to collect and manage these materials. Partnerships with many retailers have resulted in convenient drop-off locations for materials such as used

motor oil, batteries, cell phones, and other materials that are banned from landfill disposal. All materials collected by the City are managed locally and in an environmentally sound manner.

Regulatory Agencies

Certain regulatory agencies, including CalRecycle (formerly known as CIWMB), the County Department of Health Services (the "CHSD"), the South Coast Air Quality Management District (the "SCAQMD"), the Los Angeles Regional Water Quality Control Board (the "RWQCB"), the City's Environmental Affairs Department, and the Tri-Technical Advisory Committee (the "TRI-TAC") representing the League of California Cities, the California Association of Sanitation Agencies and the California Water Pollution Control Association, are involved in developing plans and monitoring compliance with Federal RCRA requirements associated with solid waste disposal operations. The CHSD, SCAQMD and RWQCB are responsible for issuing permits to apply minimum standards for control of pollution involving the environment that typically arise during the handling of solid wastes.

California Integrated Waste Management Act

Revisions to State law constituting the California Integrated Waste Management Act of 1989 ("AB 939"), which became effective January 1, 1990, among other things, directs all California cities and counties to maximize all feasible source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed by transformation (through waste-to-energy projects or other processes) and land disposal. As a result of AB 939, solid waste management was changed to an integrated solid waste management approach in which source reduction and recycling play an integral role in the waste management strategy. A companion piece of legislation titled "California Integrated Waste Management Board (CIWMB) Funding Clarification of AB939 Mandates" ("AB 1820") was enacted in 1990 which became effective January 1, 1991, altered various compliance deadlines and requirements contained in AB 939. In 2008, additional laws were signed by the Governor (SB 1016), which leaves untouched the requirement for numerical compliance, but revising the measurement system to only include disposal tonnages, which must be maintained under a specified level. SB 1016 also re-emphasized the need for continued program implementation to be in compliance with AB939.

By January 1, 1995, each city in the State was required to achieve a 25% reduction, through waste reduction or recycling, in solid waste disposed of to landfills or by incineration. A 50% reduction was required to be achieved by January 1, 2000. Cities are responsible for these goals and are given the right and responsibility under state law to manage their solid waste systems. Cities could face monetary fines of up to \$10,000 per day or up to \$3.65 million per year if the CIWMB deems local plans to be inadequate or if localities fail to satisfactorily implement programs to achieve the 25% and 50% goals.

Under AB 939, each city was required to submit four reports: (1) a waste characterization study, which categorizes the wastestream of the city, (2) a Source Reduction and Recycling Plan ("SRRP"), which details the means by which the city will achieve, finance and document the mandated 25% and 50% goals through source reduction, recycling and composting; anticipated revenues, costs and revenue sources; and the proposed program for education and public information, (3) a Household Hazardous Waste Element ("HHWE"), which outlines the city's efforts to reduce the amount of household hazardous wastes reaching landfills through safe collection and recycling or proper disposal and (4) a Non-Disposal Facility Element ("NDFE"), which describes the nondisposal facilities such as transfer stations and composting facilities which exist in the jurisdiction.

To demonstrate compliance with the 50% waste diversion mandate by the year 2000, the City conducted a series of studies including audits of over 500 Los Angeles businesses and surveys of waste diversion facilities, non-City government facilities, City departments, landscapers and contractors. The

results of the diversion study demonstrated that the City of Los Angeles has achieved a 60% diversion rate for the year 2000 and complied with AB 939. The City also conducted a massive waste composition study for future planning purposes.

The City also led an effort to partner with other jurisdictions in Los Angeles County by creating a joint powers authority to cooperatively monitor and report on compliance with AB939, as well as public education, outreach, and recognition programs. The Los Angeles Area Regional Agency (LARA) was approved by the CIWMB (now CalRecycle) in 2003. LARA members share the cost of data collection and annual reporting.

Annual reports are submitted to CalRecycle which include descriptions and results of program implementation. Every four years, CalRecycle determines the compliance, "good faith effort", or non-compliance of each jurisdiction or Regional Agency in the State. LARA, and its member cities, submit annual reports on time, and are in compliance with an overall 71% diversion rate equivalent.

CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Certificate, to be dated the date of delivery of the Bonds (the "Continuing Disclosure Certificate"), which provides for certain disclosure obligations on the part of the City. Under the Continuing Disclosure Certificate, the City will covenant for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than June 30 of each year, commencing June 30, 2013 for the report for the Fiscal Year 2011-12, or if the fiscal year-end changes from June 30, not later than 365 days after the end of the City's fiscal year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"), if material. The Annual Reports and the notices of Listed Events will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") site at <http://emma.msrb.org>. These covenants will be made in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The City has not within the last five years failed in any material respect to comply with any prior such undertaking under Rule 15c2-12.

For the form of the Continuing Disclosure Certificate, see APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

CERTAIN LEGAL MATTERS

The opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the Bonds, will be furnished to the purchaser at the time of delivery of the Bonds at the expense of the City. See APPENDIX C—"PROPOSED FORM OF BOND COUNSEL OPINION." Certain legal matters will be passed on for the City by the City Attorney of the City of Los Angeles, California. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the City by Lofton & Jennings, Disclosure Counsel, and by Carmen A. Trutanich, City Attorney. Bond Counsel and Disclosure Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

LITIGATION

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

Certain Claims Against the SWR Revenue Fund

There are no pending lawsuits that in the opinion of the City Attorney, challenge the validity of the Bonds, the corporate existence of the city, or the title of the officers to their respective offices. In this review attention has been given to litigation pending against the City and against the City's Board of Public Works. The Office of the City Attorney has prepared the following summary, as of November 1, 2012, of certain claims and lawsuits (with any potential loss exceeding \$5,000,000) pending against the SWR Revenue Fund for certain alleged liabilities arising during the ordinary course of operations of the System.

Gravina v. City of Los Angeles is a class action lawsuit in which the plaintiffs allege violations of the Fair Labor Standards Act. A bench trial was held on December 5, 2011, on whether the named plaintiff, a sanitation driver, was entitled to meal breaks pursuant to California Wage Order 9. The court ruled in favor of the plaintiff and the City has appealed. If plaintiffs prevail in the class action, City liability payable from the SWR Revenue Fund may be as high as \$14 million.

In the view of the City, in no event should this claim and lawsuit result in judgments or settlements which, in the aggregate, would have a material adverse effect on the SWR Revenue Fund's financial position.

Other Pending Legal Matters

Attached hereto as part of APPENDIX A is a list prepared by the Office of the City Attorney of pending matters or cases relating to the City. This information is presented for general information purposes only. See APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—Litigation" attached hereto.

FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, [2011] (the "Financial Statements"), including the Independent Auditor's Report, are available on the [City's/ City Controller's] website at www.lacity.org/ctr/ctrfrl.htm. No other information from the City's website is incorporated by reference into this Official Statement. The Financial Statements and Independent Auditor's Report have been filed by the City with the nationally recognized municipal securities information repositories certified by the SEC and with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") site at <http://emma.msrb.org>. The Financial Statements have been audited by Simpson & Simpson, independent auditors. Simpson & Simpson has not consented to the inclusion by reference of its auditor's report and Simpson & Simpson has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Simpson & Simpson or any other auditor with respect to any event subsequent to the date of its report.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("Standard & Poor's") have assigned the ratings to each Series of the Bonds of "___", "___" and "___," respectively. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the respective agencies at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004, Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. 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 revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

SALE OF THE BONDS

The Bonds were sold at competitive bid on _____, 2013. Under the terms of each bid, the related Purchaser will be obligated to purchase all of the Bonds of the applicable Series if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Bond Counsel, and certain other conditions to be satisfied by the City. Each Purchaser may offer and sell its related Series of Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover. The offering prices may be changed from time to time by the related Purchaser.

Series A Bonds

The Series A Bonds were awarded to _____ (the "Series A Purchaser"), which submitted the lowest true interest cost bid, at a purchase price of \$_____. The Series A Purchaser has certified the reoffering prices or yields for the Series A Bonds set forth on the inside cover of this Official Statement, and the City takes no responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the original issue premium on the reoffering of the Series A Bonds is \$_____, and the Series A Purchaser's gross compensation (or "spread") is \$_____.

Series B Bonds

The Series B Bonds were awarded to _____ (the "Series B Purchaser"), which submitted the lowest true interest cost bid, at a purchase price of \$ _____. The Series B Purchaser has certified the reoffering prices or yields for the Series B Bonds set forth on the inside cover of this Official Statement, and the City takes no responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the original issue premium on the reoffering of the Series B Bonds is \$ _____, and the Series B Purchaser's gross compensation (or "spread") is \$ _____.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP (the "Verification Agent") will verify, from the information provided to them, the mathematical accuracy of the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations (as defined in the Escrow Agreement) and the cash deposits, to be held in the Escrow Account, will be sufficient to pay, when due, the principal, redemption premium and interest on the Refunded Bonds on the respective payment dates and redemption date specified therein. The Verification Agent expresses no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates has acted as Financial Advisor to the City in conjunction with the issuance of the Bonds. The Financial Advisor has assisted the City in matters related to the planning, structuring, execution and delivery of the Bonds. The Financial Advisor has not audited, authenticated or otherwise independently verified the information set forth in the 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 Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement. The Financial Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

AVAILABILITY OF DOCUMENTS

Copies of the Official Statement, the Trust Agreement and the Continuing Disclosure Certificate will be available, upon written request, from the Office of the City Administrative Officer, 200 North Main Street, City Hall East, Room 1500, Los Angeles, California 90012, Attention: Debt Management Group.

(Remainder of this Page Intentionally Left Blank)

MISCELLANEOUS

References are made herein to certain documents and reports that are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for a full and complete statement of the contents thereof.

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

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

CITY OF LOS ANGELES, CALIFORNIA

By: _____
Assistant City Administrative Officer

APPENDIX A
CITY OF LOS ANGELES INFORMATION STATEMENT

**APPENDIX A
CITY OF LOS ANGELES
INFORMATION STATEMENT**

Table of Contents

	<u>Page</u>
INTRODUCTION	1
ECONOMIC AND DEMOGRAPHIC INFORMATION	1
Population	2
Industry and Employment.....	3
Major Employers	5
Personal Income.....	6
Retail Sales	7
Residential Construction Activity.....	8
Commercial Real Estate Markets in Los Angeles	9
Education	9
Seismic Considerations.....	9
MUNICIPAL GOVERNMENT	10
FINANCIAL OPERATIONS	11
Workers' Compensation, Employee Health Care and Other Human Resources Benefits	11
Labor Relations.....	11
Retirement and Pension Systems.....	15
Other Post-Employment Benefits	22
Projected Retirement and Other Post-Retirement Benefit Expenditures.....	24
City Treasury Investment Practices and Policies.....	24
Capital Program	26
LITIGATION	27

INTRODUCTION

The City of Los Angeles, California (the “City”) is the second most populous city in the United States with an estimated 2011 population of 3.8 million persons. Los Angeles is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

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

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

The economic and demographic information provided below has been collected from sources that the City considers to be reliable. Because it is difficult to obtain timely economic and demographic information, the City’s economic condition may not be fully apparent in all of the publicly available local and regional economic statistics provided herein. In particular, the economic statistics provided herein may not fully capture the negative impact of current economic conditions.

Population

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

Table 1
CITY, COUNTY AND STATE POPULATION STATISTICS

	<u>City of Los Angeles</u>	<u>Annual Growth Rate⁽¹⁾</u>	<u>County of Los Angeles</u>	<u>Annual Growth Rate⁽¹⁾</u>	<u>State of California</u>	<u>Annual Growth Rate⁽¹⁾</u>
1980	2,968,579	-	7,477,421	-	23,667,836	-
1985	3,216,900	1.67%	8,121,000	1.72%	26,113,000	2.07%
1990	3,476,000	1.61	8,832,500	1.75	29,558,000	2.64
1995	3,544,966	0.40	9,103,896	0.61	31,617,770	1.39
2000	3,679,600	0.76	9,477,651	0.82	33,721,583	1.33
2005	3,769,130	0.49	9,816,153	0.71	35,869,173	1.27
2010	3,794,586	0.14	9,822,121	0.05	37,223,900	0.61
2011	3,806,411	0.31	9,847,712	0.26	37,427,946	0.55
2012	3,825,297	0.50	9,884,632	0.37	37,678,563	0.67

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

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

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. Historically, the City’s unemployment rate has been higher than both the County’s and the State’s rates.

The California Employment Development Department has reported preliminary unemployment figures for October 2012 of 10.1% statewide, 10.3% for Los Angeles County, and 11.4% for the City (not seasonally adjusted).

Table 2
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND
UNEMPLOYMENT OF RESIDENT LABOR FORCE ⁽¹⁾

<u>Civilian Labor Force</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City of Los Angeles					
Employed	1,788,900	1,764,200	1,676,600	1,647,900	1,669,800
Unemployed	<u>107,100</u>	<u>159,000</u>	<u>243,700</u>	<u>266,900</u>	<u>261,800</u>
Total	1,895,900	1,923,200	1,920,300	1,914,700	1,931,500
County of Los Angeles					
Employed	4,625,600	4,565,500	4,335,200	4,291,500	4,318,900
Unemployed	<u>246,900</u>	<u>369,500</u>	<u>569,000</u>	<u>619,100</u>	<u>605,500</u>
Total	4,872,500	4,934,800	4,904,300	4,910,500	4,924,400
Unemployment Rates					
City	5.6%	8.3%	12.7%	13.9%	13.6%
County	5.1	7.5	11.6	12.6	12.3
State	5.4	7.2	11.3	12.4	11.7
United States	4.6	5.8	9.3	9.6	8.9

⁽¹⁾ March 2011 Benchmark report; not seasonally adjusted.

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

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

The Trade, Transportation and Utilities sector was the largest employment sector in the County in 2011, employing 19.7% of wage and salary workers. Government, at 14.9%, was the second highest employment sector in the County, followed by Professional and Business Services, which employed 14.2% of wage and salary workers.

