



City of Los Angeles

2017 General Obligation Bonds

Investor Presentation



June 9, 2017



Disclaimer

The Investor Presentation you are about to view is provided as of June 9, 2017 for a proposed offering of the City of Los Angeles (the “Issuer”) General Obligation Bonds, Series 2017-A (Taxable) and General Obligation Refunding Bonds, Series 2017-B (Tax-Exempt) (collectively, the “Bonds”). If you are viewing this presentation after June 9, 2017, events may have occurred that have a material adverse effect on the financial information presented. Neither the Municipal Advisors mentioned in this presentation (the “Municipal Advisors”), nor the Issuer have undertaken any obligation to update this presentation. The information presented is not warranted as to completeness or accuracy and is subject to change without notice. You agree not to duplicate, copy, download, screen capture, electronically store, or record this presentation, nor to produce, publish or distribute this presentation in any form whatsoever.

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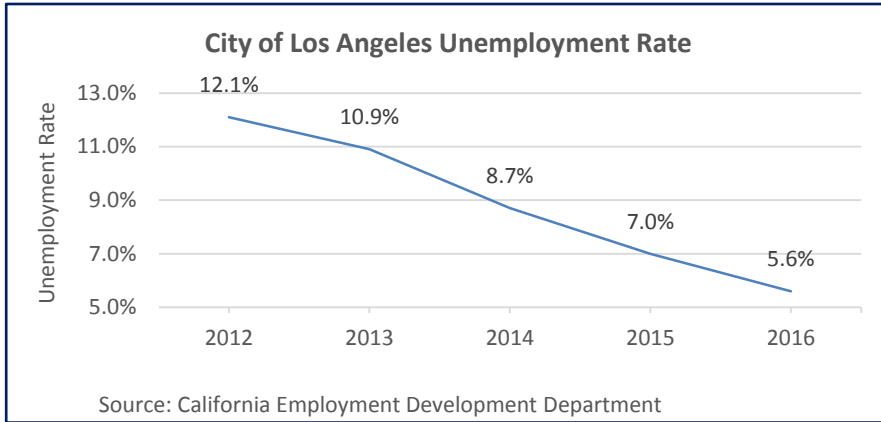
Transaction Summary

Issuer	City of Los Angeles	
Bonds	General Obligation Bonds, Series 2017-A (Taxable)	General Obligation Refunding Bonds, Series 2017-B (Tax-Exempt)
Par Size	\$86,585,000*	\$82,815,000*
Ratings (Moody's/S&P/Fitch/Kroll)	Aa2/AA/AA-/AA	Aa2/AA/AA-/AA
Use of Proceeds	(i) Finance projects for providing housing for the homeless and for those in danger of becoming homeless; (ii) Provide facilities to increase access to mental health care, drug and alcohol treatment, and other services pursuant to the Proposition HHH Authorization, and (iii) Pay costs of issuance	Full refunding of Series 2005-B, Series 2006-A and Series 2008-A
Security	Ad valorem taxes that may be levied, without limitation as to rate or amount (subject to certain exceptions), upon property subject to taxation by the City	
Tax Status	Federally taxable; California state tax-exempt	Federally tax-exempt; California state tax-exempt
Amortization	September 1, 2018-2037*	September 1, 2018-2027*
Call Provisions	10-year par call*	Non-callable*
Sale Method	Competitive	
Sale Date	Tuesday, June 27, 2017	
Closing Date	Thursday, July 13, 2017	

