COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CA 90012
TELEPHONE: 1213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

September 7, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

SALE OF 2005-06 TAX AND REVENUE ANTICIPATION NOTES
LOS ANGELES UNIFIED SCHOOL DISTRICT
(ALL DISTRICTS) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution of the Board of Supervisors of the County of Los Angeles providing for the issuance and sale of the Los Angeles Unified School District 2005-06 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $750,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Governing Board of the Los Angeles Unified School District adopted a resolution on July 12, 2005 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed $750,000,000 to be used for authorized purposes. The District is requesting that your Board issue tax-exempt Tax and Revenue Anticipation Notes (TRANS) on behalf of the District in an aggregate principal amount not to exceed $750,000,000.

Pursuant to Article 7.6 and commencing with Section 53850 of the Government Code, school districts organized and existing under the law of the State are authorized to borrow money through the issuance of short-term notes. Such notes shall be issued in the name and on behalf of such school district by the board of supervisors of the county following receipt of the district resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing one-stop service delivery to the District. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. It supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in and development of public school infrastructure in this County.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

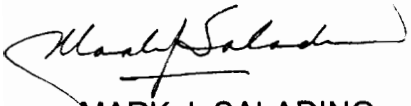
The notes, with a true interest cost not to exceed four percent (4%), will mature no later than 396 days after the date of issuance. The principal and interest payments on the notes shall be payable from taxes, income, revenue, cash receipts and other moneys received by the District during or attributable to Fiscal Year 2005-06.

The District has selected the firms of Public Resources Advisory Group and Lopez & Associates LLC as Co-Financial Advisors; and Sidley Austin Brown & Wood LLP as Special Counsel for the 2005-06 issuance of the TRANs. The attached Resolution provides for a competitive sale of the notes and the terms and conditions of the offering shall be specified in the Notice of Sale.

CONCLUSION

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:CH
zu:Board:lausd 2005-06 tran

Attachments (4)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Los Angeles Unified School District
Los Angeles County Office of Education
Public Resources Advisory Group
Lopez & Associates LLV
Sidley Austin Brown & Wood LLP

RESOLUTION
OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
PROVIDING FOR THE ISSUANCE AND SALE OF
LOS ANGELES UNIFIED SCHOOL DISTRICT
2005-2006 TAX AND REVENUE ANTICIPATION NOTES
IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED $750,000,000

WHEREAS, school districts organized and existing under the laws of the State of California (the "State") are authorized by Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code of the State (commencing with Section 53850) (the "Act") to borrow money by the issuance of short-term notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys; and

WHEREAS, pursuant to the Act, such notes shall be issued in the name and on behalf of such school district by the board of supervisors of the county, as soon as possible following receipt of a resolution of the governing board of such school district requesting such borrowing; and

WHEREAS, the Los Angeles Unified School District (the "District"), acting through its Board of Education, has adopted its resolution on July 12, 2005 (the "District Resolution") finding and determining that the District needs to borrow funds in the amount of not more than $750,000,000 for Fiscal Year 2005-2006 for authorized purposes of the District, and such resolution requests that the Board of Supervisors of the County of Los Angeles borrow, on behalf of the District, not more than $750,000,000 pursuant to said Act for any purposes for which the District is authorized to expend moneys; and

WHEREAS, pursuant to Section 53856 of the Act, certain revenues that will be received by the District for the General Fund of the District during or attributable to Fiscal Year 2005-2006 may be pledged for the payment of said notes and the interest thereon as hereinafter provided;

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles hereby finds, determines, declares and resolves as follows:

Section 1. <u>County Board Recitals</u>. All of the recitals herein set forth are true and correct, and the County Board (as hereinafter defined) so finds and determines.

Section 2. <u>Definitions</u>. Unless the context otherwise requires, the terms defined in this Section 2 shall, for all purposes of this Resolution, as it now exists and as it may be from time to time amended or supplemented, have the meanings herein specified, as follows:

"Authenticating Agent" means the Paying Agent.

"Business Day" means a day on which banks in the States of California and New York are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

"County" means the County of Los Angeles, California.

"County Board" means the Board of Supervisors of the County.

"County Counsel" means County Counsel of the County.

"District" means the Los Angeles Unified School District.

"District Board" means the Board of Education of the District.

"District Resolution" means the resolution of the District requesting that the County Board authorize the issuance of the Notes.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"Fiscal Agent" means the Paying Agent.

"Interest Rate" means a single or multiple rates of interest as shall be determined by the initial purchaser(s) of the Notes in accordance with the Notice of Sale.

"Notice of Sale" has the meaning set forth for such term in Section 11 hereof.

"Nominee" means Cede & Co., the nominee of DTC.

"Note" or "Notes" means all of the Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes issued pursuant to this Resolution, which may be comprised of Series A Notes and the Series B Notes, if issued.

"Outstanding," when used as of any particular time with reference to Notes, means all Notes being or having been issued pursuant to this Resolution except (1) Notes theretofore cancelled or surrendered for cancellation; (2) Notes with respect to which all liability of the District shall have been discharged in accordance with Section 3.5 hereof; and (3) Notes in substitution for which other Notes shall have been authenticated and delivered pursuant to this Resolution.

"Paying Agent" means the Treasurer and Tax Collector of the County acting as Paying Agent, Fiscal Agent and Authenticating Agent hereunder, and having its principal office in Los Angeles, California.

"Repayment Account" means the Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Note Repayment Account established pursuant to Section 8 hereof.

"Resolution" means this Resolution of the County Board providing for the issuance and sale of the Notes.

"Series A Notes" means the series of Notes expected to be issued in September, 2005, which Notes may be comprised of Notes bearing different interest rates but all of which Series A Notes mature on the same date.

"Series B Notes" means the series of Notes to be issued, if necessary, no later than February 28, 2006, which may be comprised of Notes bearing different interest rates but all of which Series B Notes mature on the same date.

"Treasurer" means the Treasurer and Tax Collector of the County.

"Unrestricted Revenues" means taxes, income, revenue, cash receipts, and other moneys of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

Section 3. Terms of the Notes.

3.1 Authorization of Issuance. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the District for the General Fund of the District during or attributable to Fiscal Year 2005-2006, and not pursuant to any common plan of financing, the County hereby authorizes, subject to the District's compliance with Section 14 hereof, the issuance in the name and on behalf of the District of notes in an aggregate principal amount not to exceed Seven Hundred Fifty Million Dollars ($750,000,000) (the "Authorized Amount") in one or two series under Sections 53850 et seq. of the Act. The Notes shall all have the same maturity date. The Series B Notes shall not be sold or issued subsequent to the issuance of the Series A Notes, unless the County shall have received confirmation from Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Services, A Division of the McGraw-Hill Companies ("S&P," and together with Moody's, the "Rating Agencies") that the issuance of such subsequent series of Notes shall not cause a reduction or withdrawal in the ratings on any Series A Notes. The Notes shall be designated "Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes" (with such additional or other series designations as may be authorized herein).

3.2 Denominations, Maturity and Payment. The Notes shall be issuable in the denominations of $5,000 and any integral multiples thereof. Each series of the Notes shall be dated the day of issuance but in no case later than February 28, 2006, shall mature not later than thirteen months after the date of issuance of the Series A Notes, as set forth in the Notice of Sale, and shall bear interest in accordance with Section 3.3 hereof. The Notes may be issued in one or two series as determined by the District in a total amount not to exceed the Authorized Amount. Principal of and interest on the Notes shall be paid at the principal office of the Paying Agent.

3.3 Interest Rate. Each series of the Notes shall bear interest at the Interest Rate from the initial date of such Notes to the maturity date and shall be payable on the maturity date or, in the case of a term to maturity greater than one year, shall be payable (1) on a date no later than one year from the date of issuance of such series of Notes and (2) on the maturity date. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

NOTWITHSTANDING THE FOREGOING, THE TRUE INTEREST COST WITH RESPECT TO EACH SERIES OF THE NOTES SHALL NOT EXCEED 4.00%.