Table 3
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE⁽¹⁾

	County				State of California	
	<u>2000</u>	<u>% of Total</u>	<u>2011</u>	<u>% of Total</u>	<u>2011</u>	<u>% of Total</u>
Agricultural	7,700	0.2%	5,500	0.1%	385,300	2.7%
Natural Resources and Mining	3,400	0.1	4,000	0.1	28,500	0.2
Construction	131,700	3.2	103,500	2.7	553,700	3.8
Manufacturing	612,200	15.0	365,400	9.6	1,245,800	8.6
Trade, Transportation and Utilities	786,000	19.3	748,000	19.7	2,662,900	18.4
Information	243,700	6.0	195,600	5.1	432,400	3.0
Financial Activities	222,800	5.5	209,400	5.5	761,500	5.3
Professional and Business Services	587,900	14.4	540,400	14.2	2,126,300	14.7
Educational and Health Services	418,500	10.2	534,800	14.1	1,833,600	12.7
Leisure and Hospitality	344,700	8.4	392,800	10.3	1,530,300	10.6
Other Services	140,000	3.4	135,000	3.6	486,900	3.4
Government	<u>581,300</u>	<u>14.2</u>	<u>565,200</u>	<u>14.9</u>	<u>2,398,700</u>	<u>16.6</u>
Total ⁽²⁾	4,079,800	100.0%	3,799,600	100.0%	14,445,700	100.0

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

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

Source: California Employment Development Department, Labor Market Information Division. Based on March 2011 Benchmark report released March 9, 2012.

Major Employers

The top 25 major non-governmental employers in the County are listed in the table below. The employees of these non-governmental employers represent approximately 6.9% of the labor force (based on total employment in 2011). In addition, government employment represents approximately 14.9% of the labor force (see Table 3 – Estimated Industry Employment and Labor Force).

Table 4
LOS ANGELES COUNTY
2012 MAJOR NON-GOVERNMENTAL EMPLOYERS

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
Kaiser Permanente	Nonprofit health care plan	36,508
Northrop Grumman Corp.	Defense contractor	18,000
University of Southern California	Private university	16,623
Target Corp.	Retailer	14,250
Ralphs/Food 4 Less (Kroger Co. Division)	Grocery retailer	13,200 ⁽¹⁾
Cedars-Sinai Medical Center	Medical center	12,000
Bank of America Corp	Banking and financial services	12,000 ⁽¹⁾
Providence Health & Services So. Cal.	Health care	11,403
Boeing Co.	Integrated aerospace and defense systems	11,249
Walt Disney Co.	Entertainment	10,500 ⁽¹⁾
Home Depot	Home improvement specialty retailer	10,250
Wells Fargo	Diversified financial services	9,520
Edison International	Electric utility	8,979
AT&T Inc.	Telecommunications	8,900
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,900
ABM Industries Inc.	Facilities services, energy solutions, commercial cleaning, maintenance and repair	8,300
Raytheon Co.	Aerospace and defense contractor	8,200
Warner Bros. Entertainment Inc.	Entertainment	8,000 ⁽²⁾
Vons	Retail grocer	7,747
FedEx Corp.	Shipping and logistics	7,500 ⁽¹⁾
Dignity Health ⁽³⁾	Hospitals	7,300 ⁽¹⁾
JPMorgan Chase	Banking and financial services	6,600
Amgen Inc.	Biotechnology	6,000
Sony Pictures Entertainment	Entertainment	6,000 ⁽⁴⁾
Costco Wholesale	Membership chain of warehouse stores	5,667

⁽¹⁾ Business Journal estimate.

⁽²⁾ Information provided by City of Burbank.

⁽³⁾ Formerly Catholic Healthcare West.

⁽⁴⁾ Information provided by Culver City.

Source: Los Angeles Business Journal, Weekly Lists, originally published September 3, 2012.

Personal Income

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

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

Table 5
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	Personal Income ⁽¹⁾ (thousands of dollars)	Per Capita Personal Income ⁽¹⁾ (dollars)
2006		
County	\$ 385,724,212	\$ 39,610
State	1,495,533,388	41,518
United States	11,256,516,000	37,725
2007		
County	\$ 400,366,343	\$ 41,273
State	1,566,400,134	43,211
United States	11,900,562,000	39,506
2008		
County	\$ 417,454,378	\$42,881
State	1,610,697,843	44,003
United States	12,451,660,000	40,947
2009		
County	\$ 392,579,855	\$ 40,111
State	1,516,676,660	41,034
United States	11,852,715,000	38,637
2010		
County	\$ 403,144,483	\$ 41,025
State	1,564,209,194	41,893
United States	12,308,496,000	39,791
2011		
County	\$ 420,913,463	\$42,564
State	1,645,138,372	43,647
United States	12,949,905,000	41,560

⁽¹⁾ County and State Levels updated November 26, 2012 - new estimates for 2011; revised estimates for 2009-2010.

⁽²⁾ United States Level updated September 25, 2012; revised estimates for 2009-2011.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, updated as of December 5, 2012.

Retail Sales

As the largest city in the County, the City accounted for \$34.8 billion (or 29.7%) of the total \$116.9 billion in County taxable sales for 2010. The following table sets forth a history of taxable sales for the City for calendar years 2006 through 2010, 2010 being the last full year for which data is currently available.

The City experienced a 5.9% increase in sales tax receipts during Fiscal Year 2010-11, suggesting growth in taxable sales. Sales tax receipts are projected to increase by 7.9% for Fiscal Year 2011-12 and 4.0% for Fiscal Year 2012-13.

Table 6
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Apparel stores	\$ 1,798,035	\$ 1,897,411	\$ 2,097,824	\$ 2,404,735	\$ 2,551,905
General merchandise stores	3,932,407	3,952,550	3,542,908	2,448,694	2,534,482
Food stores	1,736,111	1,834,470	1,888,581	2,126,677	2,123,626
Eating and drinking establishments	5,282,931	5,632,290	5,743,366	5,437,781	5,637,405
Home furnishings and appliances	1,300,167	1,294,546	1,338,890	1,566,716	1,590,667
Building materials and farm implements	2,430,287	2,252,227	1,924,786	1,700,820	1,711,735
Auto dealers and auto supplies	4,158,144	4,077,862	3,302,737	2,760,647	2,865,868
Service stations	4,292,157	4,494,346	5,159,799	3,621,498	4,114,016
Other retail stores	<u>5,002,642</u>	<u>5,070,023</u>	<u>4,383,989</u>	<u>3,425,579</u>	<u>3,451,949</u>
Retail stores total	29,932,881	30,505,725	29,382,881	25,493,148	26,581,623
All other outlets ⁽¹⁾	<u>9,440,519</u>	<u>9,626,679</u>	<u>9,909,316</u>	<u>8,098,716</u>	<u>8,233,833</u>
TOTAL ALL OUTLETS ⁽²⁾	\$39,373,400	\$40,132,404	\$39,292,197	\$33,591,864	\$34,815,457

⁽¹⁾ Primarily manufacturing and wholesale businesses.

⁽²⁾ Items may not add to totals due to rounding.

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

Residential Construction Activity

The table below provides a summary of residential building permit valuations and the number of new units in the City by calendar year.

Table 7
CITY OF LOS ANGELES
RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Valuation ⁽¹⁾					
Residential ⁽²⁾	\$ 2,079	\$ 1,280	\$ 604	\$ 878	\$1,131
Miscellaneous ⁽³⁾	<u>4</u>	<u>17</u>	<u>11</u>	<u>15</u>	<u>26</u>
Total Valuation	\$ 2,083	\$ 1,297	\$ 615	\$ 893	\$1,157
Number of Units:					
Single family ⁽⁴⁾	2,032	1,070	781	772	726
Multi-family ⁽⁵⁾	<u>7,724</u>	<u>5,333</u>	<u>1,892</u>	<u>3,374</u>	<u>5,258</u>
Subtotal Residential	9,756	6,403	2,673	4,146	5,984
Miscellaneous ⁽⁶⁾	<u>746</u>	<u>278</u>	<u>185</u>	<u>370</u>	<u>390</u>
Total Units	10,502	6,681	2,858	4,516	6,374

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

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

Commercial Real Estate Markets in Los Angeles

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

Table 8
LOS ANGELES METROPOLITAN AREA
NON-RESIDENTIAL VACANCY RATES

<u>Year⁽¹⁾</u>	<u>Downtown</u>	<u>Suburban</u>	<u>Metropolitan</u>	<u>Industrial Availability</u>
2007	13.2%	8.7%	9.4%	7.4%
2008	14.4	10.1	10.7	9.9
2009	16.6	15.7	15.8	8.3
2010	17.7	17.6	17.6	7.7
2011	17.3	17.4	17.4	6.8

⁽¹⁾ Fourth quarter of year

Source: California Department of Finance, California Economic Indicators

Education

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

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

Seismic Considerations

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

MUNICIPAL GOVERNMENT

Under the State Constitution, charter cities are generally independent of the State Legislature in matters relating to municipal affairs. Charter cities, however, are subject to State Constitutional restrictions. The City is a charter city originally incorporated in 1850. The most recent charter was adopted in 1999, effective July 1, 2000.

The City is governed by the Mayor and the Council. The Mayor is elected at-large for a four-year term. As executive officer of the City, the Mayor has the overall responsibility for administration of the City. The Mayor recommends and submits the annual budget to the Council and passes upon subsequent appropriations and transfers, approves or vetoes ordinances, and appoints certain City officials and commissioners. He supervises the administrative process of local government and works with the Council in matters relating to legislation, budget, and finance. As prescribed by the Charter and City ordinances, the Mayor operates an executive department, of which he is the *ex-officio* head. The current Mayor, Antonio R. Villaraigosa, was elected on May 17, 2005 and took office on July 1, 2005. He was re-elected Mayor on March 3, 2009 for a second 4-year term.

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

The other two elective offices of the City are the Controller and the City Attorney, both elected for four-year terms. The Controller is the chief accounting officer for the City. Wendy Greuel assumed the office as of July 1, 2009. The City Attorney is attorney and legal advisor to the Council and all officers, boards, and departments of the City, and prosecutes misdemeanors. Carmen A. Trutanich assumed the office as of July 1, 2009.

The City Administrative Officer (“CAO”) is the chief fiscal advisor to the Mayor and Council and reports directly to both. Miguel A. Santana has been serving as CAO since August 2009.

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

As of July 1, 2011, the City had 36 departments, bureaus, commissions and offices for which operating funds are annually budgeted by the Council. In addition, four departments (the Department of Water and Power (“DWP”), the Harbor Department, the Department of Airports, and the Housing Authority of the City) are under the control of boards appointed by the Mayor and confirmed by the Council. Two departments, the City Employees’ Retirement System Department and the Fire and Police Pension System Department, are under the control of boards whose membership is comprised of Mayoral appointees and representatives elected by system

members. The Community Redevelopment Agency of the City was abolished effective February 1, 2012, pursuant to State law.

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

The City obtains water and electricity from DWP, the largest municipally-owned utility in the nation.

FINANCIAL OPERATIONS

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

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

Table 9
HUMAN RESOURCES BENEFITS⁽¹⁾
(in thousands)

	2008-09	2009-10	2010-11	Estimated 2011-12	Adopted Budget 2012-13
Workers' Compensation/Rehabilitation	\$127,736	\$131,000	\$139,152	\$162,383	\$159,344
Contractual Services	-	-	-	-	14,582
Civilian FLEX Program ⁽²⁾	189,222	214,269	211,434	215,628	206,807
Supplemental Civilian Union Benefits	4,756	5,088	4,352	4,316	4,265
Police Health and Welfare Program	100,077	105,368	114,046	117,557	117,733
Fire Health and Welfare Program	41,037	41,725	43,675	44,664	43,076
Unemployment Insurance	3,672	8,000	14,764	7,650	7,203
Employee Assistance Program	1,137	1,331	1,277	1,290	1,268
Total	<u>\$467,637</u>	<u>\$506,281</u>	<u>\$528,700</u>	<u>\$553,488</u>	<u>\$554,278</u>

⁽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 under the provisions of the Meyers-Milias-Brown Act ("MMBA"). Under the MMBA, management must bargain with recognized employee organizations on terms and conditions of employment, including wages, hours, and other working conditions. The CAO is the formal management representative on employee relations matters, representing the Mayor and Council in negotiations with bargaining units. The CAO receives direction from the Executive Employee Relations Committee

("EERC"), consisting of the Mayor, the President of the Council, the President Pro-Tempore of the Council and the chairpersons of the Council's Budget and Finance and Personnel and Animal Welfare Committees. Formal Memoranda of Understanding ("MOUs") are executed between the City and the bargaining units incorporating the negotiated wages and working conditions.

There are 42 individual MOUs, representing about 36,000 full-time City employees (these bargaining units include employees of the Airport and Harbor departments, but exclude DWP employees). The 42 MOUs are represented by 22 labor unions/employee associations and 757 employees are not represented. Employees that are members of the Los Angeles City Employees' Retirement System ("LACERS") are considered to be "civilian" employees. Employees that are members of the City of Los Angeles Fire and Police Pension Plan ("FPPP") are considered to be "sworn" or "safety" employees.

Over the last three fiscal years, the CAO, at the direction of the EERC, has worked with labor unions to reduce the City's labor expenses by reducing the workforce through an Early Retirement Incentive Program (ERIP), reducing working hours for civilians (e.g., unpaid holidays), deferring or eliminating cost-of-living adjustments, reducing or eliminating cash overtime, changing active civilian employee healthcare benefits, and beginning to reform its pension plans, including retiree healthcare benefits. During this time, the City also eliminated funded positions, transferred hundreds of employees into vacant non-General Fund positions, implemented furloughs on City civilian workers and executed layoffs. The City's adopted authorized staffing level for Fiscal Year 2012-13 is 31,816, the lowest level in 19 years, since Fiscal Year 1993-94.