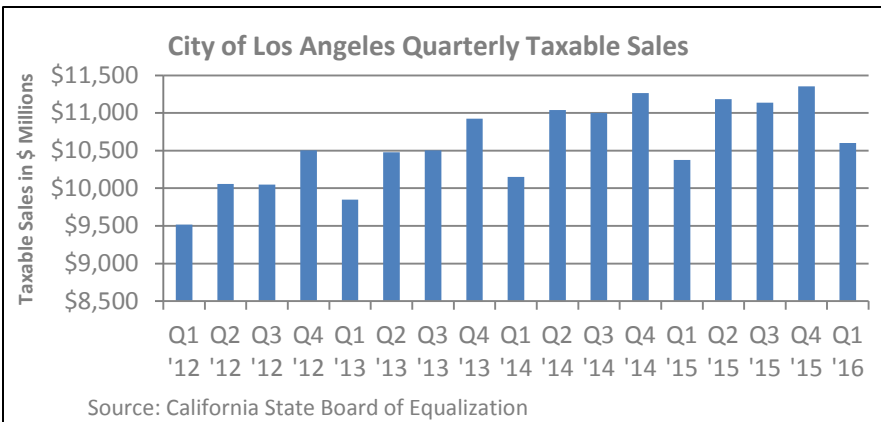
*Preliminary; subject to change



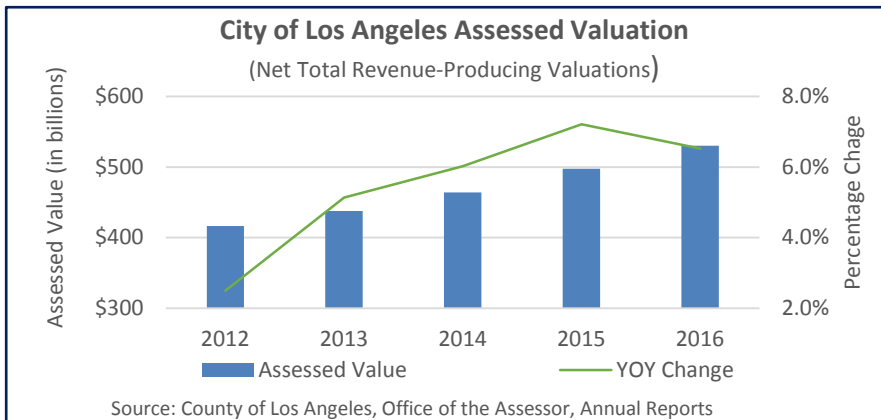
Economic Highlights



- Unemployment rate continues to decline in Los Angeles
- Wages and private employment continue to rise
- Significant employment gains in high-wage jobs (e.g., higher education and information sectors)



- Continued job growth and wage gains have increased personal income for residents and boosted taxable sales
- Q1 2016 saw an improvement of 2.2% over the same period in 2015



- Property values continue to rise in Los Angeles
- Fueled by strong homebuyer demand



Fiscal Year 2016-17 Budget Highlights

- Strong reserve balances
 - Began Fiscal Year 2016-17 with Reserve Fund of 5.99% and total reserves of 7.94%
 - After addressing unanticipated liability expenditures and other shortfalls, Reserve Fund continues to be strong, estimated in the Adopted Budget to be at 6.70% at year-end
 - Including the Budget Stabilization Fund, total reserves are estimated at 8.40% at year-end

- Managed budget challenges through Financial Status Reports
 - At mid-year, budget shortfall projected at \$57 million
 - At year-end, managed budget shortfalls by identifying surpluses within budgeted funds and additional revenue
 - Revenues slightly trail revised budget; any shortfall to be addressed primarily from reversions
 - Reserve Fund was used to pay unexpected liability claims
 - City considering issuance of Judgment Obligation Bonds
 - Bonds currently in validation process



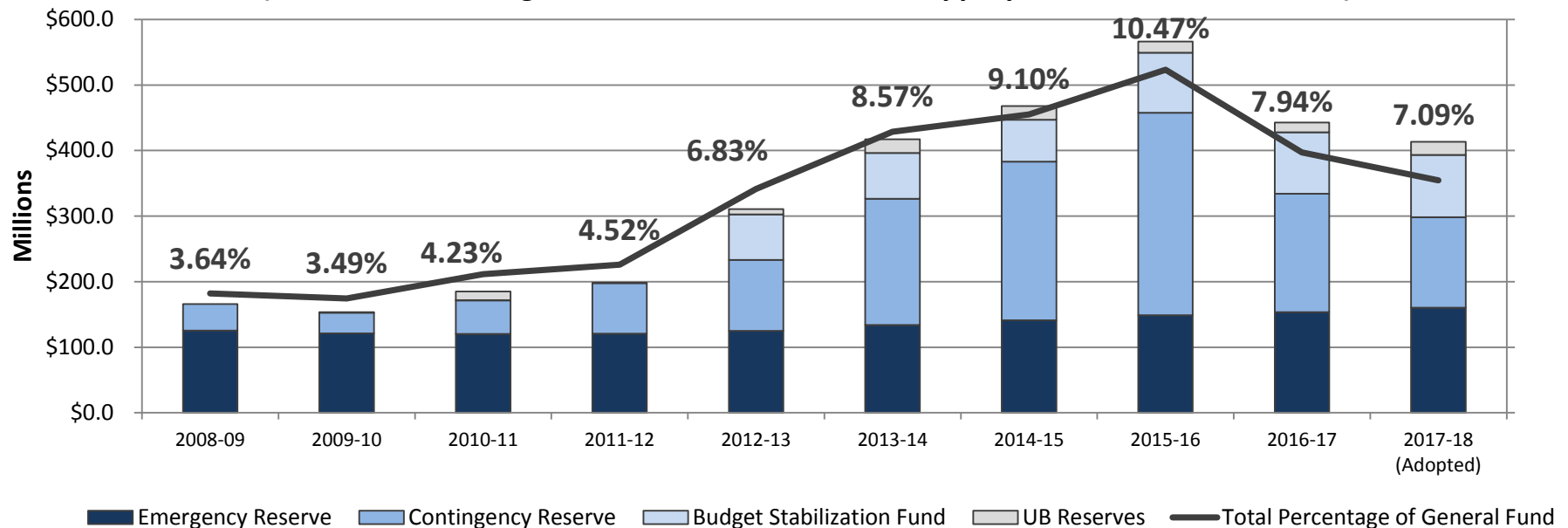
Fiscal Year 2017-18 Adopted Budget

Budget Component	Budget (\$ Millions)		
	Adopted 2016-17	Adopted 2017-18	Percent Change
General Fund	\$ 5,576.4	\$ 5,826.5	4.5%
Special Funds	\$ 3,200.6	\$ 3,465.6	8.3%
Total	\$ 8,777.0	\$ 9,292.1	5.9%

- Budget projects meeting the City’s major policy targets
 - Appropriated 1.28% of General Fund to capital improvements, exceeding target of at least 1%
 - Reserve Fund at 5.12% of General Fund revenues, above the 5% policy level
 - Nominal deposits to the Budget Stabilization Fund, but \$75 million of growth in economically sensitive tax revenues are budgeted for capital improvements
 - Applied all one-time revenues (\$65 million) for one-time expenditures (\$108 million)

BUDGET RESERVES

(Reserve Fund, Budget Stabilization Fund, and Unappropriated Balance Reserves)



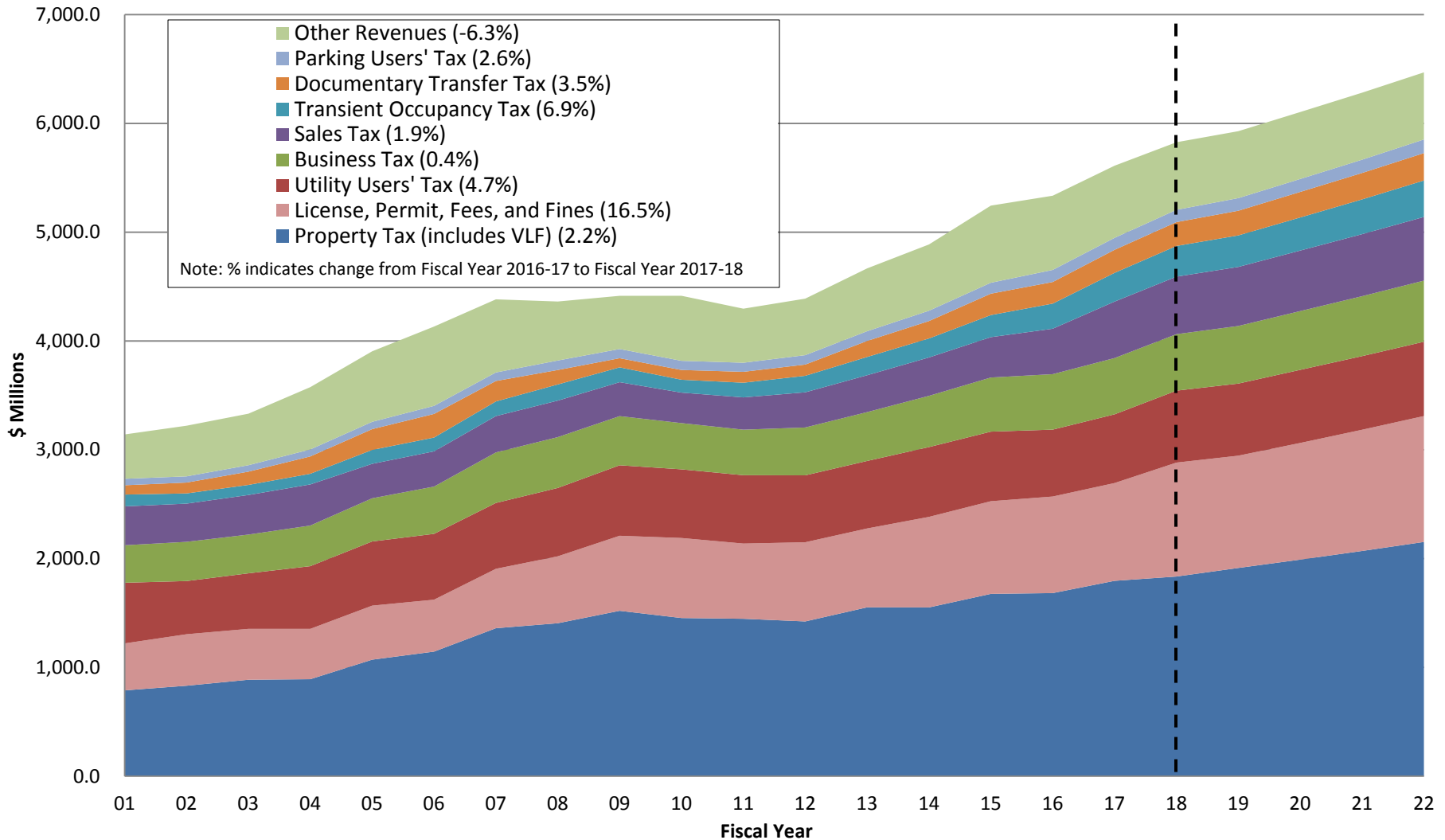
*Actuals as of July 1st for each year except 2017-18
 Source: City of Los Angeles, Office of the City Administrative Officer



General Fund Revenues

GENERAL FUND REVENUE

(2001-2016 Actual, 2017 Estimated, 2018 Adopted Budget, 2019-2022 Projected)



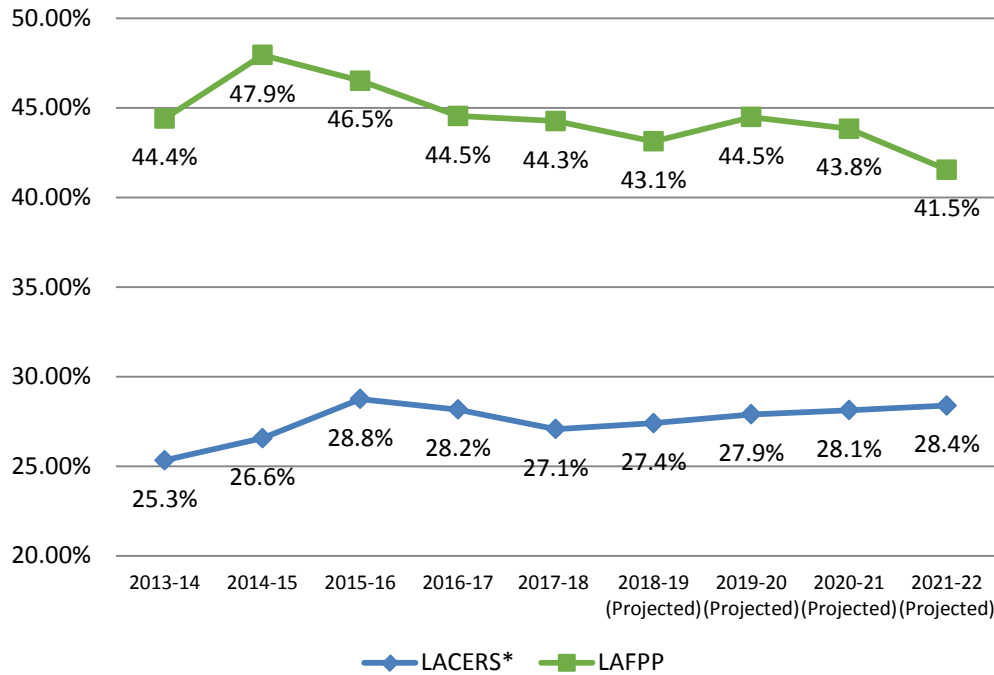
- “Other Revenues” include power revenue transfer, parking fines, Reserve Fund transfer, ex-CRA tax increment, franchise income, Special Parking Revenue Fund transfer, interest, grants, tobacco settlement, Telecommunications Development Account transfer, and residential development tax.

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

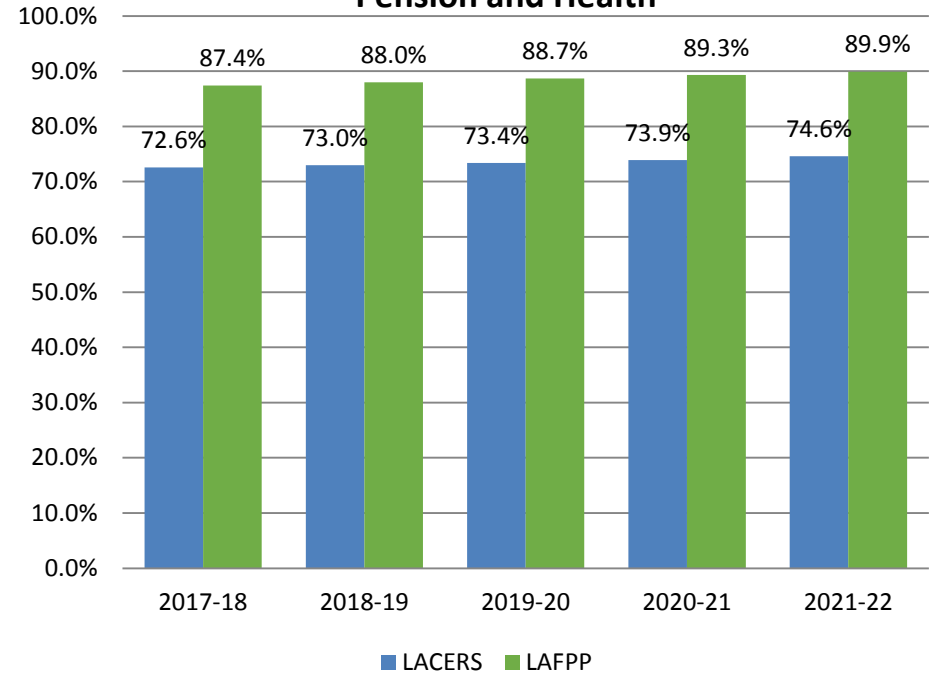


City Pension Systems

LACERS and LAFPP Contribution Rates**



Projected Funded Ratio for LACERS and LAFPP Pension and Health**



* LACERS rates are Tier 1 only through 2016-17

** Projections are based on an analysis by an actuary commissioned by the CAO, based on 7.5% investment rate

- LAFPP reduced its investment rate of return from 7.50% to 7.25% and adopted new demographic assumptions, which will impact City contributions beginning in 2018-19. LACERS will consider reduction of its investment rate of return later in the year. Impact to the General Fund will be based on the Contribution Rates that include the investment rate as well as other factors such as economic and demographic assumptions.



2017 General Obligation Bonds

2017-A (Taxable) Issue Details*

Proceeds:	\$86,585,000
Sale Method:	Competitive
Sale - Issue Date:	6/27/2017 - 7/13/2017
Purpose:	Proposition HHH
Final Maturity:	2037

2017-B (Tax-Exempt) Refunding Summary*

Par Amount:	\$82,815,000
Par Refunded:	\$114,440,000
Present Value Savings:	\$11,593,156
Present Value Savings (%):	10.13%
Purpose:	Full refunding of 2005-B, 2006-A and 2008-A

- On November 8, 2016, voters approved the Homelessness Reduction and Prevention, Housing and Facilities Bonds – Proposition HHH
- The Series 2017-A Bonds will be the inaugural series of bonds issued under this \$1.2 billion bond authorization:
 - Expect to issue once per year over 10 years
 - Level principal amortization similar to City's other GOs
- Bond proceeds will be used for the City's:
 - Permanent Supportive Housing Loan Program for the homeless and those in danger of becoming homeless
 - Facilities Program to increase access to mental healthcare, drug and alcohol treatment and other services

*Preliminary; subject to change



Financing Schedule

Key Dates*

POS Available

Friday, June 9, 2017

Sale Date

Tuesday, June 27, 2017

Closing

Thursday, July 13, 2017

June						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

*Preliminary; subject to change.



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City's Investor Relations Website

<http://cao.lacity.org/Debt/>

City of Los Angeles
Debt Management / Investor Relations

CAO

Home

Debt Programs Managed by the CAO

1. General Obligation Bonds
2. Los Angeles Wastewater System Revenue Bonds
3. Solid Waste Resources Revenue Bonds
4. Municipal Improvement Corporation of Los Angeles Lease Obligations
5. Judgment Obligation Bonds
6. Mello-Roos Bonds
7. Tax and Revenue Anticipation Notes (TRAN)

City of Los Angeles - Investor Information

Budget

- City Budget
- Financial Status Reports

Debt

- 2017 GO Bonds & TRAN Press Release
- Calendar of Bond Offerings
- Credit Ratings
- IRMA Letter
- Electronic Municipal Market Access (EMMA)

Financial Disclosure

- Preliminary Financial Report for Fiscal Year ended June 30, 2016
- 2016 Appendix A: City of Los Angeles Information Statement
- Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2015
- Beacon Report City of Los Angeles: A Comparative Analysis June 2017

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