3.4 (a) Mutilated, Lost, Destroyed or Stolen Notes. If any Note shall become mutilated, the County, at the expense of the owner of said Note, shall execute, and the Authenticating Agent shall authenticate and deliver, a new Note of like tenor and number in exchange and substitution for the mutilated Note, but only upon surrender to the Authenticating Agent of such mutilated Note. Every mutilated Note so surrendered to the Authenticating Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County, the District and the Authenticating Agent and, if such evidence be satisfactory to each and an indemnity satisfactory to them shall be given, the County, at the expense of the owner, shall execute, and the Authenticating Agent shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Authenticating Agent may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the District, the County and the Authenticating Agent in the process. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

(b) Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 3.4(d) hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Authenticating Agent.

Whenever any Note shall be surrendered for transfer, the County shall execute and the Authenticating Agent shall authenticate and deliver a new Note. The Authenticating Agent shall require the owner of the Note requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and may in addition require the payment of a reasonable sum to cover expenses incurred by the County or the Authenticating Agent in connection with such transfer.

(c) Exchange of Notes. Notes may be exchanged at the office of the Authenticating Agent for a like aggregate principal amount of Notes or other authorized denominations of the same maturity and interest rate. The Authenticating Agent shall require the person requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange, and may in addition require the payment of a reasonable sum to cover expenses incurred by the County or the Authenticating Agent in connection with such exchange.

(d) Register. The Authenticating Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the owner of the Note; and, upon presentation for such purpose, the

Authenticating Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

3.5 Ownership, Cancellation of Notes. The District, the County, the Paying Agent and the Authenticating Agent may rely on the address of the owner of the Note as it appears in the register for any and all purposes. It shall be the duty of the owner of the Note to give written notice to the Authenticating Agent of any change in such address.

The District, the County, the Paying Agent and the Authenticating Agent may treat the person in whose name any Note shall be registered as the absolute owner of such Note, and payment of the principal of and interest on any such Note shall be made only to or upon the order of the registered owner thereof or its legal representative; provided, however, if interest is payable prior to the maturity date, such interest on such Note shall be payable to the person in whose name the Note is registered on the 15th day of the calendar month in which such interest is due by wire or check mailed to such registered owner.

All Notes surrendered for payment shall be delivered to the Paying Agent and shall be promptly cancelled by it. The District may at any time deliver to the Paying Agent for cancellation any Notes previously authenticated and delivered hereunder that the District may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Paying Agent shall be disposed of in any manner determined by the Paying Agent.

Section 4. Book-Entry System. Notwithstanding anything in this Resolution or any supplemental resolution to the contrary, the Notes shall be initially issued in the form of separate fully registered Notes. Except as provided in Section 4.1 hereof, all of the Notes shall be registered in the name of the Nominee.

With respect to the Notes registered in the name of the Nominee, the County and the Paying Agent shall have no responsibility or obligation to any participant or to any person on behalf of which such a participant holds an interest in the Notes. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, or any participant with respect to any ownership interest in the Notes, (ii) the delivery to any participant or any other person, other than a holder as shown in the registration books of the Authenticating Agent, of any notice with respect to the Notes, or (iii) the payment to any participant or any other person, other than a holder as shown in the registration books of the Authenticating Agent, of any amount with respect to principal of or interest on the Notes. The County and the Paying Agent may treat and consider the person in whose name the Notes are registered in the registration books of the Authenticating Agent as the holder and absolute owner of such Notes for the purpose of payment of principal of, premium, if any, and interest on such Note, for the purpose of giving notices and other matters with respect to such Notes, and for all other purposes whatsoever.

The Paying Agent shall pay all principal of and interest on the Notes only to or upon the order of the respective holders, as shown in the registration books of the Authenticating Agent or their respective attorneys, duly authorized in writing, and all such payments shall be valid and

effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal of, premium, if any, and interest on the Notes to the extent of the sum or sums so paid. No person other than a holder, as shown in the registration books of the Authenticating Agent, shall receive a Note evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Resolution and any supplemental resolution.

4.1 Transfers Outside Book-Entry System. In the event (i) DTC determines not to continue to act as securities depository for the Notes, or (ii) the Treasurer determines that DTC shall no longer so act and delivers a written certificate to DTC to that effect, then the Treasurer will discontinue the book-entry system with DTC. If the Treasurer determines to replace DTC with another qualified securities depository, the Treasurer shall prepare or direct the preparation of new, separate, fully registered Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the County and DTC as are not inconsistent with the terms of this Resolution or any supplemental resolution. If the Treasurer fails to identify another qualified securities depository to replace DTC, then the Notes shall no longer be restricted to being registered in the registration books of the Authenticating Agent in the name of the Nominee, but shall be registered in whatever name or names holders of notes transferring or exchanging Notes shall designate in accordance with the Resolution.

4.2 Payments and Notices to the Nominee. Notwithstanding any other provision of this Resolution or any supplemental resolution to the contrary, so long as the Notes are registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Notes and all notices with respect to such Notes shall be made and given, respectively, as instructed by DTC.

4.3 Initial Depository and Nominee. The initial securities depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

Section 5. Form of Notes. The Notes shall be issued only in fully registered form, substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures.

Section 6. Use of Proceeds. Proceeds of the Notes will be deposited either in the General Fund of the District or if the District has elected that the Note proceeds be invested pursuant to Section 9 hereof, such moneys shall be held by the Fiscal Agent and invested by the Fiscal Agent as requested by the District. Said moneys shall be used and expended by the District for any purpose for which it is authorized to expend moneys from the General Fund of the District. The County shall have no responsibility for assuring the proper use of Note proceeds by the District.

Section 7. Repayment Pledge. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the District for the General Fund of the District during or attributable to Fiscal Year 2005-2006.

As security for the payment of the principal of and interest on the Notes, the District shall set aside and deposit or cause to be set aside and deposited, on three separate dates prior to the maturity date of the Notes, from Unrestricted Revenues an aggregate amount equal to the principal amount of the Notes. The District shall pledge such amounts, plus an amount sufficient to pay any remaining interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from Unrestricted Revenues received by the District in a month ending not more than two months prior to the maturity date of the Notes (such pledged amounts being hereinafter called the "Pledged Revenues"). The dates (each a "Pledge Date") and amounts required for each such deposit shall be as determined by the Chief Financial Officer of the District (the "CFO") or his designee, and shall be as set forth in the Notice of Sale.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient Unrestricted Revenues received by the District to permit the deposit into the Repayment Account (as defined below) of the full amount of Pledged Revenues to be deposited from Unrestricted Revenues in a month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon, but only to the extent permitted by law.

Section 8. Establishment of Repayment Account. The Pledged Revenues (in cash or in investments permitted by Section 9 hereof that have a market value on such Business Day equal to the amount required to be deposited on such Business Day or whose maturity value on a maturity date no later than such Business Day is equal to the amount required to be deposited on such Business Day) shall be deposited by the Treasurer, on behalf of the District, with, and held in trust by, the Fiscal Agent, as hereinafter appointed, in a special account designated the "Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Note Repayment Account" (the "Repayment Account"), and shall be applied as directed in this Resolution. The obligation to pay principal of and interest on the Notes shall constitute a first lien and charge on amounts deposited in the Repayment Account and any money deposited in the Repayment Account shall be for the ratable benefit of the owners of the Notes. Until the principal of the Notes and all interest due thereon are paid in full or until provision has been made for the payment in full of the principal of and interest on the Notes, the moneys in the Repayment Account shall be applied only for the purposes for which such Repayment Account was created. The Pledged Revenues are required to be deposited in the Repayment Account in the amounts indicated in Section 7 on each Pledge Date. In the event that there have been insufficient Unrestricted Revenues received by the Treasurer on behalf of the District, by the third Business Day prior to any Pledge Date, to permit the deposit into the Repayment Account of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Notes and the interest thereon (the "Other Pledged Moneys") on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the Treasurer, on behalf of the District, or directly by the District. Any balance in the Repayment Account on

the day after the final maturity date of the Notes in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the District's General Fund.

Section 9. Investment of Note Proceeds and Repayment Account. Note proceeds may be held by the Fiscal Agent and invested by the Fiscal Agent at the request of the District in one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract shall be at least AA- by S&P or Aa3 by Moody's. No such contract or agreement related to a series of Notes shall mature after the maturity date of the Notes. Absent such request, Note proceeds will be deposited in the General Fund of the District pursuant to Section 6 hereof.