During Fiscal Year 2010-11, the City negotiated and implemented significant reductions in the ongoing cost of its workforce. The City entered into an agreement with labor unions representing nearly 14,000 full-time civilian employees that offset over \$60 million in Fiscal Year 2011-12. The agreement secured a 4% active employee contribution towards retiree healthcare, restructured cost-of-living-adjustments, decreased salaries by 1.5%, and froze scheduled salary step increases for one year. In exchange, these employees will receive future salary increases, including a 5.5% increase on January 1, 2014, and the City will deem their post-employment health subsidy benefits as vested. The 5.5% salary increase is anticipated to cost approximately \$28 million in Fiscal Year 2013-14. In addition, the City entered into a separate agreement with a labor union representing over 4,000 civilian employees that offset \$19 million by securing concessions, including 10 unpaid holidays, changing employee healthcare benefits, flat-rating bonuses, and extending salary step movement by an additional six months.

On May 27, 2011, the City adopted an Emergency Resolution, authorizing departments to continue utilizing reduced work schedules or alternative means of generating payroll savings and to reduce total employee compensation costs, including pension and retiree healthcare. The reductions could be in the form of working hour reductions, layoffs, unpaid floating holidays, office closures, abolishment of positions, or any other methods necessary to ensure and improve the City's fiscal stability. As a result of the Emergency Resolution, some civilian employees in certain bargaining units were furloughed in Fiscal Year 2011-12 to save approximately \$27 million. Furloughs for some civilian employees will continue in Fiscal Year 2012-13 to save approximately \$9 million.

In addition, the City has implemented significant reductions to its expenditures related to sworn employees. In March 2011, voters approved a Charter amendment for a new sworn

retirement tier that is anticipated to save \$152 million over the next 10 years. Multi-year agreements have also been reached with the Los Angeles Police Protective League, representing approximately 9,917 sworn employees, and with the United Firefighters of Los Angeles City, representing 3,328 sworn employees. These contracts will expire in 2014 with salary increases occurring in Fiscal Years 2012-13 and 2013-14 (as shown on the table below). In addition to the MOU, an agreement was reached that gives members the option to contribute an additional 2% (post-tax) toward vesting their current retiree health benefit and any future increases; approximately 70% of the eligible sworn workforce (representing 64% of the total sworn workforce) has elected to make this contribution. Those that did not choose to make the additional contribution had their current subsidy level frozen.

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

Table 10
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS
(As of June 1, 2012)

<u>Organization</u>	<u>Authorized Number of Full-Time Employees Represented⁽¹⁾</u>	<u>Number of Bargaining Units</u>	<u>Status of Memorandum of Understanding</u>	<u>Cost of Living Adjustment</u>
Los Angeles Police Protective League	9,813	1	Contract expires 6/30/14	1% on 7/1/12 2% on 1/1/13 1% on 7/1/13 1% on 11/1/13 2% on 3/1/14
United Firefighters of Los Angeles City	3,239	1	Contract expires 6/30/14	1% on 7/1/12 2% on 1/1/13 1% on 7/1/13 1% on 11/1/13 2% on 3/1/14
Coalition of Los Angeles City Unions ⁽²⁾	13,820	16	Contract expires 6/30/14 April/May 2011 contracts restructured.	3% on 7/1/2010 2.75% on 1/1/2011 2.25% on 7/1/11 2.25% on 7/1/12 32 hours time-off in lieu of compensation (11/1/12) 1.75% deferral recovery on 7/1/13 5.5% on 1/1/14
Engineers and Architects Association	4,670	4	Contract expires 7/1/13	2.5% on 7/1/12 1.5% on 7/1/13
Service Employees International Union – Units 8 & 17	1,733	2	Contract expires 6/30/14.	2% on 7/3/11 3% on 6/30/13
Municipal Construction Inspectors Association (MCIA)	837	1	Contract expires 6/30/14.	2% on 7/3/11 1.5% first full pay period January 2013 1.5% first full pay period January 2014

⁽¹⁾ Total authorized employees in all departments except DWP.

⁽²⁾ Excludes IBOE, Local 501 and Deputy City Attorneys who maintain the original Coalition contract expiring 6/30/13. Remaining coalition member units are represented by Service Employee International Union, Local 721, American Federation of State, County and Municipal Employees, Laborers' International Union of North America Local 777, Los Angeles/Orange County Building & Construction Trades Council, and the Teamsters, Local 911.

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

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

Table 11
AUTHORIZED CITY STAFFING⁽¹⁾

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	Estimated <u>2011-12</u>	Adopted Budget <u>2012-13</u>
Police	14,253	14,012	13,740	13,677	13,647
All Others	<u>22,718</u>	<u>21,852</u>	<u>19,225</u>	<u>18,594</u>	<u>18,169</u>
Total	36,971	35,864	32,965	32,271	31,816

⁽¹⁾ Excludes the Departments of Airports, Harbor, and Water and Power.

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

Retirement and Pension Systems

General

The City contributes to three single-employer defined benefit pension plans created by the City Charter: the Los Angeles City Employees' Retirement System ("LACERS"), the City of Los Angeles Fire and Police Pension Plan ("FPPP"), and the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (the "Water and Power Plan"). No General Fund monies of the City are allocated to the Water and Power Plan.

LACERS provides retirement, disability, death benefits, post-employment healthcare and annual cost-of-living adjustments to plan members and beneficiaries, including employees of the City's Solid Waste Program. As required by the City Charter, the actuarial valuations are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. When approved by the board of administration, these become the City's contribution rates for such years. The City generally makes its actuarially determined Annual Required Contribution ("ARC"), although from time to time phasing-in of changes has resulted in a small net pension obligation or net OPEB obligation for specific years.

The annual valuations determine the amount needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability ("UAAL"). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the accrued costs attributable to currently active, vested former members and retired employees and their beneficiaries. The valuation incorporates a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. Examples of the actuarial assumptions that are used in this process are the assumed rate of earnings on the assets of the plan in the future, the assumed rates of general inflation, salary inflation, and 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 contemplated based on the assumptions. The contribution rates in the next year's valuations are adjusted to take into account actual performance in the current and prior years. In addition, each plan performs an experience study every three years and further adjusts its assumptions accordingly.

When measuring the value of assets for determining the UAAL, many pension plans, including LACERS, "smooth" market value gains and losses over a period of years to reduce volatility. These smoothing methodologies result in an actuarial valuation of assets that are lower or higher than the market value of assets. As discussed below, both systems have recently amended their smoothing methodologies to address extraordinary losses or gains in the market value of assets.

LACERS has adopted asset allocation plans to guide their investments in stocks, bonds, real estate, alternatives and cash equivalents over a three- to five-year period. The asset allocations of LACERS are summarized further below. Market value investment returns for the past 10 fiscal years are shown in the table below. For planning purposes, the City is assuming that both systems will experience 0% returns for Fiscal Year 2011-12. Any return below the actuarial assumed rate of return (currently 7.75% for LACERS) represents an actuarial investment loss.

Table 12
LACERS
HISTORICAL MARKET VALUE INVESTMENT RETURNS

<u>Fiscal Year</u>	<u>LACERS⁽¹⁾</u>
2001-02	(5.25)%
2002-03	3.61%
2003-04	18.84%
2004-05	9.71%
2005-06	12.34%
2006-07	19.1%
2007-08	(5.8)%
2008-09	(20.3)%
2009-10	12.8%
2010-11	21.3%
2011-12	0.62%

⁽¹⁾ As of June 30, 2011, the 10-year annualized average rate of return for LACERS is 6.2%. The 20-year average is 8.4%.

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

The City has never issued pension obligation bonds to fund either of its Pension Systems.

This section, "**Retirement and Pension Systems**," and the following section, "**Other Post-Employment Benefits**," contain certain information relating to LACERS. The information contained in these sections is primarily derived from information produced by LACERS and its independent accountants and its actuaries. The City has not independently verified the information provided by LACERS. The comprehensive annual financial reports, actuarial valuations for retirement and health benefits, and other information concerning LACERS are

available on its website, at <http://www.lacERS.org/aboutlacERS/reports/index.html>. Such information is not incorporated by reference herein. For additional information regarding the City’s Pension System, see also Note 5 in the “Notes to the City’s Basic Financial Statements” in the City’s Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011.

Investors are cautioned that, in considering information on LACERS, 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 board of the LACERS and its actuaries as to the amount of assets that LACERS will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated employees, and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

Los Angeles City Employees’ Retirement System (LACERS)

LACERS, established in 1937 under the Charter, is a contributory plan covering most City employees except uniformed fire and police personnel and employees of the Department of Water and Power. As of June 30, 2012, the date of its most recent actuarial valuation, LACERS had 24,917 active members, 17,223 retired members and beneficiaries, and 5,808 inactive members. The number of retired members was significantly increased, and the number of active members significantly decreased, as a result of the City’s Early Retirement Incentive Program in Fiscal Year 2009-10. LACERS is funded pursuant to the Projected Unit Credit Cost Method, a method under which the projected benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years.

A number of assumptions are made in calculating the actuarial valuation of retirement benefits. The following are some of the key assumptions used by LACERS’ actuary, The Segal Company, in preparing LACERS’ actuarial report as of June 30, 2012.

Table 13
LOS ANGELES CITY EMPLOYEES’ RETIREMENT SYSTEM
Actuarial Assumptions
As of June 30, 2012

Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.75%
Projected salary increases	Ranges from 4.65% to 11.25%
Cost of living adjustments for pensioners	3.00%

Source: LACERS Actuarial Valuation and Review of Pension and Other Postemployment Benefits (OPEB) as of June 30, 2011.

Based on the results of its recent triennial experience study dated September 30, 2011 for the three-year period from July 1, 2008 through June 30, 2011, LACERS adopted new actuarial assumptions, including a reduced assumed investment return from 8% to 7.75%. The impact of these new actuarial assumptions would have increased the City’s contribution rate by

approximately 1.39% in Fiscal Year 2012-13. However, LACERS' Board approved phasing in impacts of these changes in assumptions over 5 years, which will result in a projected 0.28% increase to the City's contribution rate beginning with Fiscal Year 2012-13.

Over the past several years, LACERS' Board took several actions to change its asset smoothing method. First, it extended the period of time over which it recognizes market gains and loss from five to seven years, effective with the June 30, 2010 actuarial evaluation. Under this asset smoothing, only 1/7th of annual market gains or losses are recognized in the actuarial value of assets each year. LACERS also amended the manner by which it recognizes extraordinary losses or gains in the market value of assets. LACERS, like a number of pension systems, maintains a policy that whenever market value falls outside a certain range or "corridor" relative to actuarial value, the excess portion must be recognized in that year's valuation. Previously, losses that resulted in market value being less than 80% of the calculated actuarial value, or gains resulting in market values greater than 120% of actuarial values, had to be recognized immediately. Because of investment losses for Fiscal Year 2008-09 of approximately 20%, LACERS' actuary estimated that the actuarial value would be greater than 120% of the market value of assets. Application of this corridor meant that losses would be recognized more quickly than would occur under normal smoothing. LACERS' Board adopted a wider corridor, effective June 30, 2009, requiring immediate recognition of assets whose actuarial value was greater than 150% of the market value or less than 50% of the market value. The effect of this action was to defer the actuarial recognition of extraordinary market losses, reducing the City's Fiscal Year 2010-11 contribution by \$84 million and reducing the contribution by \$80 million in Fiscal Year 2011-12. However, the unrecognized losses will have to be paid in future years. In connection with the revised smoothing method discussed above, LACERS again, as of June 30, 2010, revised its market corridor, narrowing it to 60%-140%.

The following table shows unrecognized gains and losses as of June 30, 2012. As of the valuation date, approximately \$1.025 billion of net investment return losses are being deferred. These deferred losses will be reflected in future valuations and will likely increase the City's contribution in the future, unless offset by other favorable plan experience.

Table 14
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CALCULATION OF UNRECOGNIZED RETURN DUE TO ASSET SMOOTHING
As of June 30, 2012

<u>Year Ended June 30</u>	<u>Original Actuarial Gain (Loss)</u>	<u>Percent Not Yet Phased in</u>	<u>Amount Not Recognized</u>
2012	(\$770,325,267)	85.71%	(\$660,278,800)
2011	\$1,208,621,516	71.43%	863,301,083
2010	392,956,483	57.14%	224,546,562
2009	(2,964,832,484)	40.00%	(1,185,932,994)
2008	(1,549,293,380)	24.00%	(371,830,411)
2007	1,054,377,186	10.00%	105,437,719
Total unrecognized return (loss)			\$ (1,024,756,841)

Source: LACERS Actuarial Valuation and Review of Pension and Other Postemployment Benefits (OPEB) as of June 30, 2012.

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. Existing liabilities as of July 1, 2005 have been amortized over a fixed period of 30 years. Under current funding policy, actuarial losses and gains are amortized over fixed 15-year periods. Liabilities or surpluses due to assumption changes are funded or credited over 15 or 30 years for retiree health care benefits and retirement benefits, respectively. LACERS shortened certain amortization periods beginning with the June 30, 2010 actuarial valuation; for example, liabilities caused by early retirement incentives will be funded over 5 years; other benefit changes will be amortized over 15 years.

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

Table 15
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(Dollars in Thousands)⁽¹⁾

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded Or (Overfunded) AAL ⁽²⁾	Funded Ratio ⁽³⁾	Covered Payroll ⁽⁴⁾	Underfunded or (Overfunded) AAL as a Percentage Of Covered Payroll ⁽⁵⁾
2003	6,999,647	7,659,846	660,199	91.4%	1,405,058	47.0%
2004	7,042,108	8,533,864	1,491,756	82.5%	1,575,285	94.7%
2005	7,193,142	9,321,525	2,128,383	77.2%	1,589,306	133.9%
2006	7,674,999	9,870,662	2,195,663	77.8%	1,733,340	126.7%
2007	8,599,700	10,526,874	1,927,174	81.7%	1,896,609	101.6%
2008	9,438,318	11,186,404	1,748,085	84.4%	1,977,645	88.4%
2009	9,577,747	12,041,984	2,464,237	79.5%	1,816,171	135.7%
2010	9,554,027	12,595,025	3,040,998	75.9%	1,817,662	167.3%
2011	9,691,011	13,391,704	3,700,693	72.4%	1,833,392	201.9%
2012	9,934,959	14,393,959	4,458,999	69.0%	1,819,270	245.1%

⁽¹⁾ Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.

⁽²⁾ Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100%.

⁽³⁾ Actuarial value of assets divided by actuarial accrued liability.

⁽⁴⁾ Annual payroll for members of LACERS.

⁽⁵⁾ UAAL divided by covered payroll.

Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuation as of June 30, 2011.

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

Table 16
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(Dollars in Thousands)⁽¹⁾

Actuarial Valuation As of June 30	Market Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded Or (Overfunded) Liability ⁽²⁾	Funded Ratio (Market Value) ⁽³⁾	Covered Payroll ⁽⁴⁾	Unfunded Liability as a Percentage Of Covered Payroll (Market Value) ⁽⁵⁾
2005	7,393,707	9,321,525	1,927,818	79.3%	1,589,306	121.3%
2006	8,204,603	9,870,662	1,666,059	83.1%	1,733,340	96.1%
2007	9,708,718	10,526,874	818,156	92.2%	1,896,609	43.1%
2008	9,059,551	11,186,404	2,126,853	81.0%	1,977,645	107.5%
2009	7,122,911	12,041,984	4,919,073	59.2%	1,816,171	270.9%
2010	7,804,223	12,595,025	4,790,802	62.0%	1,817,662	263.6%
2011	9,186,697	13,391,704	4,205,007	63.6%	1,833,392	229.4%
2012	10,595,700	14,393,959	3,798,259	73.6%	1,819,270	208.8%

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

Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuation as of June 30, 2011.

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

Table 17
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
 (Dollars in Thousands)⁽¹⁾

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Estimated⁽³⁾</u> <u>2011-12</u>	<u>Adopted</u> <u>Budget</u> <u>2012-13</u>
Sources of Contributions					
Contributions for Council-Controlled Departments	\$312,661	\$298,217	\$339,136	\$394,969	\$342,188
Airport and Harbor Departments	<u>57,527</u>	<u>57,548</u>	<u>72,701</u>	<u>87,530</u>	<u>77,618</u>
Total	\$370,188	\$355,765	\$411,837	\$482,499	\$419,806
Percent of payroll	20.2%	19.4%	24.49%	27.66%	24.14%
Uses of Contributions					
Current Service Liability (Normal cost)	\$235,148	\$238,536	\$230,398	\$236,164	\$184,070
UAAL	134,527	116,618	180,559	245,569	234,729
Adjustments ⁽²⁾	<u>513</u>	<u>611</u>	<u>880</u>	<u>766</u>	<u>1,007</u>
Total	\$370,188	\$355,765	\$411,837	\$482,499	\$419,806

⁽¹⁾ Includes funding for other post-employment benefits.

⁽²⁾ Includes the excess benefit plan, the family death benefit plan, and the limited term plan fund.

⁽³⁾ The City contribution noted above reflects the projected contribution based on the City's 2011-12 Adopted Budget. The actual amount paid to LACERS for Council-Controlled Departments, Airports and Harbor as of May 17, 2012 was reduced to \$427.5 million due to subsequent amendments to various employee agreements. However, LACERS has advised that the amount includes an overpayment of approximately \$3.7 million which is expected to be credited in 2012-13. The portion of the respective credit attributable to Council-Controlled Departments, Airports and Harbor is currently being reconciled. (See "FINANCIAL OPERATIONS—Labor Relations, herein.") The actual contribution for Council Controlled Departments as of May 17, 2012 totaled \$352 million.

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

The City makes its contributions to LACERS in July of each fiscal year. Recent civilian labor agreements with unions representing approximately 70% of the civilian workforce will have the effect of reducing the City's contributions to LACERS. As a result of ongoing negotiations with the remaining unions, the City's payment to LACERS for Fiscal Year 2011-12 was reduced from the contribution assumed in the Adopted Budget of \$395 million to \$352 million, as of May 17, 2012. However, following a recalculation of a supplemental contribution rate for Fiscal Year 2011-12, which accounted for freezing retiree health care benefits for certain employees, LACERS advised that the City's \$352 million payment is \$3.7 million higher than the required contribution. The surplus is expected to be applied as a credit toward the fiscal year 2012-13 contribution. The portion of the respective credit attributable to Council-Controlled Departments, Airports and Harbor is currently being reconciled.

The following table sets forth LACERS' investments and asset allocation targets as of June 30, 2011.

Table 18
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
ASSET CLASS MARKET VALUE AND ALLOCATION
 (in millions)
 As of June 30, 2011

<u>Asset Class</u>	<u>Market Value</u>	<u>Current Asset Allocation Mix⁽¹⁾</u>	<u>Target Asset Allocation Mix</u>
U.S. Equity			
Common Stock	\$ 4,112.5	39.1%	37.0%
Non-U.S. Equity			
Common Stock	2,076.3	19.7	
Preferred Stock	36.5	0.3	
Others	<u>0.3</u>	<u>0.0</u>	
		20.0	20.0
Fixed Income Securities			
Domestic	2,239.6	21.3	
International	<u>238.9</u>	<u>2.3</u>	
		23.6	26.0
Alternative Investment			
Domestic	932.5	8.9	
International	<u>147.8</u>	<u>1.4</u>	
		10.3	9.0
Real Estate	579.2	5.5	7.0
Unallocated Cash	<u>151.0</u>	<u>1.4</u>	<u>1.0</u>
Total MV	<u>\$10,514.6</u>	<u>100.0%</u>	<u>100.0%</u>

⁽¹⁾ Total does not add due to rounding.

Source: City of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011.

Other Post-Employment Benefits

Retired members and surviving spouses and domestic partners of LACERS members are eligible for certain subsidies toward their costs of medical and dental insurance. These retiree health benefits are accounted for as "Other Post-Employment Benefits" ("OPEB").

The City began making payments to LACERS to pre-fund its OPEB obligations in Fiscal Year 1989-90, in an amount then determined by LACERS and its actuaries. For the four years beginning Fiscal Year 2007-08, less than the ARC was contributed to the FPPP, primarily reflecting the phasing in of increases in assumed medical cost. The calculations of OPEB liabilities are made by the same actuaries that perform the analysis of LACERS, and generally rely on the same actuarial assumptions, other than those assumptions specific to OPEB. For example, effective July 2011, the FPPP Board adopted a medical inflation rate of 9% (from the previous rate 10%) for the first two years, then reduced by 0.5% each year until an ultimate rate of 5.0% is reached in 2020.

As of June 30, 2012, the unfunded healthcare benefits liabilities of LACERS is as follows:

Table 19
OTHER POST-EMPLOYMENT BENEFITS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
(Dollars in thousands)

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded Or (Overfunded) AAL ⁽¹⁾	Funded Ratio ⁽²⁾	Covered Payroll ⁽³⁾	Underfunded or (Overfunded) AAL as a Percentage Of Covered Payroll ⁽⁴⁾
2006	\$ 990,270	\$1,730,799	\$740,529	57.2%	\$1,733,340	42.7%
2007	1,185,544	1,730,400	544,856	68.5%	1,896,609	28.7%
2008	1,342,920	1,928,043	585,123	69.7%	1,977,645	29.6%
2009	1,342,497	2,058,177	715,680	65.2%	1,816,171	39.4%
2010	1,425,726	2,233,874	808,148	63.8%	1,817,662	44.5%
2011	1,546,884	1,968,708	421,824	78.6%	1,833,392	23.0%
2012	1,642,374	2,292,400	650,027	71.6%	1,819,270	35.7%

⁽¹⁾ Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.

⁽²⁾ Actuarial value of assets divided by actuarial accrued liability.

⁽³⁾ Annual payroll against which UAAL amortized.

⁽⁴⁾ UAAL divided by covered payroll.

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

Historically, plan members did not contribute towards healthcare subsidy benefits; all such costs were funded from the employer's contribution and investment returns thereon. The City negotiated bargaining agreements that will reduce the City's contributions for OPEB benefits, that include a 4% active employee contribution toward retiree healthcare for 70% of its civilian workforce and a 2% active employee contribution toward retiree healthcare for 70% of its eligible sworn workforce (representing 64% of the sworn workforce). Employees who elected to contribute will have their current retiree health benefits and any future subsidy increases vested. For those civilian bargaining units and sworn employees that opted not to make an additional contribution toward retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the current maximum subsidy level. The combined reduction to the City contribution rate resulting from members electing the additional contribution or medical subsidy freeze are projected to reduce City OPEB contributions by approximately \$71 million in Fiscal Year 2011-12 to both systems

Subsequent to the receipt of these opinions, on November 21, 2011, the California Supreme Court in *Retired Employees Association of Orange County, Inc. v. County of Orange* held that a vested right to retiree health benefits may be implied from an ordinance or resolution where the language therein or the circumstances associated with its passage evidenced a clear legislative intent to create "private rights of a contractual nature," despite the absence of any express vesting language or other such guarantee. The City does not believe that it has passed any legislation, ordinance or resolution from which a vested right in health benefits for City retirees may be implied.

Two lawsuits were filed challenging the City's actions relative to freezing OPEB benefits (*Los Angeles City Attorneys Association v. City of Los Angeles* and *Engineers & Architects v.*

City of Los Angeles). Relying in part on the *Orange County* decision, the plaintiffs allege that the City’s OPEB benefits, including increases to reflect medical inflation, are a vested contractual retirement benefit. The plaintiffs seek, among other things, invalidation of the ordinance which froze OPEB benefits for those employees who are not contributing to this benefit. If the plaintiffs were to prevail, the City’s costs would increase; as noted above, the benefit of freezing such benefits and instituting employee contributions toward retiree health benefits is estimated to save the City approximately \$71 million during Fiscal Year 2011-12. While the Engineers & Architects Association has agreed to withdraw its lawsuit, the City continues to monitor the remaining complaint and its potential financial impacts.

Projected Retirement and Other Post-Retirement Benefit Expenditures

The table below sets forth the City’s projected contributions to LACERS for the next four fiscal years, based on information provided by LACERS actuary and which take into account recent labor negotiations and concessions by a majority of active LACERS members. These contributions include the projected cost of both pension and other post-employment benefits. These projections reflect deferred investment losses from the previous years and the actuarial assumptions described above.

Table 20
LOS ANGELES CITY EMPLOYEES’ RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
(Dollars in Thousands)

	Adopted Budget 2012-13	2013-14	2014-15	2015-16	2016-17
LACERS					
Contributions for Council- Controlled Departments ⁽¹⁾⁽²⁾	<u>\$342,188</u>	<u>\$382,175</u>	<u>\$424,187</u>	<u>\$468,161</u>	<u>\$496,423</u>
Percentage of payroll	24.14%	26.07%	28.47%	31.10%	32.79%
Incremental Change	(\$52,781)	\$39,987	\$42,012	\$43,974	\$28,262
% Change		11.7%	11.0%	10.4%	6.0%

⁽¹⁾ Includes the General Fund and various special funds.
⁽²⁾ Assumes 0% return on market value of assets for 2011-12 and 7.75% per year thereafter.

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

The projections in Table 20 illustrate that the City’s contribution rates for LACERS will increase substantially over the next few years. See “**BUDGET AND REVENUES—Budget Outlook,**” above. A number of factors will determine actual contributions; for example, if investment returns are lower than investment assumptions, actual contribution rates could be higher than these projections.

City Treasury Investment Practices and Policies

The Treasurer invests available cash for the City, including that of the proprietary departments, as part of a pooled investment program that combines general receipts with special funds for investment purposes and allocates interest earnings on a pro-rata basis when the

interest is earned and distributes interest receipts based on the previously established allocations. The Treasurer also maintains a limited number of special pools established for specific purposes.

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

Table 21
POOLED INVESTMENT FUND
GENERAL POOL
Investments as of September 30, 2012

Description	Par Value	Market Value	Percent of Total Funds (Market Value)	Average Days
Bank Deposits ⁽¹⁾	\$94,405,437	\$94,405,437	1.42%	1.0
Money Market Funds	0	0	0.00%	0.0
LAIF (State of California)	0	0	0.00%	0.0
Subtotal Cash and Overnight Investments	\$94,405,437	\$94,405,437	1.42%	1.0
BNY Sweep Account	\$ 0	\$ 0	0.00%	0.0
CDARS	6,000,000	6,000,000	0.09%	74.0
Commercial Paper	164,900,000	164,889,559	2.48%	6.0
Negotiable Certificates of Deposit	0	0	0.00%	0.0
Corporate Notes	222,017,000	225,928,848	3.39%	199.0
U.S. Federal Agencies	185,000,000	188,747,750	2.84%	227.0
U.S. Treasuries	60,000,000	60,340,625	0.91%	101.0
Subtotal: Pooled Investments	\$637,917,000	\$645,906,782	9.7%	148.0
Total Short Term Core Portfolio	\$732,322,437	\$740,312,219	11.12%	129.0
BNY Sweep Account	\$ 0	\$ 0	0.00%	0.0
Commercial Paper	0	0	0.00%	0.0
Negotiable Certificates of Deposit	0	0	0.00%	0.0
Corporate Notes	1,040,670,000	1,075,598,523	16.16%	1029.0
U.S. Federal Agencies	1,024,455,000	1,062,279,699	15.96%	1020.0
U.S. Treasuries	3,633,500,000	3,777,987,554	56.76%	1029.0
Total Long-Term Reserve Portfolio	\$5,698,625,000	\$5,915,865,776	88.88%	1028.0
Total Cash and Pooled Investments	\$6,430,947,437	\$6,656,177,995	100.00%	928.0
	Short-Term Core Portfolio	Long-Term Reserve Portfolio	Consolidated	
Average Weighted Maturity	129 Days	2.8 Years	2.5 Years	
Effective Yield	2.07%	1.36	1.44%	

⁽¹⁾ Collected balance for Wells Fargo Active Accounts.

Source: City of Los Angeles, Office of the Treasurer.

The City's treasury operations are managed in compliance with the California Government Code and according to the City's Statement of Investment Policy (the "Investment Policy"), which sets forth permitted investment vehicles, liquidity parameters and maximum

maturity of investments. The Investment Policy is reviewed and approved by the Council on an annual basis.

The Treasurer does not invest in structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments and mortgage-derived interest or principal-only strips.

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

Capital Program

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

Table 22
CAPITAL IMPROVEMENT EXPENDITURE PROGRAM⁽¹⁾
(Dollars in thousands)

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>Adopted Budget 2012-13</u>
General Fund ⁽²⁾	\$ 13,447	\$ 12,350	\$ 10,560	\$ 6,510	\$ 6,975
Special Gas Tax Street Improvement Fund	4,230	2,590	2,900	17,712	3,000
Stormwater Pollution Abatement Fund	838	334	744	1,063	79
Special Parking Revenue Fund	4,719	31	6,988	0	300
Sewer Construction and Maintenance Fund	212,796	152,703	165,000	115,000	104,149
Park and Recreational Sites and Facilities Fund	502	448	742	1,200	342
Street Lighting Maintenance Assessment Fund	4,208	3,046	4,719	1,531	2,449
Proposition C Anti-Gridlock Transit Improvement Fund	1,125	0	495	0	92
Local Transportation Fund ⁽³⁾	1,899	3,700	3,201	7,164	0
Other	<u>2,894</u>	<u>328</u>	<u>671</u>	<u>0</u>	<u>4,956</u>
Total	\$246,658	\$175,530	196,020	150,180	122,342

⁽¹⁾ Cash basis.

⁽²⁾ General Fund reflects Municipal Facilities funding only. Excludes funding provided in the Public Works Street Services Budget for street paving, repair and resurfacing.

⁽³⁾ Funded by portion of State sales tax dedicated towards this purpose.

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

LITIGATION

The following is a list prepared by the Office of the City Attorney updated as of December 17, 2012, of completed, pending or threatened litigation involving the City, excluding most personal injury cases and single plaintiff cases, in which the City has a possible financial exposure of \$5 million or more which, either individually or in the aggregate, could materially affect the City's General Fund financial position.

With regard to all other pending litigation, the City Attorney expects that the final determination of such litigation, either individually or in the aggregate, would not materially affect the City's General Fund financial position.

1. *Fair Labor Standards Act Litigation*: The City has been sued in six separate class action cases for alleged violations of the Act. The various cases involve classes of police officers, firefighters or Bureau of Sanitation employees, and involve allegations of failure to compensate for time spent "donning and doffing" safety equipment, off-the-clock hours worked, uncompensated overtime, meal breaks worked and retaliatory disciplinary action. Resolution of these cases will not occur concurrently, but over an extended period of time maximum cumulative liability could reach \$34 million to the General Fund.
2. A number of claims have been filed in connection with the City's utility users' tax on telephone services, which was amended in 2008 to clarify such claims (see "**MAJOR GENERAL FUND REVENUE SOURCES — Utility Users' Taxes**" herein.). *Ardon v. City of Los Angeles* is a class action challenging the validity of the City's telephone users' tax based on a federal government interpretation of the federal excise tax. On the issues related to class actions, the appellate court held that class actions against local taxes are not permitted under State law. The plaintiffs appealed to the California Supreme Court, which reversed the appellate court decision on July 25, 2011. The Supreme Court concluded that class claims for tax refunds against a local governmental entity are permissible, and remanded the matter back to the trial court. The class has not yet been certified. If the class is certified and plaintiffs prevail on the merits, City liability could be up to \$750 million. However, the City has procedural and substantive defenses that make it likely that even if plaintiffs prevail, the City's ultimate liability may be significantly less. In *Nextel Boost of California LLC v. City of Los Angeles*, the plaintiff, a provider of prepaid wireless services, seeks a refund of \$6.3 million, which it alleges it overpaid for the period February 2007 through February 2008 in connection with the telephone users' tax. The matter has been stayed pending resolution of the *Ardon* matter. In *J2 Global Communications, Inc. v. City of Los Angeles*, the plaintiff seeks a \$5.5 million refund for telephone users' taxes incurred for the years 2005, 2006 and 2007. Plaintiffs argue that the City's amendment to the Municipal Code was improper prior to voter approval in 2008. The plaintiffs in the *J2 Global Communications, Inc.* case filed a second lawsuit for \$175,000 in damages in which they claim that the City's utility users tax as amended does not apply to telecommunications services it purchased in connection with its service of delivering faxes to customers' email accounts. The City prevailed on its motion for summary judgment and the plaintiff recovered nothing, although the plaintiff intends to appeal. In *Sprint Telephone PCS, L.P. v. City of Los Angeles*, the plaintiff seeks a refund in the amount of \$8,320,000 for overpaid telephone users tax for the period January 1, 1998 through December 1, 2003 (the "Refund Period"). Plaintiff

argues that it was not subject to the federal excise tax during the Refund Period. In *TracFone Wireless, Inc. v. City of Los Angeles*, the plaintiff, a national vendor of prepaid telephone cards, filed a complaint in December 2006, seeking a refund of amounts remitted to the City. The trial court and Court of Appeal have issued various decisions on various procedural matters. Sprint Communications recently filed a lawsuit seeking a \$2.5 million refund related to the telephone users' tax. The *Nextel Boost*, *TracFone*, *Ardon*, the first *J2 Global* case and the two *Sprint* cases were consolidated and the trial court placed a stay on all but *Ardon*. Sprint Communications filed a lawsuit for \$2.5 million and T-Mobile filed a claim for \$1.4 million related to the utility users' tax.

3. *Lee v. City of Los Angeles*. The plaintiff firefighter alleges discrimination and retaliation due to her race and sexual orientation. The trial court awarded the plaintiff \$6.2 million plus attorneys fees, but the City prevailed on appeal and the case was remanded to the trial court. The parties settled the matter for \$800,000, \$780,000 of which was paid from the General Fund.
4. *Lisker v. City of Los Angeles, et al.* This case arises from plaintiff being arrested in 1983 and subsequently being convicted of murdering his mother. Plaintiff was released in August 2009, after a federal court determined that plaintiff received ineffective assistance of counsel and the evidence used against him was false. Plaintiff filed suit against the City and two former detectives, alleging the investigating detectives fabricated evidence and/or testified falsely at his trial. Potential loss to the City could be \$25 million or more.
5. *Los Angeles Unified School District v. County of Los Angeles, et al.* The Los Angeles Unified School District ("LAUSD") filed a Petition for Writ of Mandate against the County of Los Angeles, thirteen redevelopment agencies, and 44 cities and special districts, including the City, as real parties in interest. The Petition challenges the County's calculation of the amount of tax increment that LAUSD receives each year and seeks to have the County recalculate LAUSD's share of tax increment back to 1993 and prospectively. A similar lawsuit, *Los Angeles Community College District v. County of Los Angeles et al* was filed. The issue of the amount of retroactive pass through payments is still being litigated by other parties. These cases have been reported previously in Appendix A because it was possible that City liability could exceed the materiality threshold. However, it has been determined that the City has no financial exposure in this action.
6. *Americans for Safe Access v. City of Los Angeles*. This case has been renamed *420 Caregivers LLC v. City of Los Angeles*. The City is a party to approximately 44 related state court actions challenging the City's medical marijuana ordinance. The plaintiffs prevailed at trial. On July 23, 2012, the Court of Appeal reversed the lower court's December 2010 preliminary injunction order against portions of the City's ordinance. On September 19, 2012, the California Supreme Court granted review. A decision by the California Supreme court is anticipated by mid-2013. An outcome adverse to the City could exceed \$5 million.
7. The City Attorney has been advised by letter dated November 30, 2011, that the Civil Fraud Section of the U.S. Department of Justice is currently investigating whether the City violated the False Claims Act in connection with certifications to the U.S. Department of Housing and Urban Development regarding compliance with federal

accessibility laws and regulations protecting individuals with handicaps. The City is cooperating in the investigation and is defending its interests. Potential liability could exceed \$5 million.

8. *Castillo v. City of Los Angeles*. This case is a putative class action seeking damages under the State's Unruh Act and the California Constitution arising from the City's impounding the vehicles of un-licensed drivers. The City's potential liability could be \$10 million.
9. *Independent Living Center of Southern California, et al v. City of Los Angeles*. This case was brought by three fair housing advocacy organizations against the City, the CRA/LA and 34 owners of affordable housing projects. The plaintiffs allege defendants failed to ensure that the affordable housing projects meet the accessibility requirements under federal and state civil rights laws. City liability could exceed \$5 million.
10. *Killings-Rodriguez v. City of Los Angeles*. In this case the plaintiff alleges wrongful death to a teenager and personal injuries (quadriplegia) to a young child as a result of being struck in a crosswalk by a third party vehicle. The plaintiff alleges that the traffic controls were inadequate. City liability could reach \$15 to \$20 million.
11. *Romero v. City of Los Angeles*. The plaintiffs are Department of Water and Power ("DWP") retirement board members/employees to enjoin the City Council from vetoing adoption of the DWP Pension Board's action to suspend reciprocity with LACERS. Plaintiffs claim an imbalance of \$183 million in LACERS favor to the detriment of the DWP Pension fund. There is a potential liability to the General Fund of \$183 million.
12. *The Association of Los Angeles City Attorneys v City of Los Angeles, Engineers & Architects Association, Intervenors*. The plaintiffs filed an action arising out of the furloughs imposed on plaintiff employees in fiscal years 2010-11 through 2012-13. Plaintiff seeks to end the furloughs and obtain back pay to reimburse Association members for the furlough days they would have worked but for the City's actions, plus interest and attorneys' fees. Potential liability to the City could exceed \$24 million.
13. *Gomez v. City of Los Angeles*. In this case plaintiff seeks damages arising from injuries (paraplegia) to a 13 year old boy who was playing with a replica gun and who was shot by LAPD officers. On December 14, 2012, the jury awarded the plaintiff \$24 million. The City plans to appeal.

In addition to the cases listed above, the City has been sued by two organizations representing employees of the City Attorney's office (*Los Angeles City Attorneys Association v. City of Los Angeles*) and members of the Engineers & Architects Association (*Engineers & Architects v. City of Los Angeles*), challenging the City's action to freeze the level of retiree health benefits at current levels for employees who elected not to contribute to such benefits. The plaintiffs allege that retiree health benefits, including increases to reflect medical inflation, is a vested contractual retirement benefit, and seeks to invalidate the City's prior action. (See "**FINANCIAL OPERATIONS—Other Post-Employment Benefits,**" above). If the plaintiffs were to prevail, the savings resulting from its retiree health benefit-related actions (approximately \$71 million in Fiscal Year 2011-12) would be reduced. The City continues to review the complaints and its potential financial impacts.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[Issuance Date]

City Council of the City of Los Angeles
City Hall
200 North Spring Street
Los Angeles, California 90012

OPINION: \$ _____ City of Los Angeles, California Solid Waste Resources Revenue Bonds,
Series 2013-A

 \$ _____ City of Los Angeles, California Solid Waste Resources Refunding Revenue
Bonds, Series 2013-B

Members of the Council:

We have acted as bond counsel to the City of Los Angeles (the "City") in connection with the issuance by the City of \$ _____ City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A and its \$ _____ City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B, all dated _____, 2013 (collectively, the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Charter of the City and Ordinance No. 174129, adopted July 24, 2001, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code (the "Bond Law"), the Master Trust Agreement, dated as of September 1, 2001 (as amended and supplemented, the "Trust Agreement"), by and between the City and U.S. Bank National Association, as successor trustee (the "Trustee"), including as supplemented by a Ninth Supplemental Trust Agreement and a Tenth Supplemental Trust Agreement, each dated as of February 1, 2013, and a resolution (the "Resolution") of the Council of the City adopted _____, 2013. Under the Trust Agreement, the City has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Resolution and in the Trust Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, as of the date hereof, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and chartered city with the power to adopt the Resolution, enter into the Trust Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Trust Agreement has been duly authorized, executed and delivered by the City, and constitutes a valid and binding obligation of the City, enforceable against the City.

3. The Trust Agreement creates a valid lien on the Revenues and other funds pledged by the Trust Agreement for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under and in accordance with the Trust Agreement.

4. The Bonds have been duly authorized and executed by the City, and are valid and binding limited obligations of the City, payable solely from the Revenues and other funds provided therefor in the Trust Agreement.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the first sentence of this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by City of Los Angeles, California (the "City") in connection with the issuance by the City of \$_____ aggregate principal amount of Solid Waste Resources Revenue Bonds, Series 2013-A and \$_____ aggregate principal amount of the Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (each, a "Series" and collectively, the "Bonds"). The Bonds are being issued pursuant to a Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented, a Ninth Supplemental Trust Agreement, dated as of February 1, 2013, and a Tenth Supplement Trust Agreement, dated as of February 1, 2013 (collectively, the "Trust Agreement"), each between the City and U.S. Bank National Association acting as successor trustee thereunder (the "Trustee"). The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c-12.

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

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

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

"DAC" shall mean Digital Assurance Certificate L.L.C.

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

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

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

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

“Official Statement” shall mean the Official Statement dated _____, 2013, issued by the City in connection with the sale of the Bonds.

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

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

“State” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 2013, for the report for the 2011-12 fiscal year, or if the fiscal year end changes from June 30, not later than 365 days after the end of the City’s fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed in the MSRB, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the City’s annual financial statements may be submitted separately from the balance of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report for the then-current procedures for submitting Annual Reports to the MSRB; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

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

(2) An update to the tables set forth in the Official Statement under the caption "SOLID WASTE RESOURCES FEE" entitled "Table No. 2-Solid Waste Resources Fee Rate History," "Table No. 4-Department of Water and Power Billings and Collections Solid Waste Resources Fee," "Table No. 5-Historical Debt Service Coverage" and "Table No. 6-Pro-Forma Statement of Debt Service Coverages" and an update to the following Sections set forth in APPENDIX A to the Official Statement: "BUDGET AND REVENUES," "MAJOR GENERAL FUND REVENUE SOURCES," "FINANCIAL OPERATIONS," "BONDED AND OTHER INDEBTEDNESS" and "LITIGATION." The City need not update any particular table or chart included in such sections so long as (i) the City need not update any particular table or chart included in such sections so long as (i) the City provides updated information generally of the type previously included in such table or chart, or (ii) such table or chart constitutes information not deemed to be operating data under the Rule.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, available to the public on the MSRB's Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents or incorporated by reference.

Section 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies, if material;
- (2) non-payment related defaults, if material;
- (3) modifications to rights to Bondholders;
- (4) optional, contingent or unscheduled bond calls;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (8) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds;

(12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the 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) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in clauses (4) and (5) of subsection (a) need not be given any earlier than notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

Section 6. Termination of Reporting Obligations. The City's obligations under the Disclosure Certificate with respect to any Series shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds of such Series. If such termination occurs prior to the final maturity of the Bonds of such Series, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

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

Section 9. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriting or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds or any Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in the Superior Court of the State in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, the Trustee and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: _____

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

EXHIBIT A

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

Name of City: City of Los Angeles, California

Name of Bond Issue: \$_____ City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A and \$_____ City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF LOS ANGELES, CALIFORNIA

By: _____
Title: _____

APPENDIX E

DTC AND THE BOOK ENTRY-ONLY SYSTEM

The information in this Appendix E concerning The Depository Trust Company, New York, New York ("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 or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the maturity and CUSIP number of the Bonds and will be deposited with DTC.

DTC, the world's largest 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 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 and www.dtc.org.

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

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing

Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Remarketing Agent's DTC account.

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

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

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

ATTACHMENT G

NOTICE INVITING BIDS

NOTICE INVITING BIDS

\$71,735,000*
City of Los Angeles, California
Solid Waste Resources Revenue Bonds
Series 2013-A

\$80,665,000*
City of Los Angeles, California
Solid Waste Resources Refunding Revenue Bonds
Series 2013-B

NOTICE IS HEREBY GIVEN that sealed bids will be received by the City of Los Angeles, California (herein, the "City") for the purchase of all, but not less than all, of its \$71,735,000* aggregate principal amount of Solid Waste Resources Revenue Bonds, Series 2013-A (herein, the "Series 2013-A Bonds"), and, separately, its \$80,665,000* aggregate principal amount of Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (herein, the "Series 2013-B Bonds," and collectively, the "Bonds") at the place and up to the time specified below, unless postponed as described herein.

Time:	Series 2013-A [Tuesday, February 5, 2013] 8:30 a.m., California Time	Series 2013-B [Tuesday, February 5, 2013] 9:00 a.m. California Time
--------------	--	---

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

Hand Delivered Bids: Bids may be hand delivered to the above address c/o Mr. Mario Vasquez in sealed envelopes clearly marked "Proposal for the purchase of \$71,735,000* City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A" or "Proposal for the Purchase of \$80,665,000* City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B." See instructions under "Terms of Sale - Form of Bid; Maximum Discount" below.

Electronic Bids: Electronic bids may be submitted only through Parity[®] (the "Approved Provider"). Bidders intending to submit an electronic bid must complete and deliver the Authorization to Accept Electronic Bid, attached hereto as Exhibit A (the "Authorization") to the City at the address indicated on the Authorization prior to the time stated above for the receipt of bids. The Approved Provider will act as agent of the bidder and not of the City in connection with the submission of bids and the City assumes no responsibility or liability for bids submitted through the Approved Provider. See "Terms of Sale - Information Regarding Electronic Bids" herein.

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

Opening of Bids

Bids for the Series 2013-A Bonds and bids for the Series 2013-B Bonds will be opened at the time and place shown above and will be presented to the Council of the City, at its meeting to be held later on the same date. The City Administrative Officer or an Assistant City Administrative Officer is authorized to accept bids and to award the Bonds if a quorum of the Council is not present or there is no Council meeting at City Hall on the date bids are opened.

Purpose

The proceeds of the sale of the Series 2013-A Bonds are being used to finance the acquisition of certain vehicles, equipment and improvements to certain facilities (collectively, the "Project"), to fund a deposit to the Reserve Fund, and to pay a portion of the costs of issuance of the Bonds. The Series 2013-B Bonds are being issued to refund certain outstanding sanitation equipment charge revenue bonds, to fund a deposit to the Reserve Fund, and to pay a portion of the costs of issuance of the Bonds.

Authorizing Documents

The Bonds are being issued pursuant to a Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented, by and between the City and State Street Bank and Trust Company of California, N.A., and Ninth and Tenth Supplemental Trust Agreements, dated as of February 1, 2013 (collectively, the "Trust Agreement"), by and between the City and U.S. Bank National Association, as successor trustee (herein, the "Trustee").

Date and Denomination

The Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds. Individual purchases will be in the principal amount of \$5,000 and integral multiples thereof. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2013-A Bonds and Series 2013-B Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to direct participants of DTC for subsequent disbursement to the beneficial owners of interests in the Series 2013-A Bonds and Series 2013-B Bonds. The Bonds will be dated the date of delivery.

Security for the Bonds

The Bonds are special, limited obligations of the City and are secured solely by and payable from a pledge of the Revenues which includes (i) the Solid Waste Resources Fee received by the Solid Waste Resources Revenue Fund (the "SWR Revenue Fund") held by the City, including penalties and delinquencies, if any, after deduction of administration charges by the Department of Water and Power of the City of Los Angeles ("DWP"); (ii) any other legally available income, rates, fees, charges and other moneys which the City designates by ordinance or resolution for deposit in the SWR Revenue Fund; (iii) the earnings on and income derived from the investment of the amounts in the SWR Revenue Fund; and (iv) the earnings on and income derived from the investment of the amounts on deposit in the Reserve Fund. The Bonds will be issued on a parity with the City's Solid Waste Resources Revenue Bonds, Series 2009-A, Series 2009-B and Series 2006-A, of which \$135,100,000 in aggregate principal amount is outstanding as of February 1, 2013, as well as on a parity with the City's Sanitation Equipment Charge Revenue Bonds, Series 2005-A, of which \$28,725,000 in aggregate principal amount is outstanding as of February 1, 2013, all of which collectively constitute the "Outstanding Parity Bonds." The City may issue additional debt on parity with the Outstanding Parity Bonds and the Series 2013-A Bonds and Series 2013-B Bonds, but only in accordance with the provisions contained in the Trust Agreement.

Maturities

The Series 2013-A Bonds will be payable at maturity or by sinking fund redemption on February 1 in each of the years [2014 through 2027], and in the amounts as set forth in the Bid Form, subject to the adjustments as described below. The Series 2013-B Bonds will be payable at maturity or by sinking fund redemption on February 1 in each of the years 2014 through 2029, and in the amounts as set forth in the Bid Form, subject to the adjustments as described below.

Optional Redemption

The Series 2013-A Bonds and Series 2013-B Bonds maturing on or before February 1, 2023 are not subject to optional redemption prior to maturity. The Bonds maturing on or after February 1, 2024 are subject to optional redemption in whole or in part at any time, on February 1, 2023, or on any date thereafter, at the redemption price equal to 100% of the principal amount of the Bonds, together with accrued interest to the date fixed for redemption.

The Series 2013-A Bonds and/or the Series 2013-B Bonds may be subject to mandatory sinking fund redemption if Term Bonds are selected by the winning bidder of such series.

Mandatory Sinking Fund Redemption

If a successful bidder designates principal amounts of either the Series 2013-A Bonds or the Series 2013-B Bonds to be combined into one or more Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Bonds and continuing on each year thereafter until the stated maturity date of that Term Bond, provided that no Term Bond may include sinking fund payments prior to February 1, 2024. The amount redeemed in any year shall be equal to the principal amount in such year set forth in the Bid Form. Series 2013-A Bonds or Series 2013-B Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Series 2013-A Bonds or Series 2013-B Bonds subject to redemption. The City, at its option, may credit, against any mandatory sinking fund redemption payment, Term Bonds of the maturity then subject to redemption, which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

Notice of Redemption

Notice of redemption shall be given at least 30 days and not more than 60 days before the redemption date for either the Series 2013-A Bonds or the Series 2013-B Bonds. Such notice shall be given by the Trustee by mail. So long as the Series 2013-A Bonds and Series 2013-B Bonds are in book-entry form only, such notices will be given only to DTC or its nominee in a form acceptable to DTC and the City.

Selection of Bonds for Redemption

Whenever less than all of the Series 2013-A Bonds or Series 2013-B Bonds shall be called for redemption, the particular Series 2013-A Bonds or Series 2013-B Bonds to be redeemed shall be selected in such maturities as the City may direct, and by lot within a maturity; provided however, that the portion of any Series 2013-A Bond or Series 2013-B Bond to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof.

Payment

Principal of the Bonds will be payable upon surrender at the corporate trust offices of the Trustee, in Los Angeles, California. Interest on the Bonds will be payable by check or draft mailed to the Owner at the address listed on the registration books maintained by the Trustee for such purpose; provided, however, that such interest shall be paid by wire upon the timely request of an Owner of not less than \$1,000,000 aggregate principal amount of the Series 2013-A Bonds or Series 2013-B Bonds.

TERMS OF SALE

Form of Bid; Maximum Discount

Each bid for either series of the Bonds must be on the official form of Bid Form for such series and must be for not less than all of either the Series 2013-A Bonds or Series 2013-B Bonds hereby offered for sale and for not less than 99% of the par value of each respective series of bonds thereof. Hand delivered bids must be enclosed in a sealed envelope addressed to the City with the envelope clearly marked, "Proposal for the purchase of \$71,735,000* City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A" or "Proposal for the Purchase of \$80,665,000* City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B." Electronic bids must be submitted as described under "Terms of Sale – Information Regarding Electronic Bids" below. The City will not accept bids via facsimile transmission. Each bid must be in accordance with the terms and conditions set forth in this notice.

Information Regarding Electronic Bids

Electronic bids, if elected by a bidder or bidders, must be submitted through Parity[®] (the "Approved Provider"). Bidders who elect to use the Approved Provider must also complete and deliver (in the form attached as Exhibit A to this Notice Inviting Bids) the Authorization to Accept Electronic Bid (the "Authorization") to the address indicated on the Authorization prior to the time stated above for the receipt of proposals. If any provision of this Notice Inviting Bids conflicts with information provided by the Approved Provider, this Notice Inviting Bids shall control. The City is not responsible for improper operation of, and has no liability for, any delays or interruptions of or any damages caused by the Approved Provider. The City is using the Approved Provider as a communication mechanism and not as the City's agent to conduct electronic bidding for the Series 2013-A Bonds and Series 2013-B Bonds. The City is not bound by any advice or determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and the City is not responsible for any such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from Parity,[®] 1359 Broadway, 2nd Floor, New York, N.Y. 10018, telephone (212) 849-5021). The City assumes no responsibility or liability for bids submitted through the Approved Provider.

The City will use its best efforts to accommodate electronic bids; however, neither the City, the Financial Advisor nor Bond Counsel assume any responsibility for any error contained in any bid submitted electronically, or for failure of any bid to be transmitted, received or opened at the official time for receipt of bids. The official time for receipt of bids will be determined by the City at the place of the bid opening, and the City shall not be required to accept the time kept by the Approved Provider as the official time. The City assumes no responsibility for informing any bidder prior to the deadline that its bid is incomplete, or not received.

If multiple timely bids for one series of the Bonds are received from a single bidder, the City shall accept the best of such bids, and each bidder agrees by submitting any bid to be bound by its best bid, unless unambiguously withdrawn.

Adjustment of Principal Amounts

The principal amounts set forth in the Bid Form attached to this Notice Inviting Bids reflect certain estimates of the City and its Financial Advisor with respect to the likely interest rates of the winning bids and the premium contained in the winning bids. The final principal amounts of each maturity of the Series 2013-A Bonds and Series 2013-B Bonds are subject to adjustment by the City in its sole discretion in \$5,000 increments to reflect the actual interest rates and any premium contained in each winning bid and to meet other preferences of the City. The dollar amount bid for the Series 2013-A Bonds and Series 2013-B Bonds by the winning bidder(s) will be adjusted, if necessary, to reflect any such adjustments in the amortization schedules. The adjusted bid price will reflect changes in the dollar amount of the underwriters' discount, if any, but will not change the per Bond underwriters' discount as provided in the bid. The winning bidder(s) will be notified of any adjustments in principal amounts of the Series 2013-A Bonds and Series 2013-

B Bonds not later than 3:00 p.m. (New York Time) on the day proposals are received. The winning bidder(s) may not withdraw its bid as a result of any adjustments made within the above-described limits. Such adjustments may affect the dollar amount of discount (purchaser's discount and original issue discount) contained in the winning bid(s).

Interest Rate

Interest on both the Series 2013-A Bonds and Series 2013-B Bonds is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2013. Bidders must specify the rate of interest on each maturity of Series 2013-A Bonds and Series 2013-B Bonds. Bidders will be permitted to bid multiple interest rates, but (i) the maximum differential between the highest and lowest interest rates specified in any bid shall not exceed four percent (4.0%) per annum; (ii) each interest rate specified in any bid must be in a multiple of one eighth (1/8) or one-twentieth (1/20) of one percent (1.0%) per annum; (iii) no more than one rate of interest shall apply to any maturity of either the Series 2013-A Bonds or the Series 2013-B Bonds; (iv) interest with respect to each Series 2013-A Bond and Series 2013-B Bond shall be computed from its dated date to its stated maturity date at the interest rate specified in the bid; (v) no Series 2013-A Bond or Series 2013-B Bond shall bear interest at a rate exceeding ten percent (10.0%) per annum; (vi) any premium offered must be paid as part of the purchase price; (vii) no bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price; and (viii) the interest rate on any Series 2013-A Bond or Series 2013-B Bond maturing after February 1, 2023, must be equal to or higher than the interest rate designated for the preceding maturity.

Best Bid

The Series 2013-A Bonds and Series 2013-B Bonds will be awarded, to the highest responsible bidder(s) for such series, considering the rate or rates specified and the premium offered, if any. The highest responsible bidder shall be the bidder submitting the best price for the Series 2013-A Bonds or Series 2013-B Bonds, respectively, which best price shall be that resulting in the lowest true interest cost for each series of Bonds. The true interest cost shall be computed by the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the date of the Bonds and to the price bid not including accrued interest. In the event two or more bids offer the same lowest true interest cost, the City shall select among such bids in its sole discretion. The cost of printing the Bonds, if any, will be borne by the City.

For purposes of calculating the true interest cost, the principal amount of Series 2013-A Bonds and Series 2013-B Bonds scheduled for mandatory sinking fund redemption as a part of a Series 2013-A Term Bond or Series 2013-B Term Bond shall be treated as a serial maturity in each year.

Right of Rejection

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

Prompt Awards

The City, reserves the right, in its discretion, to reject any and all bids for the Bonds no later than twenty-seven (27) hours after the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidders. Notice of the award will be given promptly to the successful bidder(s).

Delivery and Payment; Book Entry Only

Delivery of the Series 2013-A Bonds and Series 2013-B Bonds is expected to be made in the name of CEDE & Co., as nominee of The Depository Trust Company in New York, New York ("DTC") on or about [February 19, 2013], and will be available to the successful bidder(s) in book-entry form only as more fully set out in the Official Statement for the Bonds. Payment for the Bonds must be made in Federal Reserve Bank funds or other funds immediately available in Los Angeles, California. Any expense associated with providing immediate funds, whether by transfer to

Federal Reserve Bank funds or otherwise, shall be borne by the purchaser(s). The fees of DTC shall be paid by the winning bidder(s). Upon closing, the Trustee shall notify DTC of receipt of payment made by the purchaser(s), at which time DTC (in accordance with the Blanket Issuer Letter of Representations described below) will credit the account of the successful bidder(s), and process the book-entry deliveries to the account of the purchaser of the Series 2013-A Bonds and Series 2013-B Bonds. On the date of maturity of the Series 2013-A Bonds and Series 2013-B Bonds, the Trustee shall remit to DTC sufficient funds to pay all outstanding principal and interest due with respect to such Bonds.

To induce DTC to accept the Series 2013-A Bonds and Series 2013-B Bonds as eligible for the book-entry-only form of issuance, the City has entered into a Blanket Issuer Letter of Representations with DTC setting forth the terms and conditions of, and procedures for, the book-entry-only form of issuance. The successful bidder(s) shall complete and provide to DTC's Underwriting Department the Eligibility Questionnaire in the form required by DTC not later than seven (7) business days prior to closing.

Right of Cancellation

Each successful bidder shall have the right, at its option, to cancel the contract to purchase either the Series 2013-A Bonds or the Series 2013-B Bonds if the City shall fail to execute and tender the Bonds for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

Good Faith Deposit

A Good Faith Deposit ("Deposit") in the form of a wire transfer in the amount of \$700,000 for the Series 2013-A Bonds and in the amount of \$800,000 for the Series 2013-B Bonds, as shown on the Bid Forms must be provided by the purchaser of the Bonds (the "Purchaser") not later than 12:00 p.m., California time, on the next business day following the award, as a guaranty that the Purchaser will accept and pay for the Bonds in accordance with the terms of the bid. Such wire transfer must be in immediately available funds and to the account at the wire address specified by the City to the Purchaser. The Deposit will be applied to the purchase price of the related series of Bonds at the time of delivery of the Bonds. If after the award of the Bonds, the winning bidder fails to complete the purchase on the terms stated in its proposal, the amount received from such bidder by the City will be retained by the City as stipulated liquidated damages. No interest on the Deposit will accrue to any bidder.

List Account Members

BIDDERS ARE REQUESTED TO LIST IN THE PLACE AND THE MANNER SET FORTH IN THE BID FORM OR THE AUTHORIZATION TO ACCEPT ELECTRONIC BID, MEMBERS OF THE BIDDING GROUP ON WHOSE BEHALF THE BID IS MADE. THE APPARENT WINNING BIDDER(S) ARE REQUESTED TO FURTHER CONFIRM MEMBERS OF THEIR RESPECTIVE BIDDING GROUPS PRIOR TO FINAL AWARD.

Equal Opportunity

IT IS THE POLICY OF THE CITY TO PROVIDE MINORITY BUSINESS ENTERPRISES (MBEs), WOMEN BUSINESS ENTERPRISES (WBEs), OTHER BUSINESS ENTERPRISES (OBEs), EMERGING BUSINESS ENTERPRISES (EBE), SMALL BUSINESS ENTERPRISES (SBE) AND DISABLED VETERAN BUSINESS ENTERPRISES (DVBE) AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF ALL CITY CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST THE CITY IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL BUSINESS ENTERPRISES, INCLUDING MBEs, WBEs, OBEs, EBEs, SBEs AND DVBEs HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN CITY CONTRACTS.

Statement of True Interest Cost

Each bidder is requested, but not required, to state in its bid(s) the total percentage true interest cost for either the Series 2013-A Bonds or the Series 2013-B Bonds, which shall be considered as informative only and not binding on either the bidder or the City.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2013-A Bonds and Series 2013-B Bonds, but neither failure to print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid by the respective purchaser.

Ratings

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("Standard & Poor's") have assigned the ratings to each series of the Bonds of "A", "A-" and "A-2" respectively. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the respective agencies. 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 revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Official Statement

The City has issued a Preliminary Official Statement relating to the Series 2013-A Bonds and Series 2013-B Bonds and has authorized the use of said Preliminary Official Statement in connection with the sale of the Bonds. The Preliminary Official Statement is available on the Internet at www.i-dealprospectus.com.

Bidders will be required to confirm their consent to delivery of the Preliminary Official Statement in electronic form and their review of a complete copy of the Preliminary Official Statement, as a condition to the acceptance of their bids by the City. The Internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful. To obtain copies of the Preliminary Official Statement please contact either party set forth under the caption "Additional Information" below.

Upon the sale of the Series 2013-A Bonds and/or Series 2013-B Bonds, the City will complete a final Official Statement substantially in the form of the Preliminary Official Statement subject to such amendments as are necessary. The Preliminary Official Statement is in a form deemed final by the City within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") except for the omission of certain information permitted to be omitted therefrom pursuant to the Rule, but is subject to revision, amendment and completion in a final Official Statement. Up to seventy five (75) copies of the final Official Statement will be supplied to the purchaser of each series of the Bonds (at one location for such purchaser selected by such purchaser) at the expense of the City no later than seven business days after the day the sale of the Series 2013-A Bonds and/or Series 2013-B Bonds are awarded. Additional copies may be obtained at the expense of such purchaser.

By making a bid for the Series 2013-A Bonds and/or Series 2013-B Bonds, the successful bidder(s) agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the City, (2) to promptly file a copy of the final Official Statement, including any supplements, with a nationally recognized municipal securities information repository, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking

Board rules governing the offering, sale and delivery of the Bonds and the delivery of the Official Statement to ultimate purchasers.

The City undertakes that for a period of (a) twenty-five (25) days following the end of the "underwriting period" as defined in the Rule or (b) ninety (90) days after the date of delivery of the Bonds, whichever expires earliest, it will (i) apprise the Purchaser of all material developments, if any, occurring with respect to the City after the delivery of the Bonds, and (ii) if requested by the Purchaser, prepare a supplement to the final Official Statement with respect to any material event. The City will presume, unless otherwise notified in writing by the Purchaser, the end of the underwriting period will occur on the date of delivery of the Series 2013-A Bonds and Series 2013-B Bonds.

Ratings in Effect

Each proposal will be understood to be conditioned upon there being in place at the day of delivery of the Series 2013-A Bonds and Series 2013-B Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Bonds at the time fixed for receiving bids.

Change in Tax Exempt Status

At any time before the Bonds are tendered for delivery, the successful bidder therefor may disaffirm and withdraw its proposal if the interest received by private holders of obligations of the same type and character as the Bonds (as determined by Bond Counsel) shall be declared to be includable in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable by the terms of any federal income tax law enacted subsequent to the date of this Notice Inviting Bids.

Reoffering Price

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE SERIES 2013-A BONDS AND SERIES 2013-B BONDS, THE APPLICABLE SUCCESSFUL BIDDER THEREFOR SHALL FURNISH TO THE CITY A WRITTEN STATEMENT IN FORM AND SUBSTANCE ACCEPTABLE TO BOND COUNSEL (A) STATING THE INITIAL REOFFERING PRICES ON EACH MATURITY OF THE SERIES 2013-A BONDS AND SERIES 2013-B BONDS, (B) CERTIFYING THAT A BONA FIDE OFFERING OF THE SERIES 2013-A BONDS AND SERIES 2013-B BONDS HAS BEEN MADE TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS, AND OTHER INTERMEDIARIES), (C) STATING THE PRICES AT WHICH AT LEAST 10% OF EACH MATURITY OF THE SERIES 2013-A BONDS AND SERIES 2013-B BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS, AND OTHER INTERMEDIARIES), AND (D) CERTIFYING THAT THE PRICE AT WHICH EACH MATURITY OF THE SERIES 2013-A BONDS AND SERIES 2013-B BONDS WAS SOLD DID NOT EXCEED FAIR MARKET VALUE OF SUCH MATURITY AS OF THE SALE DATE.

California Debt and Investment Advisory Commission Fee

All bidders are advised that pursuant to §8856 of the California Government Code, it will be the responsibility of the successful bidder to pay the statutory fee to the California Debt and Investment Advisory Commission.

DTC Fee

All fees due to DTC shall be paid by the successful bidder or bidders.

Closing Documents and Legal Opinion

Each proposal will be understood to be conditioned upon the City furnishing to each successful bidder(s), without charge, concurrently with payment and delivery of the Bonds, the closing papers listed below, each dated the date of such delivery.

(a) The opinion of Bond Counsel approving the validity of the Series 2013-A Bonds and Series 2013-B Bonds and the opinion of Bond Counsel stating that the interest on the Series 2013-A Bonds and Series 2013-B Bonds is excluded from gross income for federal income tax purposes under present federal income tax laws, and that such interest is also exempt from personal income taxes levied by the State of California (the "State") under present State income tax laws (originals or certified copies of the opinion of Bond Counsel will be provided to the original purchasers of the Bonds at no charge);

(b) A certificate of an appropriate official of the City that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(c) The opinion of the City Attorney of the City of Los Angeles, acting on behalf of the City solely in his official capacity and not personally, that there is no litigation pending or, to the best knowledge of the City Attorney, threatened, affecting the validity of the Bonds, and certain other matters;

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

(e) A certificate of appropriate officers of the City showing that they have signed the Series 2013-A Bonds and Series 2013-B Bonds, whether by facsimile or manual signature, and that they were duly authorized to execute the same;

(f) A receipt of the Trustee showing that the purchase price of the Series 2013-A Bonds and Series 2013-B Bonds has been received by the Trustee; and

(g) A Continuing Disclosure Certificate of the City, described under the caption "Continuing Disclosure" below.

Continuing Disclosure

In order to assist bidders in complying with the Rule, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Additional Information

Copies of the Preliminary Official Statement and any other information concerning the proposed financing will be furnished upon request made to the Financial Advisor to the City: Fieldman, Rolapp & Associates, 19900 MacArthur Blvd., Ste. 1100, Irvine, CA 92612, Darryl Street (949) 660-7318, or to the City: Mario Vasquez, City of Los Angeles, Office of the City Administrative Officer, 200 North Main Street, City Hall East, Room 1500, Los Angeles, California 90012, telephone (213) 473-7528.

Right to Modify or Amend

The City reserves the right to modify or amend this Notice Inviting Bids and the Bid Form including, but not limited to, the right to adjust and change the principal amount of any maturity of the Series 2013-A Bonds or Series 2013-B Bonds being offered; however, such notifications or amendments shall be made not later than 12:00 noon, California time (3:00 p.m., New York time) on the day before the scheduled bid opening and communicated through Thomson Municipal News.

Bid Extension or Postponement

The City reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by Thomson Municipal News given not later than 12:00 noon, California time (3:00 p.m., New York time) on the business day before the scheduled bid opening. If any date fixed for the receipt of bids and the sale of any or all the Series 2013-A Bonds and Series 2013-B Bonds are postponed, any alternative sale date will be announced via Thomson Municipal News at least 48 hours prior to such alternative sale date and will be provided by facsimile transmission to any qualified bidder timely requesting such notice. On any such alternative sale date, any bidder may submit a sealed bid in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced by Thomson Municipal News at the time the sale date and time are announced.

Dated: [January 25, 2013]

EXHIBIT A

(Letterhead of Potential Bidder)

City of Los Angeles
Office of the City Administrative Officer
200 North Main Street
City Hall East, Room 1500
Los Angeles, CA 90012
Attn: Mario Vasquez

Re: Authorization to Accept Electronic Bids

Ladies and Gentlemen:

The undersigned, _____, is considering making a bid on behalf of ourselves and others (as listed below) for either or both of the \$71,735,000* City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A (the "Series 2013-A Bonds") and the \$80,665,000* City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (the "Series 2013-B Bonds" and collectively, the "Bonds") through the use of an electronic bidding service provider.

We have received and reviewed the Notice Inviting Bids dated [January 25, 2013] for the Bonds and the Bid Forms related thereto. We have also reviewed the Preliminary Official Statement dated [January 24, 2013] describing the Bonds and providing certain information on the City and hereby consent to delivery of the Preliminary Official Statement in electronic form. We understand that the City of Los Angeles, California (the "City") has authorized the use of Parity® for the submission of electronic bids. In the event that the City timely receives an electronic bid for either or both of the Series 2013-A Bonds and Series 2013-B Bonds in our name from Parity® (the "Approved Provider"), we agree that:

1. The City may regard the electronic submission of said bid through the Approved Provider (including information about the purchase price for either or both of the Series 2013-A Bonds and Series 2013-B Bonds and interest rate or rates to be borne by the various maturities of the Bonds and any other information included in such transmission) as though the same information were submitted by us on the Bid Form provided by the City and executed on our behalf by a duly authorized signatory. If such bid is accepted by the City, the terms of this letter, the Notice Inviting Bids, the Bid Form and the information that is electronically transmitted through the Approved Provider shall form a contract and we shall be bound by the terms of such contract.

The City Charter requires an affidavit, and the Bid Forms contain, a certification/declaration under penalty of perjury, that the bid is genuine, not a sham or collusive, nor made in the interest of or on behalf of any person not named in the bid and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself/herself an advantage over any other bidder. The electronic submission shall be deemed my certification/declaration under penalty of perjury that the above statement is true and correct and shall be deemed to be included in the bid.

2. In the event of any conflict between the information represented by the Approved Provider and the terms set forth in the Notice Inviting Bids and the Bid Forms, the terms set forth in the Notice Inviting Bids and the Bid Forms shall control.

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

4. We understand that we must deliver a duly executed copy of this Authorization to Accept Electronic Bids to the City at the Office of the City Administrative Officer, 200 North Main Street, Room 1500, City Hall East, Los Angeles, CA 90012, Attn: Mario Vasquez, prior to the date and time noticed for receipt of bids on the Bonds. Such delivery may also be accomplished by causing a duly executed copy of the Authorization Letter to be sent via facsimile to Mario Vasquez at (213) 473-7511, with a copy to the Financial Advisor, Fieldman, Rolapp & Associates, at (949) 474-8773, Attn: Darryl Street, no later than 8:00 a.m. California time the day of the scheduled bid opening.

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

Dated: _____

Respectfully submitted,

(name of firm)

By: _____

Name: _____

Other members: _____

**BID FORM
(Series 2013-A)**

\$71,735,000*
City of Los Angeles, California
Solid Waste Resources Revenue Bonds
Series 2013-A

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

Ladies and Gentlemen:

We hereby offer to purchase all of the \$71,735,000* aggregate principal amount of the City of Los Angeles, California Solid Waste Resources Revenue Bonds, Series 2013-A (the "Series 2013-A Bonds") described in your Notice Inviting Bids dated [January 25, 2013], which is incorporated herein and made a part hereof, at a purchase price of \$ _____ (which is not less than 99% of the par value thereof). We understand that the aggregate principal amount of the Series 2013-A Bonds may be adjusted in accordance with the procedures described in the Notice Inviting Bids and that if selected, we will be obligated to purchase the Series 2013-A Bonds in an amount equal to the adjusted aggregate principal amount.

The Series 2013-A Bonds shall mature in the year(s) and be subject to mandatory sinking fund redemption (if specified by the bidder) in the amounts, and bear interest at the respective rates per annum, all as stated in the following table:

Principal Payment Date (Feb. 1)	Annual Principal Payment*	Serial Maturity** (check one)	Mandatory Sinking Fund Redemption	Interest Rate	Principal Payment Date (Feb. 1)	Annual Principal Payment*	Serial Maturity** (check one)	Mandatory Sinking Fund Redemption	Interest Rate
2014	\$6,000,000	n.a.	n.a.	_____%	2021	\$6,000,000	n.a.	n.a.	_____%
2015	6,000,000	n.a.	n.a.	_____%	2022	3,440,000	n.a.	n.a.	_____%
2016	3,000,000	n.a.	n.a.	_____%	2023	6,025,000	n.a.	n.a.	_____%
2017	1,000,000	n.a.	n.a.	_____%	2024	6,270,000	<input type="checkbox"/>	<input type="checkbox"/>	_____%
2018	1,000,000	n.a.	n.a.	_____%	2025	9,000,000	<input type="checkbox"/>	<input type="checkbox"/>	_____%
2019	3,000,000	n.a.	n.a.	_____%	2026	9,000,000	<input type="checkbox"/>	<input type="checkbox"/>	_____%
2020	3,000,000	n.a.	n.a.	_____%	2027	9,000,000	<input type="checkbox"/>	<input type="checkbox"/>	_____%

* Subject to adjustment as described in the Notice Inviting Bids.

** There shall be no serial maturities for dates after the first mandatory sinking fund redemption payment.

Of the principal maturities set forth in the table above, for those years, if any, which have been combined into a term bond or term bonds, the principal amounts shown in the table above shall be the mandatory sinking fund redemption amounts in such years, except that the amount shown in the year of the term bond's maturity date shall mature in such year.

This bid is subject to acceptance not later than 27 hours after the expiration of the time established for the final receipt of bids. Our calculation of the true interest cost ("TIC") of this bid, which is considered to be informative only and not a part of the bid, is _____%.

A Good Faith Deposit in the form of a wire transfer will be made to the City by the Purchaser in the amount of [\$700,000] in immediately available funds and to the account at the wire address specified by the City to the Purchaser not later than 12:00 p.m., California time on the next business day following the award of the Bonds.

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the Series 2013-A Bonds. If we are the successful bidder, we will (1) within one hour after being notified of the award of the Bonds, advise the City of the initial public offering prices of the Series 2013-A Bonds and (2) prior to delivery of the Bonds furnish a certificate, acceptable to Bond Counsel, as to the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Series 2013-A Bonds are awarded pursuant to this bid. I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusion, not made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

Account Manager

By:

Address:

City:

State:

Telephone:

Following is a list of the members of our account on whose behalf this bid is made.*

<u>FIRM NAME</u>	<u>ROLE</u>	<u>MBE/WBE/OBE/ EBE/SBE/DVBE*</u>

* Please indicate which members of the account are, to your knowledge, Minority Business Enterprises (MBEs), Other Business Enterprises (OBEs) Women Business Enterprises (WBEs), Emerging Business Enterprise (EBEs), Small Business Enterprise (SBEs), and/or Disabled Veteran Business Enterprise (DVBEs) and their percentage participation on the account. As stated in the Notice Inviting Bids, the City requests your assistance in implementing the City's policy of providing all business enterprises, including MBEs, OBEs, WBEs, EBEs, SBEs, and DVBEs an opportunity to participate in the performance of City contracts.

**BID FORM
(Series 2013-B)**

\$80,665,000*

**City of Los Angeles, California
Solid Waste Resources Refunding Revenue Bonds
Series 2013-B**

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

Ladies and Gentlemen:

We hereby offer to purchase all of the \$80,665,000* aggregate principal amount of the City of Los Angeles, California Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (the "Series 2013-B Bonds") described in your Notice Inviting Bids dated [January 25, 2013], which is incorporated herein and made a part hereof, at a purchase price of \$_____ (which is not less than 99% of the par value thereof). We understand that the aggregate principal amount of the Series 2013-B Bonds may be adjusted in accordance with the procedures described in the Notice Inviting Bids and that if selected, we will be obligated to purchase the Series 2013-B Bonds in an amount equal to the adjusted aggregate principal amount.

The Series 2013-B Bonds shall mature in the year(s) and be subject to mandatory sinking fund redemption (if specified by the bidder) in the amounts, and bear interest at the respective rates per annum, all as stated in the following table:

Principal Payment Date (Feb. 1)	Annual Principal Payment*	Serial Maturity** (check one)	Mandatory Sinking Fund Redemption (check one)	Interest Rate	Principal Payment Date (Feb. 1)	Annual Principal Payment*	Serial Maturity** (check one)	Mandatory Sinking Fund Redemption (check one)	Interest Rate
2014	\$12,085,000	n.a.	n.a.	____%	2022	\$805,000	n.a.	n.a.	____%
2015	12,390,000	n.a.	n.a.	____%	2023	835,000	n.a.	n.a.	____%
2016	12,885,000	n.a.	n.a.	____%	2024	870,000	<input type="checkbox"/>	<input type="checkbox"/>	____%
2017	14,915,000	n.a.	n.a.	____%	2025	905,000	<input type="checkbox"/>	<input type="checkbox"/>	____%
2018	11,240,000	n.a.	n.a.	____%	2026	940,000	<input type="checkbox"/>	<input type="checkbox"/>	____%
2019	4,400,000	n.a.	n.a.	____%	2027	985,000	<input type="checkbox"/>	<input type="checkbox"/>	____%
2020	4,580,000	n.a.	n.a.	____%	2028	1,010,000	<input type="checkbox"/>	<input type="checkbox"/>	____%
2021	775,000	n.a.	n.a.	____%	2029	1,040,000	<input type="checkbox"/>	<input type="checkbox"/>	____%

* Subject to adjustment as described in the Notice Inviting Bids.

** There shall be no serial maturities for dates after the first mandatory sinking fund redemption payment.

Of the principal maturities set forth in the table above, for those years, if any, which have been combined into a term bond or term bonds, the principal amounts shown in the table above shall be the mandatory sinking fund redemption amounts in such years, except that the amount shown in the year of the term bond's maturity date shall mature in such year.

This bid is subject to acceptance not later than 27 hours after the expiration of the time established for the final receipt of bids. Our calculation of the true interest cost ("TIC") of this bid, which is considered to be informative only and not a part of the bid, is _____%.

A Good Faith Deposit in the form of a wire transfer will be made to the City by the Purchaser in the amount of [\$800,000] in immediately available funds and to the account at the wire address specified by the City to the Purchaser not later than 12:00 p.m., California time on the next business day following the award of the Bonds.

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the Series 2013-B Bonds. If we are the successful bidder, we will (1) within one hour after being notified of the award of the Bonds, advise the City of the initial public offering prices of the Series 2013-B Bonds and (2) prior to delivery of the Bonds furnish a certificate, acceptable to Bond Counsel, as to the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Series 2013-B Bonds are awarded pursuant to this bid. I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusion, not made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

Account Manager

By:

Address:

City:

State:

Telephone:

Following is a list of the members of our account on whose behalf this bid is made.*

<u>FIRM NAME</u>	<u>ROLE</u>	<u>MBE/WBE/OBE/ EBE/SBE/DVBE*</u>

* Please indicate which members of the account are, to your knowledge, Minority Business Enterprises (MBEs), Other Business Enterprises (OBEs) Women Business Enterprises (WBEs), Emerging Business Enterprise (EBEs), Small Business Enterprise (SBEs), and/or Disabled Veteran Business Enterprise (DVBEs) and their percentage participation on the account. As stated in the Notice Inviting Bids, the City requests your assistance in implementing the City's policy of providing all business enterprises, including MBEs, OBEs, WBEs, EBEs, SBEs, and DVBEs an opportunity to participate in the performance of City contracts.

ATTACHMENT H

CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by City of Los Angeles, California (the "City") in connection with the issuance by the City of \$_____ aggregate principal amount of Solid Waste Resources Revenue Bonds, Series 2013-A and \$_____ aggregate principal amount of the Solid Waste Resources Refunding Revenue Bonds, Series 2013-B (each, a "Series" and collectively, the "Bonds"). The Bonds are being issued pursuant to a Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented, a Ninth Supplemental Trust Agreement, dated as of February 1, 2013, and a Tenth Supplement Trust Agreement, dated as of February 1, 2013 (collectively, the "Trust Agreement"), each between the City and U.S. Bank National Association acting as successor trustee thereunder (the "Trustee"). The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c-12.

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

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

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

"DAC" shall mean Digital Assurance Certificate L.L.C.

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

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

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

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

“*Official Statement*” shall mean the Official Statement dated _____, 2013, issued by the City in connection with the sale of the Bonds.

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

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

“*State*” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 2013, for the report for the 2011-12 fiscal year, or if the fiscal year end changes from June 30, not later than 365 days after the end of the City’s fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed in the MSRB, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the City’s annual financial statements may be submitted separately from the balance of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report for the then-current procedures for submitting Annual Reports to the MSRB; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

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

(2) An update to the tables set forth in the Official Statement under the caption "SOLID WASTE RESOURCES FEE" entitled "Table No. 2--Solid Waste Resources Fee Rate History," "Table No. 4--Department of Water and Power Billings and Collections Solid Waste Resources Fee," "Table No. 5--Historical Debt Service Coverage" and "Table No. 6--Pro-Forma Statement of Debt Service Coverages" and an update to the following Sections set forth in APPENDIX A to the Official Statement: "BUDGET AND REVENUES," "MAJOR GENERAL FUND REVENUE SOURCES," "FINANCIAL OPERATIONS," "BONDED AND OTHER INDEBTEDNESS" and "LITIGATION." The City need not update any particular table or chart included in such sections so long as (i) the City need not update any particular table or chart included in such sections so long as (i) the City provides updated information generally of the type previously included in such table or chart, or (ii) such table or chart constitutes information not deemed to be operating data under the Rule.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, available to the public on the MSRB's Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents or incorporated by reference.

Section 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies, if material;
- (2) non-payment related defaults, if material;
- (3) modifications to rights to Bondholders;
- (4) optional, contingent or unscheduled bond calls;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (8) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds;

(12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the 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) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in clauses (4) and (5) of subsection (a) need not be given any earlier than notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

Section 6. Termination of Reporting Obligations. The City's obligations under the Disclosure Certificate with respect to any Series shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds of such Series. If such termination occurs prior to the final maturity of the Bonds of such Series, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

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

Section 9. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriting or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds or any Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in the Superior Court of the State in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, the Trustee and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: _____

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer