COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

June 16, 2005

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Mark J. Saladino
Treasurer and Tax Collector

SUBJECT: **LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION $28,675,000 LEASE REVENUE BONDS, 2006 SERIES A**

This memorandum is to advise you that on June 15, 2006, my office completed the sale of $28,675,000 in Lease Revenue Bonds for the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL). These bonds, which were authorized by your Board on June 7, 2006, are being issued to finance the purchase of equipment through the County's LAC-CAL Equipment Program.

Pursuant to current County policy, the bonds were sold through a competitive process utilizing an internet bidding platform to conduct the sale. We received bids from six firms, with Citigroup Global Markets, Inc. purchasing the bonds at a true interest cost of 3.81 percent.

Attached to this memorandum is a copy of the most recent ratings reports from Standard & Poors, Moody's and Fitch, along with a copy of the Preliminary Official Statement for this transaction. The final Official Statement will be forwarded to you as soon as it becomes available. If you have any questions, please contact me directly, or have your staff contact Glenn Byers of my office at 974-7175.

MJS:GB:DB:JP
jp:LACCAL Equipment Program/BOS Pricing Memo

Attachments (4)

c: Executive Officer-Board of Supervisors
Chief Administrative Officer
County Counsel
Auditor-Controller
Public Affairs Office

STANDARD &POOR'S RATINGSDIRECT

RESEARCH

Los Angeles County, California; Appropriations; General Obligation

Publication date: 09-Jun-2006
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Credit Profile

US$28.65 mil lse rev bnds (Los Angeles Cnty) (Lac-Cal Equip Prog) ser 2006 A due 12/01/2010	A
Sale date: 15-JUN-2006	

OUTLOOK REVISED	To	From
Los Angeles Cnty, California		
$16.205 mil. Los Angeles Cnty	A+	A+
$80.740 mil. Los Angeles Cnty pension oblig cert ser 86 A	A	A
$585.848 mil. Los Angeles Cnty pension oblig taxable ser 94	A	A
Los Angeles Cnty Cap Asset Lsg Corp, California		
$5.025 mil. Los Angeles Cnty Cap Asset Lsg Corp (Los Angeles Cnty) lse rev bnds (Lac-Cal Equip Prog) ser 2002A	A	A
$7.905 mil. Los Angeles Cnty Cap Asset Lsg Corp lse rev bnds (Los Angeles Cnty) (Lac-Cal Equip Prog) ser 2004 A	A	A
OUTLOOK:	POSITIVE	

Rationale

Standard & Poor's Ratings Services revised its outlook to positive from stable and affirmed its 'A+' GO rating and 'A' pension obligation rating on Los Angeles County, Calif.'s bonds. In addition, Standard & Poor's assigned its 'A' rating to the Los Angeles County Capital Asset Leasing Equipment Program's $28.650 million lease revenue bonds, series 2006A. The revised outlook reflects improving financial reserves that, if sustained, could result in an upward rating action.

The rating reflects:

- A very large, deep, and diverse economic base that has shown strong recent growth in property values;
- Good fund balances; and
- Low debt.

Remaining challenges associated with the county's healthcare delivery system, as well as some reliance on excess pension fund earnings to pay for ongoing programs, constrain credit quality.

The lease revenue bonds are secured by the county's covenant to budget and appropriate lease payments. The lower 'A' rating on the county's lease revenue bonds and pension obligation bonds reflects the lack of an unlimited ad valorem tax pledge.

Los Angeles County is very large with 10.3 million residents, or 27.7% of California's population. The economy is healthy, with diversity in industrial sectors that should insulate the county from declines, such as the one that affected aerospace employment in the early 1990s when the county's unemployment rate was well above national levels. Entertainment, international trade, and tourism are leading employment sectors. In 2005, county unemployment was 5.4%, about even with the national average of 5.2%, and the best it has been since the late 1980s. The housing market is expected to cool off, following years of gains, including an 18% rise in the median sales price in 2005.

A strong economy has resulted in a good financial position, with improving reserves and rising discretionary revenues. Economically sensitive revenues are expected to continue to perform well in budget year 2007, including 8.5% expected property tax growth and 3.5% expected sales tax growth. The county's unreserved general fund balances on an audited GAAP basis have increased steadily, to $1.93 billion net transfers out at fiscal year-end June 30, 2005, or a healthy 17.4% of expenditures, from $294.3 million at the end of fiscal 1999. Unreserved general fund balances increased $389 million in fiscal 2005. The county estimates its discretionary revenue at 14% of its total $19.4 billion budget. Discretionary revenues have increased as a share of the budget, from a low 3.3% in 1998, due to growth in locally generated revenue sources.