Balances in the Repayment Account shall be invested as permitted by Section 53601 of the California Government Code or as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(l) of the California Government Code; provided that any such investment shall only be made in (1) direct obligations of the United States of America, including United States Treasury notes, bonds and bills, (2) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (3) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (4) the Los Angeles County Treasurer's Pool or (5) one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract shall be at least AA- by S&P or Aa3 by Moody's. Investments of balances in the Repayment Account shall not have maturity dates later than the maturity date of the Notes.

The proceeds of investments of moneys held and invested by the Fiscal Agent pursuant hereto shall be retained or accounted for by the Fiscal Agent until the principal of all of the Notes and the unpaid interest thereon shall have been fully paid or until provision shall have been made for such payment, at which time any excess amount shall be transferred to the General Fund of the District.

Section 10. Fiscal Agent. The Paying Agent is hereby appointed Fiscal Agent for the Notes. Funds held by the Fiscal Agent pursuant hereto shall be held and invested as herein provided.

This appointment shall not preclude the Treasurer from removing the Fiscal Agent and appointing one or more successors thereto, all without notice to or the consent of the holder of any Note. Any such successor fiscal agent shall be acceptable to the District.

Section 11. Sale of the Notes. The Notes shall be sold at a competitive sale (unless, at the request of the District, this Board of Supervisors shall approve a purchase contract with an underwriter for a subsequent series of Notes) and under conditions set forth in the Notice of Sale (the "Notice of Sale") relating to the Notes substantially in the form on file with the Executive Officer-Clerk of the County Board and hereby approved. The Treasurer, or an authorized deputy or delegate of the Treasurer, together with the Chief Financial Officer, the Controller or other authorized officer of the District, is hereby authorized and directed to accept the highest

responsible bids for the Notes producing the lowest true interest cost to the District; provided, that (i) the true interest cost for any series of Notes shall not be in excess of four percent (4.00%); (ii) the aggregate price to be received for any series of Notes shall not be less than 100% of the aggregate principal amount thereof; and (iii) the Notes shall otherwise conform to the limitations specified herein.

Section 12. Execution of the Notes. The Chair of the Board of Supervisors, the Executive Officer-Clerk of the County Board and the Treasurer are hereby authorized and directed to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby authorized to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate. The Notes shall not be valid, unless and until the Authenticating Agent shall have manually authenticated such Notes.

Section 13. Validity of Proceedings. It is hereby covenanted and warranted by the County that the County, and its respective appropriate officials, have duly taken all actions necessary to be taken by them, and will take any actions required by law to be taken by them, for the levy, collection and enforcement of the taxes pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

Section 14. Tax Covenants. The District has covenanted that it will make no use of the proceeds of the Notes or any other amounts that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end, the District has agreed to comply with all requirements of said Section 148 of the Code and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Notes and certain other amounts and the rebate of a portion of the investment earnings on proceeds of the Notes and certain other amounts, if required, to the United States. The District has further covenanted to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the aforementioned covenants, the District has agreed to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of the Notes (the "Tax Certificate"). The Paying Agent, by acceptance of its duties hereunder, agrees to cooperate with the District in order to comply with the Tax Certificate in such manner as shall be mutually agreed by the Paying Agent and the District. The District has covenanted that it will take no action that would cause the interest on the Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 15. Effectiveness. This resolution shall become effective upon its adoption by the County.

The foregoing resolution was on the 20th day of September, 2005, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board of Supervisors

By _____
Deputy

Approved as to form:

RAYMOND G. FORTNER, JR.
County Counsel

By _____
Principal Deputy County Counsel

LA1 675711v.3

EXHIBIT A

FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC 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 since the registered owner hereof, Cede & Co., has an interest herein.

LOS ANGELES UNIFIED SCHOOL DISTRICT,
2005-2006 TAX AND REVENUE ANTICIPATION NOTE,
SERIES ___

Dated:

Registered Owner: _____ $_____
CUSIP No.: _____

FOR VALUE RECEIVED the Los Angeles Unified School District (the "District"), a school district organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay the Registered Owner hereof, at the principal office of DTC, the principal sum of

_____ DOLLARS ($_____)

in immediately available funds in lawful money of the United States of America, on _____, 2006, together with interest thereon at the rate of

_____ (PERCENT _____%)

per annum in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on the maturity date or, in case of a term to maturity greater than one year, on a date no later than one year from the date of issuance of this Note and on the maturity date. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable upon surrender of this Note as the same shall fall due; provided, however, any interest due prior to maturity shall be payable on _____, 2006 to the person in whose name the note is registered on _____ 15, 2006 by wire or check mailed to such registered owner.

The principal of and interest on this Note shall be paid by check or by wire transfer payable to or upon the order of the registered owner hereof upon presentation and surrender of this Note at maturity at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent (the "Paying Agent," "Fiscal Agent" and "Authenticating Agent") at Los Angeles, California. No interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

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

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes, Series __ (the "Notes") in the aggregate principal amount of _____ Dollars ($_____), all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on September 20, 2005 (the "County Resolution") and a Resolution of the Board of Education of the District duly passed and adopted on _____, 2005 (the "District Resolution") under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the County Resolution.

The principal amount of the Notes and any additional notes which may be issued, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2005-2006. As security for the payment of the principal of and interest on the Notes and any additional notes which may be issued, the District has pledged an amount equal to thirty-five percent (35%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District in the month ending [January 31, 2006], an amount equal to thirty-five percent (35%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District in the month ending [March 31, 2006], and an amount equal to thirty percent (30%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District in the month ending [May 31, 2006], plus an amount sufficient to pay interest on the Notes and any such additional notes and any deficiency in the amount required to be deposited during any prior period, from the unrestricted revenues of the District to be received in the month ending June 30, 2006 (pledged amounts being hereinafter called "Pledged Revenues"); and the principal of the Notes and any such additional notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Authenticating Agent.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Note to be executed by the Chair of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors and the Treasurer and Tax Collector by their manual or facsimile signature this _____ day of _____, 200_

COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Supervisors

(SEAL)

By: _____
Executive Officer-Clerk of the Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned County Resolution and is one of the Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes, Series __.

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES, as Authenticating Agent

By: _____
Name:
Title:

NOTICE OF SALE FOR PURCHASE OF NOTES

$_____* LOS ANGELES UNIFIED SCHOOL DISTRICT
2005-2006 TAX AND REVENUE ANTICIPATION NOTES, SERIES _____

NOTICE IS HEREBY GIVEN that electronic unconditional proposals will be received by the Treasurer and Tax Collector of Los Angeles County (the "Treasurer") between 9:30 a.m. and 10:00 a.m. California Time, (unless extended in accordance with the Two-Minute Rule described under "Submission of Bids"), on _____, 2005, as described below, for the purchase of $_____* principal amount of Los Angeles Unified School District 2005-2006 Tax and Revenue Anticipation Notes, Series _____ (the "Notes"). Proposals may only be submitted electronically through Grant Street Group's MuniAuction electronic bidding web site ("MuniAuction") at www.muniauction.com. No other method of submitting bids will be accepted.

Within 26 hours, the Treasurer in consultation with the Chief Financial Officer (the "CFO") of the Los Angeles Unified School District (the "District"), or the designees of such officers, will consider the bids received and, if acceptable bids are received, award the sale of the Notes on the basis of the lowest true interest cost of the proposals, as described herein. In the event that no bid is awarded by the designated time, the County will reschedule the sale to another date or time by providing notification through the Amendments Page of MuniAuction. As an accommodation to bidders, telephonic or fax notice of the modifications will be given to any bidder requesting such notice by request directed to the District's Co-Financial Advisor, Public Resources Advisory Group, Attention: Mr. Kevin Scott, telephone (310) 477-8487; fax (310) 477-0105. Failure of any bidder to receive such MuniAuction, electronic, telephonic or fax notice shall not affect the legality of the sale.

The County reserves the right, prior to the date of the sale, to modify this Notice of Sale for Purchase of Notes (this "Notice of Sale"), including changing the aggregate principal amount of Notes offered for sale, the time or date of the sale and such other changes as may be required. Any such modifications will be announced through MuniAuction not later than 3:00 p.m. California time on the day preceding the day on which proposals may be submitted.

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* Preliminary, subject to change.

TERMS OF THE NOTES

Preliminary Official Statement

The terms of issuance, principal and interest repayment, redemption, security, tax exemption and all other information regarding the Notes and the District are given in the Preliminary Official Statement for the Notes, dated _____, 2005 (the "Preliminary Official Statement"), which each bidder must have obtained and reviewed prior to bidding for the Notes. The Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures which respect to the Notes. Bidders must read the entire Preliminary Official Statement to obtain information essential to the making of an informed decision to bid.

Interest Rate and Bid Amount

The interest rate to be borne by the Notes will be specified by the bidder in its bid and shall not exceed five percent (5.00%). Notes may bear different interest rates and bidders may submit bids for Notes with different interest rates. Interest will be payable [on _____, 2006 and] at maturity calculated on the basis of a 360-day year of twelve 30-day months.

Maturity and Dated Date

The Notes will be dated the dated of issuance thereof, which is expected to be _____, 2005 and will mature on _____, 2006.

Redemption

The Notes are **not** subject to redemption prior to maturity.

Limitation on Interest Rate

The interest rate on the Notes cannot exceed 5.00%.

Payment

The principal of and interest on the Notes are payable in lawful money of the United States of America upon the surrender thereof at maturity offices of the Paying Agent, initially the Treasurer and Tax Collector of the County of Los Angeles (the "County"), in Los Angeles, California.

Registration

The Notes will be issued only in fully registered book-entry form, registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York. See the discussion of "Book-Entry System" in the Preliminary Official Statement.

Purpose

The Notes being issued for the purpose of providing operating cash for any purpose for which the District is authorized to expend monies prior to the receipt of anticipated property tax revenues and other revenues.

Security

The principal amount of the Notes and any additional notes, together with the interest thereon, is payable from taxes, income, revenue, cash revenue, cash receipts and other moneys that are received by the District for the General Fund of the District during or attributable to Fiscal Year 2005-2006.

As security for payment of the principal of and interest on the Notes and any additional notes, the District has pledged, pursuant to Section 53856 of the Act, taxes, income, revenue, receipts and other moneys to be received by the District as follows: an amount equal to thirty-five percent (35%) of the principal amount of the Notes and any additional notes from the Unrestricted Revenues received by the District in the month ending [January 31, 2006], an amount equal to thirty-five percent (35%) of the principal amount of the Notes and any additional notes from the Unrestricted Revenues received by the District in the month ending [March 31, 2006], an amount equal to thirty percent (30%) of the principal amount of the Notes and any additional notes from the Unrestricted Revenues received by the District in the month ending [May 31, 2006] plus an amount sufficient to pay interest on the Notes and any additional notes and any deficiency in the amount required to be deposited during any prior month, from Unrestricted Revenues received by the District in the month ending June 30, 2006 (such pledged amounts being hereinafter called the "Pledged Revenues"). The District shall request the Treasurer to deposit the Pledged Revenues on [February 1, 2006], [April 1, 2006], [June 1, 2006], and [July 1, 2006] (each a "Pledge Date") with the Fiscal Agent (which shall be the Paying Agent) for deposit into the Repayment Account established under the resolution of the County providing for the issuance of the Notes (the "County Resolution").

The principal of the Notes and any additional notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient Pledged Revenues received by the District to permit the deposit of the full amount of Pledged Revenues to be deposited with respect to such Pledge Date, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and any additional notes and the interest thereon, but only to the extent permitted by law. Neither the County nor the Board of Supervisors of the County has any liability to pay principal or interest on the Notes and the Notes are payable solely from the funds of the District, as set forth in the Preliminary Official Statement.

See the discussion of "Sources of Payment for the Notes" in the Preliminary Official Statement.

Additional Notes

The District reserves the right to issue, during the Fiscal Year commencing July 1, 2005, additional tax and revenue anticipation notes payable from and secured by a pledge of all or any portion of the Unrestricted Revenues on a parity with the pledge thereof in favor of the Notes. The District has the authority to issue up to $___ million* of additional notes. Such issuance must occur no later than [February 28], 2006.

Paying Agent

The Treasurer, has been appointed the paying agent for the payment of principal and interest and for the registration of the Notes and to hold the funds and accounts established pursuant to the County Resolution.

Authority:

The Notes will be issued pursuant to the provisions of Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code and the provision of a resolution of the Board of Supervisors of the County, dated September 20, 2005, and a resolution of the Board of Education of the District, dated July 12, 2005.

TERMS OF THE SALE

Submission of Bids:

All bids must be submitted only on the MuniAuction website located at www.muniauction.com. No other provider of Internet bidding services and no other means of delivery (i.e. telephone, e-mail, facsimile or physical delivery) will be accepted. The auction for such Notes will begin at [9:30 a.m. and end at 10:00 a.m.], California time, on _____, 2005; provided, however, if any bid becomes a leading bid within two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such new leading bid is received by MuniAuction (the "Two-Minute Rule"). The auction end time will continue to be extended, indefinitely, until all leading bid(s) remain the leading bid(s) for at least two minutes.

To bid via the MuniAuction website, bidders must have both (1) completed the registration form on the MuniAuction website by the deadline established by MuniAuction, and (2) requested and received admission to the District's auction, as described below. Only NASD registered broker-dealer and dealer banks with DTC clearing arrangements will be eligible to bid. The use of MuniAuction shall be at the bidder's risk, and none of the District, the County, the Co-Financial Advisors nor Sidley Austin Brown & Wood LLP, Bond Counsel, shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate or untimely bid submitted by such bidder, including, without limitation, incomplete, inaccurate or untimely bids caused by reason of garbled transmissions, mechanical failure, slow or engaged telephone or telecommunications lines or any other cause. Neither the District nor the County is bound by any advice and determination of MuniAuction to the effect that any particular bid complies with the terms of this Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their submission of bids through MuniAuction are the sole responsibility of the bidders, and neither the District nor the County is responsible for any of such costs or expenses. See "Information Regarding Bids" herein.

The "Rules of MuniAuction" can be viewed on the MuniAuction website and are made a part hereof. Bidders must comply with the Rules of MuniAuction in addition to the requirements of this Notice of Sale. In the event the Rules of MuniAuction conflict with this Notice of Sale, this Notice of Sale shall prevail.

For purposes of the Internet bidding process, the time as displayed on the MuniAuction Auction Page shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Notice of Sale.

Further information about MuniAuction, including registration requirements, may be obtained from Grant Street Group, the parent of MuniAuction, at (412) 391-5555, ext. 370 (auction support).

Information Regarding Bids

Bidders are required to submit unconditional bids specifying the rate of interest and premium, if any, at which the bidder will purchase all or any portion of the Notes. Interest shall be bid in multiples of 1/20th or 1/8th percent. No bid for less than $5,000,000 principal amount of the Notes will be entertained, and all bids must be in multiples of $1,000,000. The interest rate to be borne by the Notes shall not exceed five percent (5.00%). Notes may bear different interest rates and bidders may submit bids for Notes with different interest rates. No "all or none" bids will be accepted. Bidders shall specify (i) the principal amount of Notes to be purchased pursuant to such bid, (ii) the interest rate to be borne by the Notes, (iii) the amount of premium, if any, that they will pay, in addition to the principal amount, to purchase the Notes, and (iv) the total purchase price, which price shall not be less than the principal amount of Notes bid for. No bid to purchase the Notes at less than par will be accepted. Separate proposals to purchase any part of the Notes may be contained in the same electronic bid as a convenience to the bidder. If more than one electronic bid is submitted by the same bidder for any part of the Notes, each such bid shall be considered as a separate proposal for purchase of such part and no such bid for less than $5,000,000 principal amount of the Notes shall be entertained. Bidders may change and submit bids as many times as they wish during the auction, provided, however, that each bid submitted subsequent to a bidder's initial bid must result in a lower TIC when compared to the immediately preceding bid of such bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will be able to see whether its bid(s) are 'in the money' or 'out of the money'. All bids must be made in accordance with the requirements prescribed herein and the Rules of MuniAuction, as referenced herein. Each bid submitted through MuniAuction shall be deemed an irrevocable offer to purchase all or that portion of the Notes specified in the bid on the terms provided in this Notice of Sale, and shall be binding upon the bidder.