The leading financial challenge for the county is restructuring its healthcare delivery system to reduce costs. The county's department of health services oversees one of the largest public health systems in the nation, and consists of five county hospitals. A very large uninsured population has placed serious financial strain on the system. Efforts to cut services, including a planned transition or closure of Rancho Los Amigos National Rehabilitation Center, for example, failed due to legal action that resulted in a federal court injunction. The Martin Luther King Jr./Drew Medical Center, for example, had a $215 million deficit in fiscal 2005. The county's four other hospitals had deficits also, for a combined deficit of $625 million.

Pension and other postretirement employment benefit programs are a leading component of county expenditures, and are still reliant on one-time funding sources though this reliance is smaller now than in previous years. The actuarial liability associated with the county's post-employment healthcare benefits program is currently unknown, in advance of an expected 2007 study. The annual cost of the program, budgeted at $353 million in 2007, has in part been paid for by excess earnings in the county's pension fund, between $62.3 million -$70.7 million in each of the last three audited fiscal years. Annual contributions to the county's pension fund, at $854 million for fiscal 2006, have also relied on excess pension fund earnings transfers, but the county will use $50 million less this year, for a total of $168 million, as part of an effort to shift to ongoing revenues.

Overall debt is low at 3% of the market value of property and $2,059 per capita. Direct debt of the county includes $737 million in outstanding pension obligation bonds and $1 billion in outstanding certificates of participation and lease revenue bonds. The only outstanding GO bonds are $16.2 million from a 1987 series to finance a justice facility. Only $185.7 million in debt payments were made from the general fund.

Outlook

The positive outlook is an indication that upward rating action is likely if the county can demonstrate that its strong reserve position is sustainable. However, if healthcare deficits or other factors cause an erosion of the reserve position, the outlook is likely to return to stable.

Lease Revenue Bonds

The lease securing the 2006A bonds will be with the Los Angeles County Capital Asset Leasing Corp., a nonprofit entity created by the county to issue lease-secured debt. Similar transactions issued in 2001, 2002, and 2004 remain outstanding for a total principal amount of $15.655 million in 2006.

Proceeds from the 2006A bonds will be used to help refund BANs and to fund a $1 million debt-service reserve. The BANs were originally issued to finance the acquisition of various pieces of equipment, which will serve as the leased assets. The leased equipment consists of sheriffs' vehicles, medical equipment and computer systems, and tangible personal property used by various county departments, including the Sheriff's Department, the Department of Health Services, the Department of Parks and Recreation, the Public Library, the Department of Beaches & Harbors, and the Internal Services Department. The cost of each piece of equipment ranges from $4,329 to $1.46 million, with individual useful lives ranging between three to five years. All of the equipment has been already delivered, and is being used by the various county departments.

The bonds are separately secured from other Los Angeles County Capital Asset Leasing Corp. debt, under a separate lease and bond indenture. The lease requires the county to make lease payments to the trustee in an amount necessary to pay debt service on the bonds, as well as to maintain the equipment. The lease also requires the county to maintain standard insurance on the leased assets to cover potential loss or damage to the equipment, as well as to maintain rental interruption insurance equal to two years of lease payments. The county intends to self-insure for casualty insurance. Legal documents permit a $1 million casualty insurance deductible, but the large deductible is offset by leased assets well in excess of associated debt outstanding. The short bond maturity reflects the useful life of the leased assets.

The trustee does not have the right to repossess the leased assets in the event of a default under the lease or to accelerate lease payments; however, the trustee may still pursue enforcement of the county's covenant to budget and appropriate lease payments in such an event.

New Issue: Los Angeles (County of) CA

MOODY'S ASSIGNS A3 RATING TO LOS ANGELES COUNTY ASSET LEASING CORPORATION'S (CA) EQUIPMENT LEASE OBLIGATIONS

APPROXIMATELY $28.7 IN LEASE SUPPORTED DEBT AFFECTED

Los Angeles (County of) CA
County
CA

Moody's Rating

ISSUE		RATING
Los Angeles Co. Capital Asset Leasing Corporation Lease Revenue Bonds, Series 2006A (LAC-CAL Equipment Program)		A3
Sale Amount	$28,650,000	
Expected Sale Date	06/15/06	
Rating Description	Lease Revenue Bonds	

Opinion

NEW YORK, Jun 15, 2006 -- Moody's has assigned an A3 rating to Los Angeles County's current offering of $28.7 million Lease Revenue Bonds (LAC-CAL Equipment Program 2006, Series A), issued through the Los Angeles County Capital Asset Leasing Corporation. The A3 rating on these equipment lease supported obligations reflects the county's stable financial condition with steadily growing reserves, prudent action by the County in recent years to limit the growth of new programs, and the size and underlying strength of the large and diverse economy. Proceeds of this issue will be used to retire BANs which were issued to fund the acquisition of machinery, equipment, and vehicles typical for municipal purposes. As has been the county's long term practice, the BANs are held by the county's pooled investment fund. Acquisition of the assets is completed, therefore no construction/acquisition risk exists.

FINANCIAL OPERATIONS CONTINUE TO STRENGTHEN

The County's overall financial position at the end of 2006 is estimated by the County to be essentially unchanged from the previous year. The total General Fund balance is not expected to vary significantly from the previous year's $2.3 billion total General Fund balance and unreserved fund balance of $1.9 million. However, the county has a history of estimating year-end positions conservatively. Therefore, the actual June, 30, 2006 results may exceed the already robust level of $2.3 billion or 20.1% of General Fund revenues. Within the balance at June 30, 2005, we believe that much of the unreserved portion of $1.9 billion represented reserves of varying degrees of availability, which affords the County ample operating flexibility. The basic reason for the County's strengthening financial position is the discipline with which it has managed its expenditures, even in a period of growing discretionary revenues. Despite rapidly growing property tax and somewhat restricted sales tax revenues, coupled with increased funding from the State during the most recent budget cycles, the County has resisted pressure to increase expenditures, which is considerable in a county where residents without health insurance are estimated in to be in the millions. However, we believe in the upcoming budget the County will begin to use more of its discretionary revenues to fill budget gaps, most notably those in the health care system. The budget imbalance in the health care system is considerable but we do not expect the county's efforts to support the health care system and other budgetary needs to impair the county's overall long term financial health in terms of balance and reserve position.

The County's employee retirement system presents another long term financial challenge for the County. According to the preliminary finding of the Executive Office of the Los Angeles County Employees Retirement Association, as of June 30, 2005 the funding ratio increased to 85.8% from 82.8%. The most recent (June 30, 2005) Unfunded Accrued Actuarial Liability was $4.9 billion. However, the County benefits from not having granted retirement benefits as generous as some other California counties, and the long term solution addressing this liability may therefore be comparatively easier to attain.

As in many California counties Other Post-Employment Benefits (OPEB) present yet another long term financial challenge. The county provides health care benefits to over 69,000 retirees. The county budgets these payments on a pay-as-you go basis. The proposed 2006-07 budget includes $353 million for OPEB payments, which was $25.5 million more than in 2005-06. The county has engaged a consultant to calculate the GASB 45 valuation of its OPEB benefits.

ECONOMY APPEARS TO BE STRONG

Between March 2005 and March 2006 the unemployment rate in the County of Los Angeles decreased from 5.6% to 4.8%, which for the first time since 1989 has equaled the national rate, and is below the State rate of 5.0%. Total monthly March employment of 4.69 million is greater than the peak annual rate of 4.60 million in 2001.Construction and trade appear to be particularly strong contributors to the growth of the economy. Assessed valuation continues to grow. In fiscal 2006, the County's AV increased 10.4%, which was the strongest growth rate in the last ten years.

WEALTH AND INCOME LEVELS ARE BELOW AVERAGE

The 2000 census indicated that while nominal income levels grew in Los Angeles over the prior decade, the average resident's socio-economic profile weakened in real terms and relative to state and national averages. For example, as of the 2000 census median family income in Los Angeles County was only 87.6% of the state average and 92.8% of the national average, compared to 96.2 % and 110.8% respectively as of the prior, 1990 census. The weakening of the County's income levels is a negative credit factor.

LEGAL PROVISIONS FOR THE CURRENT OFFERING ARE SATISFACTORY FOR THIS TYPE OF TRANSACTION

The county pledges to budget and appropriate for lease payments; as such, the bonds represent an obligation of its general fund subject only to abatement. Security provisions provide protection against abatement risk, primarily through the county's commitment to obtain rental interruption insurance in an amount equal to two years' rental payments. The debt service reserve fund, to be funded from proceeds in an amount of $1 million, is smaller than typical for this type of transaction. Nevertheless, the reserve is satisfactory given the amount of rental interruption insurance to be provided, the rapid retirement of the bonds, and the county's strong management of its debt program. Proceeds of this issue will be used to retire BANs which were issued to fund the acquisition of the leased assets. As has been the county's long term practice, the BANs are held by the county's pooled investment fund. Acquisition of the assets is completed, and there is therefore no construction/acquisition risk. The final maturity on the bonds is June 1,2010.

KEY STATISTICS

Fiscal 2005:

Net cash as % of revenue: 18.5%

Total fund balance as % of revenue: 20.1%

Available fund balance as % of revenue: 16.6%

Net direct debt as % of AV: 0.3%

Overall net debt as % of AV: 2.8%

2000 Census:

Median Family Income: $46,452 (87.6% of the state average)

Per Capita Income: $20,683 (91.1% of the state average)

Persons below poverty: 17.9%

Analysts

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Tax Supported
New Issue

Los Angeles County Capital Asset Leasing Corp., California

Ratings

New Issue

Lease Revenue Bonds, 2006 Series A (LAC-CAL Equipment Program) ...... A

Outstanding Debt

Lease Revenue Bonds, Series 2002A and 2004A .... A

Rating Outlook .... Stable

Analyst

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Issuer Contact

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New Issue Details

$28,650,000 Lease Revenue Bonds, 2006 Series A (LAC-CAL Equipment Program), are scheduled to sell competitively on June 15. The bonds mature semiannually Dec. 1, 2006–2010. All bonds are subject to extraordinary prepayment at par from insurance and eminent domain proceeds. Otherwise, the bonds are noncallable.

Security: The bonds are payable from county lease rental payments made for use of the equipment being financed, subject to abatement. The lease payments are subject to appropriation, and the county covenants to include the lease payments in its annual budget. The security includes a $1 million debt service reserve funded from bond proceeds.

Purpose: Bond proceeds will be used to refinance notes issued for the county's annual equipment acquisition program and fund the debt service reserve.

June 14, 2006

■ Outlook

The 'A' rating on Los Angeles County Capital Asset Leasing Corp.'s lease revenue bonds reflects the county's diverse and mature economy, improved financial operations marked by consistent general fund operating surpluses and high year-end reserves, strong management efforts to achieve fiscal balance, and low debt burden. These strengths are balanced by the county's sizable challenge in bringing the Department of Health Services' financial operations into balance.

■ Rating Comment

The bonds are secured by county lease payments made for the use of numerous pieces of equipment by several departments. Lease features are sound, and the county's equipment lease financing program has a strong history. The leased equipment is essential to service delivery, and all equipment currently is in use. The county covenants to budget and appropriate for the lease payments, and other features are similar to those of real property leases.

Los Angeles County's proposed fiscal 2007 budget is the second consecutive plan to selectively restore services reduced or limited in growth over several prior fiscal years. Spending rises moderately in the priority areas of criminal justice (including added jail beds) and certain health and social services. County employment rises moderately. The budget has far greater certainty regarding state funding than most prior budgets, the result of the state's improved financial condition and the 2004 voter passage of Proposition 1A. The general fund budget is balanced using $622 million in the prior fiscal year's fund balance, a reasonable 3% of the total $19.4 billion of spending.

While acknowledging the county's considerable and successful efforts in achieving fiscal balance and restoring some services, Fitch Ratings remains concerned about the health and hospital system's imbalance, albeit reduced from much higher projections a few years ago. Particularly, Fitch notes the recent federal court approval of two legal settlements, which enable the county to implement long-planned capacity reductions at two major county health care facilities. However, the downsizing is well below the board of supervisors' initial plan and leaves about a $300 million annual structural imbalance. Although this amount is small relative to the county's full operations and total general fund spending, Fitch views it as significant, since it equals about 13% of the hospital enterprise funds' $2.28 billion in operating expenses and given the difficulties the county has had in making service reductions.

Overall, Los Angeles County's financial performance in nonhealth areas shows sound policies and practices, resulting in operating surpluses in each of the past nine fiscal years, building up strong reserves. In fiscal 2005, county operations benefited from strong property tax growth, as well as a reduced social service burden, resulting in the fiscal year-end balance rising to $2.33 billion, a high 20.9% of fiscal 2005's $11.14 billion in expenditures and transfers out. The county prudently sets aside much of its balance, including a $329.8 million designation for medical costs, which likely will be depleted within the next few fiscal years. Nonetheless, the county's unreserved, undesignated balance still is sound at $909.1 million, or 8.2% of spending. Projected results for fiscal 2006 suggest another good year, with balances at or above fiscal 2005's levels.

Los Angeles County's economy is vast and diverse, with strong underpinnings to its entertainment, manufacturing, education, health, professional services, and tourism base. The employment base is growing slowly following a mild recessionary downturn. The county's unemployment rate continues to improve, reducing to 5.3% in 2005 and 4.5% in April 2006. While these levels exceed the state's averages, they are well below levels the county experienced during the mid-1990s' more severe decline. Fitch believes the milder downturn experienced by the county recently attests to the county's greater economic diversity and therefore, its stability.

Like most of California, the county has experienced strong gains in property values, the result largely of overall real estate inflation and significant property turnover, given the stifling impact of Proposition 13 if real estate remains with the same owner. While the latter impact will continue, Fitch believes the county likely will experience slower gains than the 7.8% average annual increase recorded from fiscal years 2000–2006. However, given the county's greater diversity, Fitch does not expect to see the multiple years of assessed valuation declines the county experience in the mid-1990s, when the aerospace industry's decline in the area exacerbated value reductions resulting from years of very high price gains.

Income levels are slightly below the state and national averages. Nonetheless, the economy's size and the strength of its major industries — tourism, entertainment, and manufacturing — will continue to provide a sound base.

Los Angeles County's debt burden is affordable, with debt levels aided by the county's recent funding of a 600-bed replacement hospital for its Los Angeles County and University of Southern California medical center without long-term debt. Just more than one-third of the county's outstanding debt is pension obligations ($737.1 million net of maturities to be paid this month), and most of the remainder consists of leases and certificates of participation. Future issuance is expected to bring county health facilities in accordance with upcoming seismic standards, a challenge all such facilities in California face. While the county anticipates that such needs could be significant, Fitch notes that the pension obligation bonds' amortization is rapid, leaving capacity for future needs. Including overlapping debt, debt per capital is $1,999 and debt as a percentage of market value is 2.6%.

For more information, see Fitch Research on "Los Angeles County," dated June 9, 2006, and "Los Angeles County Public Works Financing Authority, California," dated Dec. 13, 2005, available at www.fitchratings.com.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 7, 2006

In the opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See "Tax Matters" herein.

NEW ISSUE - BOOK-ENTRY-ONLY

Ratings: Fitch: "__"
Moody's: "__"
Standard & Poor's: "__"
(See "RATINGS" herein.)

$28,650,000*
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION LEASE REVENUE BONDS, 2006 SERIES A (LAC-CAL Equipment Program)

Dated: Date of Delivery **Due: June 1 and December 1, as shown below.**

The Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2006 Series A (LAC-CAL Equipment Program) (the "Bonds"), are being issued to finance the acquisition of certain equipment, machinery, vehicles and other tangible personal property to be leased to the County of Los Angeles, California (the "County") pursuant to a Lease Agreement, dated as of June 1, 2006 (the "Lease") by and between the County, as lessee, and the Los Angeles County Capital Asset Leasing Corporation, as lessor (the "Corporation"). Principal of and interest on the Bonds are payable from Base Rental payments to be made by the County pursuant to the Lease and from certain other sources, as described herein. See "Security and Sources of Payment for the Bonds."

The Bonds will be issued in authorized denominations of $5,000 and any integral multiple thereof. Interest on the Bonds will be payable semiannually each June 1 and December 1, commencing on December 1, 2006. See "The Bonds" herein. The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds. See "The Bonds - Book-Entry System."

The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to mandatory redemption prior to maturity, as described herein. See "The Bonds-Redemption."

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE LEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL OR ADDITIONAL RENTAL UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA. UNDER CERTAIN CIRCUMSTANCES, BASE RENTAL MAY BE ABATED UNDER THE LEASE.

Maturity Schedule
Base CUSIP:

Maturity	Principal Amount*	Interest Rate	Yield	CUSIP	Maturity	Principal Amount*	Interest Rate	Yield	CUSIP
December 1, 2006	$5,075,000				December 1, 2008	$3,105,000			
June 1, 2007	5,400,000				June 1, 2009	2,525,000			
December 1, 2007	5,265,000				December 1, 2009	2,110,000			
June 1, 2008	4,550,000				June 1, 2010	620,000			

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

The Bonds will be offered when, as and if issued subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation. Certain legal matters will be passed upon for the County and the Corporation by County Counsel. It is anticipated that the Bonds will be available for delivery to DTC on or about June 28, 2006.

Dated: June __, 2006

* Preliminary, subject to change.