Award and Delivery:

Unless all bids are rejected, the Treasurer, in consultation with the CFO, will award the Notes to the qualified bidder or combination of bidders offering the lowest true interest cost ("TIC") to the District for the principal amount of Notes to be awarded considering the interest rate specified, and the premium if any. The TIC will be the nominal annual discount rate which, when compounded semi-annually and used to discount the debt service on the Notes to _____, 2005, calculated using the interest rate specified in the bid, results in an amount equal to the principal amount of the Notes and the premium, if any, specified in the bid. The Treasurer will not award any bid with a TIC in excess of 4.00%. In awarding the Notes, the Treasurer, in consultation with the CFO, may accept a bid in a principal amount less than the principal amount bid (including a principal amount less than $5,000,000) in order that the total amount of bids accepted total the amount of Notes to be issued. In the event of an award by the

County for a principal amount less than the principal amount the bidder submitted, any premium bid shall be ratably reduced. If two or more bids have the same TIC, the first bid submitted, as determined by reference to the time displayed on MuniAuction, shall be deemed to be the leading bid. Delivery of the Notes will be made to the purchaser through DTC on or about _____, 2005 (the "Closing"), upon payment in immediately available funds at the offices of Sidley Austin Brown & Wood LLP, 555 West Fifth Street, 40th Floor, Los Angeles, California 90013, or at a purchaser's request and expense, at any other place mutually agreeable to the District, the County and the purchaser.

Principal Amounts Subject to Change After Receipt of Bids:

The District reserves the right, following the receipt of bids and determination of the winning bid or bids, to change the total principal amount of the Notes awarded by up to 10% based upon the interest rates and premiums submitted by the successful bidders. The successful bidders will be notified of the modification to the principal amount, at the time of the award. A successful bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Notes.

Changes in the amortization schedule made as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the Notes.

Good Faith Deposit:

[Each bidder must provide with its bid a certified or cashier's check payable in same day or next day funds drawn on a responsible bank having an office in Los Angeles, California equal to one half of one percent (0.5%) of the aggregate amount of Notes requested by the bidder ("Bid Check Amount") payable to the order of "County of Los Angeles", for the benefit of the District, or a financial surety bond ("Surety Bond") in the amount of the Bid Check Amount issued by an insurance company rated AAA by Standard & Poor's and licensed to issue such a bond in the State of California, naming the County, on behalf of the District, as the Beneficiary and identifying the bidder whose deposit is guaranteed by the Surety Bond. If a successful bidder has provided a Surety Bond, such bidder shall wire transfer to the County an amount equal to one percent (1.0%) of the aggregate principal amount of Notes awarded to such bidder in immediately available federal funds not later than 12:00 noon (Pacific Time) on the business day next succeeding the day of acceptance of the proposal which amount shall be deposited by the County and applied to the purchase price of the Notes. In the event the Treasurer has not received such federal funds wire transfer by the time stated, the Treasurer may draw upon the Surety Bond to satisfy the successful bidder's deposit requirements. The check accompanying any accepted proposal shall be cashed and deposited by the Treasurer and applied to the purchase price of the Notes at the time of delivery of the Notes. If after the award of the Notes, the successful bidder fails to complete the purchase on the terms stated in its proposal, unless such failure of performance shall be caused by any act or omission of the District, any amount received from such bidder by the County, whether by paid check or pursuant to the Surety Bond procedure set forth above, shall be retained by the County, on behalf of the District, as stipulated liquidated damages. Any check accompanying an unaccepted proposal will be returned promptly. No interest will be paid upon the deposit made by any bidder. No bidder shall be entitled to the return of all or any portion of the amount of its good faith deposit, or to any other

concession from the County or the District, on account of being awarded Notes in a principal amount which is less than that set forth in its bid. However, on or before the next business day succeeding the day of the award of bids, the Treasurer will accept in exchange for the good faith check of any purchaser a replacement cashier's check in the amount of one percent (1.0%) of the aggregate principal amount of Notes awarded to such purchaser.]

Verification:

All bids are subject to verification and approval by the County and the District. The County and the District shall have the right to deem each final bid reported on the MuniAuction Observation Page immediately after the deadline for receipt of bids to be accurate and binding on the bidder. Information or calculations provided by MuniAuction other than the information required to be provided by the bidder in accordance with this Notice of Sale is for informational purposes only and shall not be binding on any of the bidder, the County and the District.

Expenses of the Successful Bidders:

CUSIP numbers will be applied for by the purchasers and will be printed on the Notes and the cost of service bureau assignment will be the purchasers' responsibility. Any delay, error or omission with respect thereto will not constitute cause for any purchaser to refuse to accept delivery of and pay for the Notes. In addition, the successful bidders will pay all related DTC charges and will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will separately invoice the successful bidders for Notes.

Right of Rejection; Cancellation:

The Treasurer in consultation with the CFO reserves the right in his discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence. The winning bidder(s) shall have the right, at each of their option, to cancel the contract of purchase if the District shall fail to tender the Notes for delivery within 60 days from the date of sale thereof[, and in such event the winning bidder(s) shall be entitled to the return of the deposit accompanying its bid].

Prompt Award:

The Treasurer, or the designee of such officer, will take action awarding Notes or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the respective successful bidders.

OTHER TERMS

Legal Opinion:

The Notes are sold with the understanding that the purchaser will be furnished with the approving opinion of Sidley Austin Brown & Wood LLP. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Notes under California law and on the exclusion from gross income of the interest

on the Notes for purposes of federal and State of California income taxes. The fees and expenses of Bond Counsel will be paid from Note proceeds.

The purchasers will receive a disclosure opinion from Sidley Austin Brown & Wood LLP ("Disclosure Counsel") regarding the Official Statement.

Tax Status:

In the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from all present State of California personal income taxes, and assuming compliance with certain covenants made by the District, interest on the Notes is not includable in the gross income of the owners of the Notes for federal income tax purposes, provided that such interest may be included in the calculation for certain taxes, including the corporate alternative minimum tax. Should changes in the law cause Bond Counsel's opinion with respect to the Notes to change prior to delivery of the Notes to the purchasers, any purchaser may disaffirm and withdraw its proposal for the Notes.

Certificate Regarding Reoffering Prices:

As soon as practicable, but not later than one day prior to delivery of the Notes, the successful bidders for the Notes must submit to the District a certificate specifying for each maturity the reoffering price at which at least 10% of such Notes of such maturity were sold (or were offered in a bona fide public offering and as of the date of award of such Notes to the successful bidder reasonably expected to be sold) to the public. Such certificate shall be in form and substance satisfactory to Bond Counsel and shall include such additional information as may be requested by Bond Counsel.

No Litigation and Non-Arbitrage:

At the Closing the District will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the Notes. The District will also deliver a Tax Certificate at the Closing covering its reasonable expectations concerning the Notes and the use of proceeds thereof.

Continuing Disclosure:

In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the District will undertake, pursuant to a Continuing Disclosure Certificate, to provide notices of the occurrence of certain enumerated events, if material. A form of the Continuing Disclosure Certificate is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Right to Modify or Amend:

The County in consultation with the District reserves the right to modify or amend this Notice of Sale in any respect; provided, however, that any such modification or amendment shall be communicated to potential bidders through as described herein.

Official Statement:

The District will make available a Preliminary Official Statement relating to the Notes, a copy of which, along with related documents, will be furnished upon request made by telephone to Public Resources Advisory Group, Los Angeles, California, at (310) 477-0105. Such Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement (the "Official Statement"). Within seven business days after the date of award of the Notes, and in any event no later than one business day prior to Closing, up to 25 copies of the final Official Statement per $50 million principal amount of Notes will be supplied to each purchaser at the expense of the District.

Closing Certificates:

The District shall deliver, at Closing, a certificate, executed by appropriate officers of the District acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of circumstances under which they were made not misleading.

GIVEN pursuant to resolution of the County and the District.

Dated: _____, 2005

NOTICE OF INTENTION TO SELL

$_____*
LOS ANGELES UNIFIED SCHOOL DISTRICT
2005-2006 TAX AND REVENUE ANTICIPATION NOTES, SERIES ___

NOTICE IS HEREBY GIVEN that electronic bids will be received by the Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles on _____, 2005, between 9:30 a.m. and 10:00 a.m., California time, for the purchase of $_____* principal amount of "Los Angeles Unified School District 2005-2006 Tax and Revenue Anticipation Notes, Series ___ (the "Notes"). Solely as an accommodation to bidders, the District will receive bids exclusively and electronically through [Grant Street Group's MuniAuction electronic bidding web site ("MuniAuction"). The District reserves the right to change the time or postpone the date of the sale to any other time or date by providing notification through MuniAuction.

Within 26 hours, the Treasurer, in consultation with the Chief Financial Officer of the District, or a designee, will consider the bids received and, if an acceptable bid is received, award the sale of the Notes on the basis of the lowest true interest cost. In the event that no bid is awarded by the designated time, the County will reschedule the sale to another date or time by providing notification through MuniAuction.

NOTICE IS HEREBY FURTHER GIVEN that the Notes will be offered for public sale subject to the terms and conditions of the Notice of Sale for Purchase of the Notes posted at www.MuniAuction.com. A Preliminary Official Statement relating to the Notes will be furnished upon request to Public Resources Advisory Group, Los Angeles, California, telephone (310) 477-8487, facsimile number (310) 477-0105. Such Preliminary Official Statement will be available in electronic form on or about _____, 2005, at www.MuniAuction.com.

Dated: _____, 2005

*Not to exceed amount; preliminary, subject to change.

COPY CERTIFICATION BY DOCUMENT CUSTODIAN

State of California
County of Los Angeles } ss.

I, Jefferson Crain, Executive Officer of the Board (Name of Custodian of Original Document), hereby swear (or affirm) that the attached reproduction of BOARD OF EDUCATION REPORT NO. 476-04/05 (Description of Original Document) is a true, correct and complete photocopy of a document in my possession.

BOARD OF EDUCATION REPORT NO. 476-04/05
regarding 2005-2006 Tax and Revenue
Anticipation Notes (TRANS)(15 pages)
adopted July 12, 2005.

Signature of Custodian of Original Document

Los Angeles Unified School District
333 South Beaudry Avenue, Los Angeles, CA 90017
Address

GARY Y. SHIRASAGO
Commission # 1337708
Notary Public - California
Los Angeles County
My Comm. Expires Feb 3, 2006

Place Notary Seal Above

Subscribed and sworn to (or affirmed) before me on this 27th (Date) day of July (Month) 2005 (Year).

Signature of Notary Public

OPTIONAL

Though the information in this section is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Identifying No.: _____ No. of Pages: _____

Signer(s) or Issuing Agency: _____

Capacity Claimed by Custodian

- ☐ Individual
- ☐ Corporate Officer — Title: _____
- ☐ University or School Officer — Title: _____
- ☐ Governmental Officer or Agent — Title: _____
- ☐ Business Proprietor or Manager
- ☐ Attorney
- ☐ Trustee
- ☐ Other: _____

RIGHT THUMBPRINT OF CUSTODIAN
Top of thumb here

Custodian Is Representing: _____

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BOARD OF EDUCATION REPORT NO. 476 – 04/05 **CERTIFIED COPY**

Office of the Chief Financial Officer
for presentation to the Board of Education on June 28. 2005

SUBJECT: 2005-2006 TAX AND REVENUE ANTICIPATION NOTES (TRANs)

A. PROPOSAL

It is proposed that the Board of Education:

1. adopt the attached Resolution authorizing:
   - i. the issuance of up to $750 million in 2005-2006 Tax and Revenue Anticipation Notes (TRANs) and requesting the Los Angeles County Board of Supervisors to issue the notes in one or more series;
   - ii. the Chief Financial Officer to approve as to form and execute the necessary financing documents and to enter into agreements with Financial Advisors, Bond Counsel; and,
   - iii. the Treasurer and Tax Collector of the County of Los Angeles to act as paying agent in connection with the issuance of the notes.

B. BACKGROUND

Current cash flow projections for the 2005-2006 fiscal year show that in several months during the year the District's unrestricted General Fund will not have sufficient cash on hand to meet anticipated expenditure requirements. In addition, the Federal Tax regulations allow the District to provide reasonable working capital reserve for its cash flow needs. It is therefore advisable to request the Los Angeles County Board of Supervisors to issue TRANs of up to $750 million on behalf of the District to ensure that there will be sufficient funds to cover these and any other unanticipated cash shortfalls during the first six months of the 2005-2006 fiscal year. It should be noted that the TRANs issue is for cash flow purposes and does not provide additional revenue to the District. The sale of the notes will be on a competitive basis and may occur in one or more series. Under Section 42133 of the Education Code, as a result of the District's recent qualified certification, issuance of the [Notes] is subject to the County Superintendent of Schools determining that the District's repayment of the [Notes] is probable.

C. POLICY IMPLICATIONS

This action has been reviewed and does not change the policy of the District.

D. BUDGET IMPLICATIONS

The TRANs, in accordance with California Law, will be general obligations of the District payable out of the 2005-2006 fiscal year taxes and other revenue. The costs of services to be provided in connection with the transaction will be paid by the District from the net proceeds of the TRANs.

E. DESEGREGATION IMPACT STATEMENT

This action has been reviewed and does not require a desegregation impact statement.

F. RECOMMENDATIONS

It is recommended that the Board of Education:

1. adopt the attached Resolution authorizing:
   i. the issuance of up to $750 million in 2005-2006 Tax and Revenue Anticipation Notes (TRANs) and requesting the Los Angeles County Board of Supervisors to issue the notes in one or more series;
   ii. the sale of the notes on a competitive basis; and,
   iii. the Chief Financial Officer to enter into a contract of purchase and, after conferring with the Los Angeles County Treasurer and Tax Collector, establish the interest rate on the notes.

2. authorize the Chief Financial Officer to approve as to form and execute the necessary financing documents and to enter into agreements with:
   i. Tamalpais Advisors Inc., and Kelling Northcross & Nobriga, a Joint Venture, Financial Co-Advisors and other Advisors from the Bench to be selected as needed;
   ii. Sidley Austin Brown and Wood LLP as Bond Counsel; and,
   iii. the Treasurer and Tax Collector of the County of Los Angeles to act as paying agent in connection with the issuance of the notes

Respectfully Submitted,

ROY ROMER
Superintendent of Schools

PREPARED BY:

RICHARD J. KNOTT
Controller

PRESENTED BY:

CHARLES A. BURBRIDGE
Chief Financial Officer

RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $750,000,000 2005-2006 TAX AND REVENUE ANTICIPATION NOTES FOR SAID DISTRICT, APPROVING THE FORMS OF OFFICIAL STATEMENT, NOTICE OF SALE AND CONTINUING DISCLOSURE CERTIFICATE, REQUESTING THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY TO ISSUE SAID NOTES AND APPROVING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Sections 53850 et seq. of the Government Code of the State of California (the "Act") contained in Article 7.6 thereof, entitled "Temporary Borrowing," on or after the first day of any Fiscal Year (being July 1), the Los Angeles Unified School District (the "District") may borrow money by issuing notes for any purpose for which the District is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the District; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of a district by the board of supervisors of the county, the county superintendent of which has jurisdiction over said district, as soon as possible following the receipt of a resolution of the governing board of the district requesting the borrowing; and

WHEREAS, the County Superintendent of Schools of the County of Los Angeles has jurisdiction over the District, and this Board of Education (the "District Board"), being the governing board of the District, hereby requests the borrowing of not to exceed seven hundred and fifty million Dollars ($750,000,000) through the issuance in one or more series by the County of Los Angeles (the "County") of the Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District at a true interest cost not to exceed four percent (4%) per series; and

WHEREAS, such Notes shall not be issued later than February 28, 2006; and

WHEREAS, subsequent series of the Notes shall not be issued if such issuance shall cause a reduction in the ratings from Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Services, A Division of the McGraw-Hill Companies ("S&P") on any outstanding series of the Notes; and

WHEREAS, the District Board has deemed it necessary and desirable to authorize the sale of the Notes by a competitive sale pursuant to a Notice of Sale, with such Notes to be sold to the winning bidders as set forth herein, pursuant to a Certificate of Award (together, the "Notice of Sale"); and

WHEREAS, such Notes, as required by federal tax restrictions, shall be payable not later than thirteen months after their respective date of issue, and such Notes shall be payable only from revenue received or accrued during or attributable to Fiscal Year 2005-2006; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys of the District, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and this Resolution specifies that certain unrestricted revenue which will be received by the District for the General Fund of the District during or attributable to Fiscal Year 2005-2006 is pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the Notes shall be in denominations of $5,000 or integral multiples thereof as permitted by Section 53854 of the Act, shall be issued on the dates to be designated by the Board of Supervisors of the County (the "County Board") therefor as permitted by Section 53853 of the Act and shall be in the form and executed in the manner prescribed in this Resolution, as permitted and required by Section 53853 of the Act; and

WHEREAS, the District Board has found and determined that said $750,000,000 maximum aggregate principal amount of Notes to be issued by the County in Fiscal Year 2005-2006, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, each series of Notes will not be outstanding after a period ending thirteen months after the respective date on which such series of Notes is issued and will not be issued in an aggregate amount greater than the maximum anticipated cumulative cash flow deficit to be financed by the anticipated tax or other revenue sources for the period for which such taxes or other revenues are anticipated and during which such notes are outstanding, all as provided in the Income Tax Regulations of the United States Treasury promulgated under Section 148 of the Internal Revenue Code of 1986, as amended and related Revenue Rulings (the "Code");

NOW, THEREFORE, the Board of Education of the Los Angeles Unified School District hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof; Paying Agent. The District Board hereby requests the County Board to issue in the name of the District, an amount not to exceed $750,000,000 aggregate principal amount of Notes in one or more series under Sections 53850 et seq. of the Act, designated "Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes" (with such additional or other series designations as may be authorized herein) (the "Notes"); to be numbered from 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in denominations of $5,000, or integral multiples thereof, as determined by the Chief Financial Officer of the District (the "CFO") after conferring with the Treasurer and Tax Collector of the County (the "Treasurer") based on the winning bid(s) for such Notes; to be dated the date of delivery thereof, but in no case later than

February 28, 2006; to mature (without option of prior redemption) not later than 396 days from said date of delivery (or 390 days computed on a 30-day month/360-day year basis), or if such date is not a day on which banks in the States of New York or California are open for business, on the last business day prior to such date; and to bear interest, payable at maturity (or in the case of a term to maturity greater than one year, (i) on a date no later than one year from the date of issuance of each respective series of Notes by check or wire mailed to the registered owners thereof and (ii) on the date of maturity (as described below)) at a single or multiple rates of interest as shall be determined at the time of sale of a series of Notes, but not in excess of five percent (5.00%) per annum per series and computed on a 30-day month/360 day year basis. The Notes may be issued in one or more series as determined by the CFO or his designee, provided that subsequent series of the Notes shall not be issued if such issuance shall cause a reduction in the ratings from Moody's or S&P on any outstanding series of the Notes. The principal of the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the principal office of the Treasurer which is hereby designated to be the paying agent on the Notes (in such capacity the "Paying Agent") or such other paying agent as the County and District may designate. Interest shall be payable upon surrender as described in the preceding sentence except as otherwise provided in this Section 1. The District Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

Section 2. Form of Notes. The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward, shall be in the denomination of $5,000 each or any integral multiple thereof.

Section 3. Deposit of Note Proceeds. Proceeds of the Notes will be deposited either in the General Fund of the District or if the CFO has elected that the Note proceeds be invested pursuant to Section 11 hereof, such moneys shall be held by the Paying Agent, in its capacity as fiscal agent, and invested by the Paying Agent, in its capacity as fiscal agent, as directed by the District. Said moneys shall be used and expended by the District for any purpose for which it is authorized to expend moneys from the General Fund of the District.

Section 4. Payment of Notes.

(A) Source of Payment. The aggregate principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during or attributable to Fiscal Year 2005-2006 and which are available therefor. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues, as defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

(B) Pledged Revenues. As security for the payment of the principal of and interest on the Notes, the District shall set aside and deposit an aggregate amount equal to the principal amount of the Notes from unrestricted revenues at the end of each of three months prior to the maturity date of the Notes. The District hereby pledges such amounts, plus an amount sufficient

to pay any remaining interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in a month ending not more than two months prior to the maturity date of the Notes (such pledged amounts being hereinafter called the "Pledged Revenues"). The dates (each a "Pledge Date") and amounts required for each such deposit shall be as determined by the CFO or his designee, and shall be as set forth in the Notice of Sale. The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other moneys of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Account (as hereinafter defined) of the full amount of Pledged Revenues to be deposited from unrestricted revenues in any of the months specified hereinabove, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon.

(C) Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that it will not request the Treasurer to make temporary transfers of funds in the custody of the Treasurer to meet any obligations of the District during the 2005-2006 Fiscal Year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California or any other legal authority.

(D) Deposit of Pledged Revenues in Repayment Account. The District shall request the Treasurer to deposit on each Pledge Date with the Paying Agent the Pledged Revenues in cash or in investment securities of the type the District is permitted to invest in under applicable California law (or as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(1) of the Government Code of the State of California) that have a market value or a maturity value on a maturity date no later than the respective maturity date of each series of the Notes equal to the amount required to be deposited on such date. The District hereby agrees that if there have been insufficient unrestricted revenues received by the Treasurer on behalf of the District, by the third business day prior to any Pledge Date, to permit the deposit into the Repayment Account (defined below) of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up, but only to the extent permitted by law, from any other moneys of the District available for the payment of the principal of the Notes and the interest thereon (the "Other Pledged Moneys") on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the Treasurer, on behalf of the District, or directly by the District. The Pledged Revenues shall be held by the Paying Agent in a special account designated as the "Los Angeles Unified School District 2005-2006 Tax and Revenue Anticipation Notes Repayment Account" (the "Repayment Account") and applied as provided in this Resolution. Any moneys placed in the Repayment Account shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at

the respective maturity date for each series of Notes with interest to such maturity date, the moneys in the Repayment Account shall be applied only for the purposes for which the Repayment Account is created.

(E) Disbursement and Investment of Moneys in Repayment Account. From the date this Resolution takes effect, all Pledged Revenues shall be deposited in the Repayment Account. After such date as the amount of Pledged Revenues deposited in the Repayment Account shall be sufficient to pay in full the principal and interest on the Notes when due, any moneys in excess of such amount remaining in or accruing to the Repayment Account shall be transferred to the general fund of the District upon the request of the District. On each respective interest payment date and maturity date of each respective series of Notes, the moneys in the Repayment Account shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Account, to the greatest extent possible, shall be invested at the request of the District in investment securities by the Paying Agent, in its capacity as fiscal agent, (i) as permitted by applicable California law, as it is now in effect and as it may be amended, modified or supplemented from time to time or (ii) as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(1) of the Act); provided that no such investments (with the exception of the County Treasurer's Pool) on behalf of each respective series of Note shall have a maturity date later than the maturity date of the respective series of Note; provided further that any such investment shall only be made in (1) direct obligations of the United States of America, including United States Treasury notes, bonds and bills, (2) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (3) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (4) the Los Angeles County Treasurer's Pool, and (5) as provided in Section 11 hereof.

Section 5. Execution of Notes. The District hereby requests the Chairman of the Board of Supervisors, the Executive Officer-Clerk of the County Board and the Treasurer to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby requested to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby requested to cause the blank spaces thereof to be filled in as may be appropriate. The Notes shall not be valid unless and until the authenticating agent selected by the District and the Treasurer shall have manually authenticated such Notes.

Section 6. Sale of Notes. The distribution of the Official Statement, the Notice of Sale and the Notice of Intention are approved in connection with the offering and sale of the Notes. The actions of the Co-Financial Advisors (as hereinafter defined), on behalf of the District, in distributing the Official Statement and the Notice of Sale to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Notes therein offered for sale, are hereby approved. The Notes shall be sold at a competitive sale (unless this Board shall determine otherwise for any subsequent series of Notes) and under conditions set forth in the Notice of Sale substantially in the forms on file with the Executive Officer and hereby approved. The CFO, the Controller of the District (the "Controller"), or any other officer authorized by the CFO (an "Authorized Officer" or "Authorized Officers") is

hereby authorized and directed on behalf of the District to cause the sale of the Notes through a competitive sale, and to execute and approve the Notice of Sale. Such execution shall constitute conclusive evidence of the approval by the District of the Notice of Sale in the form finally executed. The Treasurer or any authorized deputy or delegate of the Treasurer, in consultation with an Authorized Officer, is hereby directed to accept the highest responsible bids for the Notes producing the lowest true interest cost to the District; provided, that (i) the true interest cost for any series of Notes shall not be in excess of four percent (4%) per annum; (ii) the aggregate price to be received for any series of Notes shall not be less than 100% of the aggregate principal amount thereof; and (iii) the Notes shall otherwise conform to the limitations specified herein. In the event two or more bids setting forth identical true interest costs are received, the first bid submitted, as determined by reference to the time displayed on the electronic bidding site, shall be deemed to be the winning bid. The CFO may, in his discretion, reject any and all bids and waive any irregularity or informality in any bid. The Treasurer, in consultation with the CFO, shall award the Notes or reject all bids not later than 26 hours after the expiration of the time prescribed for the receipt of proposals unless such time of award is waived by the successful bidder(s). The Board of Supervisors of the County is hereby requested to cause the Notice of Sale to be approved on behalf of the County, subject to such changes or revisions therein as may be acceptable to the District and to the Board of Supervisors of the County.

Section 7. Authorization of Preliminary Official Statement and Official Statement. The District is hereby authorized to prepare or cause to be prepared a Preliminary Official Statement and an Official Statement relating to each series of the Notes, to be used in connection with the offering and sale of each series of the Notes. The District Board hereby authorizes the distribution of the Preliminary Official Statement by the District's co-financial advisors, Tamalpais Advisors, Inc. and Kelling Northcross & Nobriga, a Joint Venture (the "Co-Financial Advisors") to prospective purchaser of the Notes and directs the CFO or his designee on behalf of the District to deem the Preliminary Official Statement "final" pursuant to the Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, prior to its distribution by the District's Co-Financial Advisors. The CFO or his designee is each hereby authorized to (i) execute and deliver any and all documents and certificates relating to such disclosure statements and (ii) execute and deliver the Official Statement.

Section 8. Authorization of Continuing Disclosure Certificate. The CFO is hereby authorized to execute the Continuing Disclosure Certificate to be used in connection with the offering and sale of each series of the Notes. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any holder or beneficial owner of the Notes may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 9. Delivery of Notes. The proper officers of the County are hereby requested to deliver the Notes to the purchasers of the Notes. All actions heretofore taken by the officers and agents of the District Board with respect to the Notes are hereby approved, confirmed and

ratified, and the officers of the District Board are hereby authorized and directed to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

Section 10. Blanket Issuer Letter of Representations. The Depository Trust Company ("DTC") is hereby appointed depository for the Notes. DTC shall perform such functions according to the Blanket Issuer Letter of Representations on file with the Paying Agent. In the written acceptance by DTC of the Blanket Issuer Letter of Representations, DTC has agreed to take all actions necessary for all representations in the Blanket Issuer Letter of Representations with respect to DTC at all times to be complied with. In addition to the execution and delivery of the Blanket Issuer Letter of Representations, the District shall take any other actions, not inconsistent with this Resolution or any supplemental resolution, to qualify the Notes for the DTC book-entry system.

Section 11. Authorization of Investment Agreements and Guaranteed Investment Contracts. Notwithstanding anything to the contrary contained herein, the CFO (or the CFO's designee) may determine in the best interest of the District to direct that the proceeds of any series of the Notes and/or the moneys deposited in the Repayment Account be invested in one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract shall be at least AA- by S&P or Aa3 by Moody's. No such contract or agreement shall mature after the maturity date of the Notes or series of Notes, as applicable. In such event, the proceeds of the Notes as well as the Repayment Account will be held by the Paying Agent in the capacity of fiscal agent, and the Paying Agent is hereby authorized to act in such capacity.

Section 12. Further Actions Authorized. It is hereby covenanted that the District Board and its appropriate officials, have duly taken all proceedings necessary to be taken and will take any additional proceedings necessary to be taken by them in accordance with the law and for carrying out the provisions of this Resolution.

Section 13. Recitals. All the recitals in this Resolution above are true and correct and this District Board so finds, determines and represents.

Section 14. Tax Covenants. The District covenants that it will make no use of the proceeds of the Notes or any other amounts that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end so long as any of the Notes are outstanding, the District and all of its officers having custody or control of such proceeds agree to comply with all requirements of said Section 148 and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Notes and certain other amounts and the rebate of a portion of the investment earnings on certain amounts, including proceeds of the Notes, if required, to the federal government. The District further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the covenants contained in this Section 13, the District agrees to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of the Notes (the "Tax Certificate"). The District covenants that it will take no action that would cause the interest

on the Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 15. Transmittal of Resolution. The Executive Officer of this Board is hereby directed to send an original certified copy of this Resolution to the County Board, the Treasurer and the County Superintendent of Schools.

PASSED AND ADOPTED by the Board of Education of the Los Angeles Unified School District this 12th day of July, 2005, by the following vote:

AYES: 5
NOES: 0
ABSENT: 2

President, Board of Education
Los Angeles Unified School District

Executive Officer of the Board of Education
of the Los Angeles Unified School District

EXHIBIT A

FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC 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 since the registered owner hereof, Cede & Co., has an interest herein.

LOS ANGELES UNIFIED SCHOOL DISTRICT,
2005-2006 TAX AND REVENUE ANTICIPATION NOTE
SERIES ___

Dated:

Registered Owner: _____ $_____

CUSIP No.: _____

FOR VALUE RECEIVED the Los Angeles Unified School District (the "District"), a school district organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay the Registered Owner hereof, at the principal office of DTC, the principal sum of

_____ DOLLARS ($_____)

in immediately available funds in lawful money of the United States of America, on _____, 2006, together with interest thereon at the rate of

_____ (PERCENT _____%)

per annum in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on the maturity date [or, in case of a term to maturity greater than one year, on a date no later than one year from the date of issuance of this Note and on the maturity date]. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable only upon surrender of this Note as the same shall fall due; [provided, however, any interest due prior to maturity shall be payable on _____, 2006 to the person in whose name the note is registered on _____ 15, 2006 by wire or check mailed to such registered owner].

The principal of and interest on this Note shall be paid by check or by wire transfer payable to or upon the order of the registered owner hereof upon presentation and surrender of this Note at maturity at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent (the "Paying Agent," "Fiscal Agent" and "Authenticating Agent") at Los Angeles, California. No interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

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

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes, Series __ (the "Notes") in the aggregate principal amount of _____ ($_____), all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on _____, 2005 (the "County Resolution") and a Resolution of the Board of Education of the District duly passed and adopted on _____, 2005 (the "District Resolution") under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the District Resolution.

The principal amount of the Notes and any additional notes which may be issued, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2005-2006. As security for the payment of the principal of and interest on the Notes and any additional notes which may be issued the District has pledged an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District in the month ending _____, 2006, an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District in the month ending _____, 2006, and an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District in the month ending _____, 2006, plus an amount sufficient to pay interest on the Notes and any such additional notes and any deficiency in the amount required to be deposited during any prior period, from the unrestricted revenues of the District to be received in the month ending _____, 2006 (pledged amounts being hereinafter called "Pledged Revenues"); and the principal of the Notes and any such additional notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Authenticating Agent.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Note to be executed by the Chairman of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors and the Treasurer and Tax Collector by their manual or facsimile signature this _____ day of _____, 2005

COUNTY OF LOS ANGELES

By: _____
Chairman of the Board of Supervisors

(SEAL)

By: _____
Executive Officer-Clerk of the Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned District Resolution and is one of the Los Angeles Unified School District, 2005-2006 Tax and Revenue Anticipation Notes, Series __.

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES, as Authenticating Agent

By: _____
Name:
Title: