COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

June 20, 2006

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:

ISSUANCE AND SALE OF
THE LOS ANGELES UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES G
(3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Los Angeles Unified School District in an aggregate principal amount of not to exceed $600,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Governing Board of the Los Angeles Unified School District (the District) adopted a resolution on June 13, 2006 and determined that the District needs to borrow funds in an aggregate principal amount of not to exceed $600,000,000 to be used for authorized purposes.

On March 2, 2004, an election was held whereby voters residing in the District approved a ballot proposition (Measure R) authorizing the District to issue $3.87 billion in general obligation bonds for various qualifying purposes. This is the fifth issuance of bonds authorized under this measure.

Pursuant to Section 15264 of the Education Code, this Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County of Los Angeles 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 PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of the Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series G (the Bonds), at a true interest cost of not to exceed eight percent (8.0%). The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The final maturity of the Bonds will not exceed twenty-five (25) years. Provisions for optional redemption of the Bonds will be described in the Bond Purchase Agreement.

The Resolution provides for the negotiated sale of the Bonds to the underwriters and allows for the participation of the Treasurer and Tax Collector in the pricing of the Bonds. The District has selected UBS Securities LLC as senior managing underwriter; the firm of Sidley Austin LLP as bond counsel; and U.S. Bank National Association as paying agent.

The County will annually levy and collect ad valorem taxes for the repayment of the Bonds on behalf of the District.

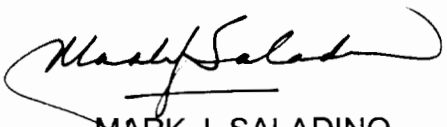
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable.

CONCLUSION

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

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB:pab
Pb/brdltr/lausdmesr

Attachments (2)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Los Angeles Unified School District
Los Angeles County Office of Education
Sidley Austin LLP
U.S. Bank National Association
Tamalpais Advisors, Inc.
Kelling Northcross & Nobriga

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $600,000,000 BY ONE OR MORE NEGOTIATED SALES; PRESCRIBING THE TERMS OF SALE OF THE BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENTS; AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS RELATING TO THE BONDS

WHEREAS, an election was duly called and regularly held in the Los Angeles Unified School District, County of Los Angeles, California (herein called the "District"), on March 2, 2004, pursuant to Section 1(b)(3) of Article XIIIA of the State of California (the "State") Constitution and Chapter 1.5 of Title 1, Division 1, Part 10 of the Education Code (the "Education Code") of the State (the "Act"), at which the following proposition ("Measure R") was submitted to the electors of the District:

> "Should the Los Angeles Unified School District (LAUSD) be authorized to issue up to $3.87 Billion ($3,870,000,000) in general obligation bonds for new construction, acquisition, rehabilitation and upgrading of school facilities?"

and

WHEREAS, at least 55% of the votes cast on Measure R were in favor of issuing the bonds; and

WHEREAS, the Board of Education of the District has requested this Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") to issue a portion of the approved bonds pursuant to the Act in one or more series designated the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series G (2006)" (or such additional or other series designations as may be approved by the Board of Education of the District or its duly authorized designee) in an aggregate principal amount not exceeding $600,000,000, and to authorize the sale of the bonds by one or more negotiated sales pursuant to one or more Bond Purchase Agreements (each, a "Bond Purchase Agreement") to be entered into with the representative of a group of underwriters (the "Underwriter") selected by the District and named therein, a form of which Bond Purchase Agreement has been submitted to and is on file with the Executive Officer-Clerk of this Board of Supervisors, all according to the terms and in the manner set forth in a resolution duly adopted by the Board of Education of the District on June 13, 2006, a certified copy of which has been filed with the Executive Officer-Clerk of this Board of Supervisors (the "District Resolution"); and

WHEREAS, this Board of Supervisors accepts the representation of the District that it is necessary and desirable that the bonds be issued and sold by a negotiated sale for the purposes for which the bonds have been authorized and on the terms and conditions set forth in the District Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AS FOLLOWS:

SECTION 1. Recitals. All of the above recitals are true and correct.

SECTION 2. District Resolution Incorporated. The District Resolution is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the bonds herein provided for, except as herein otherwise expressly provided.

SECTION 3. Purpose of Bonds. The proceeds of the Bonds (defined below) will be applied to the purposes permitted under the Act and Measure R.

SECTION 4. Authorization and Designation of Bonds. This Board of Supervisors hereby authorizes on behalf of the District, the issuance in one or more series and sale or sales of not to exceed $600,000,000 aggregate principal amount of bonds of the District and designates the bonds to be issued and sold as the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series G (2006)" with such additional or other series designations (herein called the "Bonds") as may be approved in accordance with Section 11 of the District Resolution.

SECTION 5. Form of Bonds; Execution.

(a) Book-Entry. The Depository Trust Company, New York, New York ("The Depository Trust Company"), is hereby appointed depository for the Bonds. The Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and registered ownership of the Bonds may not thereafter be transferred except as provided in Section 10 hereof. One bond certificate shall be issued for each interest rate for each maturity of the Bonds.

(b) Form of Bonds. The Bonds shall be issued in fully registered form without coupons. The Bonds, and the paying agent's certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this County Board of Supervisors Resolution (this "Resolution").

(c) Execution of Bonds. The Bonds shall be signed by the manual or facsimile signatures of the Chair, Chairman or Mayor of this Board of Supervisors (the "Chair of this Board of Supervisors") and of the Treasurer and Tax Collector of the County or any authorized deputy thereof (the "Treasurer"), and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of this Board of Supervisors or any authorized deputy. The Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent (as defined in Section 9(a) hereof).

(d) Valid Authentication. Only such of the Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (b), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have

been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(e) Identifying Number. The Paying Agent shall assign each Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal corporate trust office, which record shall be available to the District and the County for inspection.

SECTION 6. Terms of Bonds.

(a) Date of Bonds. Each Bond shall be dated the date of delivery, or such other date as shall be set forth in the Bond Purchase Agreement relating to such Bonds.

(b) Denominations. The Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Agreement relating to such Bonds. No Bond shall mature later than the date which is 25 years from the date of such Bond, to be determined as provided in subsection (a) of this Section.

(d) Interest. As used in this Resolution and in the Bonds, the terms "interest payment date," and "interest date" shall be interchangeable, and shall mean January 1 and July 1 of each year until the final maturity of the Bonds, or such other dates specified in the Bond Purchase Agreement relating to such Bonds.

The Bonds shall bear interest at an interest rate not to exceed 8% per annum, first payable on January 1, 2007, and thereafter on January 1 and July 1 in each year until the maturity of the Bonds (or on such other initial and other interest payment dates as shall be set forth in the Bond Purchase Agreement relating to such Bonds), computed on the basis of a 360-day year of twelve (12) 30-day months. Each Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless it is authenticated as of a day during the period after the Record Date (as defined in Section 7(b) herein) immediately preceding any interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless it is authenticated on or before the Record Date preceding the first interest payment date, in which event it shall bear interest from its date; provided, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds.

SECTION 7. Payment.

(a) Principal. The principal of the Bonds shall be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent (as described in Section 9(e) hereof) as the registered owner thereof (the "Owner"), upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(b) Interest; Record Date. The interest on the Bonds shall be payable in lawful money of the United States of America to the Owner thereof as of the close of business on the 15th day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check mailed on such interest payment date (if a business day, or on the next business day if the interest payment date does not fall on a business day) to such Owner at such Owner's address as it appears on the bond registration books described in Section 9(e) or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made in immediately available funds (*e.g.*, by wire transfer) to any Owner of at least one million dollars ($1,000,000) of outstanding Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any interest payment date. So long as Cede & Co. or its registered assigns shall be the Owner of the Bonds, payment shall be made in immediately available funds as provided in Section 10(d) hereof.

(c) Payment Fund. Principal and interest due on the Bonds shall be paid from the respective interest and sinking fund of the District for the related series of Bonds as provided in Section 15146 of the Education Code (the "Debt Service Fund"). No part of any fund of the County is pledged or obligated to the payment of the Bonds.

SECTION 8. Redemption Provisions.

(a) Optional Redemption. The Bonds of each series shall be subject to redemption, at the option of the District, on the dates and terms as shall be designated in the related Bond Purchase Agreement. Any Bond Purchase Agreement may provide that a portion of the Bonds shall not be subject to optional redemption.

If the Bonds of a series shall be subject to optional redemption and less than all of the Bonds of such series are called for such redemption, such Bonds shall be redeemed in inverse order of maturities of such series or as otherwise directed by the District, and if less than all of the Bonds of any given maturity of a series are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

(b) Mandatory Sinking Fund Redemption. The Bonds, if any, which are designated in a Bond Purchase Agreement as Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in such Bond Purchase Agreement. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. A Bond Purchase Agreement may provide that Bonds sold thereunder shall not be subject to mandatory sinking fund redemption.

(c) Notice of Redemption. Notice of redemption of any Bonds shall be given by the Paying Agent upon the written request of the District given at least 60 days prior to the date designated for such redemption. Notice of any redemption of Bonds shall be mailed postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 9(e), (ii) by secured mail to all organizations registered

with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District described in Section 16.

Each notice of redemption shall contain all of the following information:

(i) the date of such notice;

(ii) the name of the Bonds and the date of issue of the Bonds;

(iii) the redemption date;

(iv) the redemption price;

(v) the maturity dates of the Bonds to be redeemed;

(vi) (if less than all of the Bonds of any maturity of a series are to be redeemed) the distinctive numbers of the Bonds of each maturity of such series to be redeemed;

(vii) (in the case of Bonds redeemed in part only) the respective portions of the principal amount of the Bonds of each maturity to be redeemed;

(viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed;

(ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and

(x) notice that further interest on such Bonds will not accrue after the designated redemption date.

(d) Effect of Notice. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in subsection (e) of this Section, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such

redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to the Debt Service Fund or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) Redemption Fund. Prior to or on the redemption date of any Bonds there shall be available in the Debt Service Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this resolution provided, the Bonds designated in any notice of redemption. Such monies so set aside in any such escrow fund shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the Debt Service Fund shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Debt Service Fund, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Debt Service Fund or otherwise held in trust for the payment of redemption price of the Bonds, those monies shall be held in or returned or transferred to the Debt Service Fund for payment of any outstanding bonds of the District payable from that fund; provided, however, that if those monies are part of the proceeds of bonds of the District, the monies shall be transferred to the Debt Service Fund. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

(f) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 12 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Debt Service Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (g) hereof shall apply in all events.

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(i) by irrevocably depositing with the Paying Agent an amount of cash that, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal and interest and redemption premium, if any; or

(ii) by irrevocably depositing with the Paying Agent, noncallable United States Obligations (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and monies then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds

outstanding and designated for defeasance (including all principal thereof and interest and prepayment premiums, if any, thereon) at or before their maturity date.

For purposes of this Section, United States Obligations shall mean:

(i) Direct and general obligations of the United States of America (including state and local government series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service; and

(ii) Non-callable obligations of government sponsored agencies that are rated "AAA," by Standard & Poor's or "Aaa" by Moody's Investors Service but are not backed by the full faith and credit of the U.S. Government. These include the following: (a) Federal Home Loan Mortgage Corp. (FHLMC) Debt Obligations; (b) Farm Credit System (Formerly: Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) Consolidated Systemwide bonds and notes; (c) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations; (d) Federal National Mortgage Association (FNMA) Debt Obligations; and (e) Resolution Funding Corp. (REFCORP) Debt Obligations.

In the event that Bonds are being defeased pursuant to paragraph (ii) of subsection (f) of this Section, the appointment of the independent certified public accountant referred to therein and any escrow agent selected in connection with said defeasance shall both be subject to County approval.

(g) Unclaimed Monies. Any money held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Debt Service Fund for payment of any outstanding bonds of the District payable from that fund; or, if no such bonds of the District are at such time

outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

SECTION 9. Paying Agent and Disbursement Agent.

(a) Defined. As used in this Resolution and in the Bonds, "Paying Agent" shall mean the Treasurer or any bank, trust company, national banking association or other financial institution appointed as authenticating agent, bond registrar, transfer agent and paying agent for the Bonds in the manner provided in this Resolution.

(b) Appointment; Payment of Fees and Expenses. This Board of Supervisors does hereby consent to the appointment by the District of U.S. Bank National Association, to act as initial authenticating agent, bond registrar, transfer agent and paying agent for the Bonds, and does confirm said appointment for purposes of this Resolution. All fees and expenses of the Paying Agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Bonds, or from the Debt Service Fund, insofar as permitted by law, including specifically by Section 15232 of the Education Code and insofar as money in the Debt Service Fund is sufficient therefor, such fees and expenses shall be paid by the District.

(c) Resignation, Removal and Replacement of Paying Agent. The Paying Agent initially appointed or any successor Paying Agent may resign from service as Paying Agent and may be removed as provided in the Paying Agent's service agreement with the District and the County; provided that any successor shall be appointed with the consent of the County. Without further action by the District, if at any time the Paying Agent shall resign or be removed and no successor appointed by the District, the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least $100,000,000 in net assets.

(d) Principal Corporate Trust Office. Unless otherwise specifically noted, and for so long as U.S. Bank National Association shall serve as Paying Agent hereunder, any reference herein to the "principal corporate trust office" of the Paying Agent shall mean in care of the corporate trust office of U.S. Bank National Association in Los Angeles, California; provided, however, that in any case "principal corporate trust office" shall mean any other office of the Paying Agent designated for a particular purpose, and shall include the principal corporate trust office or other designated office of any successor paying agent.

(e) Registration Books. The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the books, Bonds as provided in Section 11 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County.

(f) Disbursement Agent. For any period of time in which the Treasurer is not acting in the capacity of Paying Agent, the Treasurer shall serve as disbursement agent hereunder and

shall transfer monies from the Debt Service Fund to the Paying Agent in order to make payments of principal and interest on the Bonds.

SECTION 10. Transfer Under Book-Entry System; Discontinuation of Book-Entry System.

(a) The Bonds shall be initially issued and registered as provided in Section 5. Registered ownership of such Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this section, upon receipt of the outstanding Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Bond for each interest rate for each maturity shall be executed and delivered in the aggregate principal amount of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 5 and the receipt of such a written request of the District or County, and thereafter, the Bonds shall be transferred pursuant to the provisions set forth in Section 11 of this Resolution; provided, that the Paying Agent shall not be required to deliver such new Bonds

within a period of less than sixty (60) days after the receipt of any such written request of the District or County.

(c) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(d) So long as the outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (*e.g.*, by wire transfer) on the date they are due.

SECTION 11. Transfer and Exchange.

(a) Transfer. Following the termination or removal of the depository pursuant to Section 10 hereof, any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 9(e) hereof, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Bond or Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Bond or Bonds of the same series, maturity, interest payment mode and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by any Owner of Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Bond shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

(b) Exchange. The Bonds may be exchanged for Bonds of other authorized denominations of the same series, maturity and interest payment mode, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Bond or Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Bond or Bonds of the same series, maturity, interest payment mode and interest rate for a like aggregate principal amount. The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Bonds shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

SECTION 12. Obligation of District. The Bonds represent the statutory obligation of the District. The money for the payment of principal, redemption premium, if any, and interest with respect to the Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the Debt Service Fund, and the Board of Supervisors of the County hereby covenants to levy ad valorem taxes for the payment of the Bonds on all property in the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

SECTION 13. Sale of Bonds; Bond Purchase Agreement. The Bond Purchase Agreement submitted to and on file with the Executive Officer-Clerk of this Board of Supervisors providing for the sale by this Board of Supervisors and the purchase by the Underwriter of a series of the Bonds at a purchase price to be set forth therein (which purchase price shall be approved by the Treasurer, this Board of Supervisors hereby expressly delegating to such officer the authority to execute each Bond Purchase Agreement on its behalf), is hereby approved; provided, that (i) the true interest cost for the Bonds shall not be in excess of 8%; (ii) the maximum interest rate (coupon) on the Bonds shall not be in excess of 8% per annum; (iii) the underwriter's discount shall not exceed 1% of the aggregate principal amount of the Bonds; and (iv) the Bonds shall otherwise conform to the limitations specified herein.

The initial Bond Purchase Agreement and each subsequent Bond Purchase Agreement shall recite the aggregate principal amount of the Bonds sold pursuant to such Bond Purchase Agreement, the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof.

The Treasurer (or an authorized deputy or delegate of the Treasurer) is hereby authorized and directed to accept the offer of the Underwriter when the offer is satisfactory to the Treasurer, and to execute and deliver the initial Bond Purchase Agreement and each subsequent Bond Purchase Agreement on behalf of the County in substantially the form now on file with this Board of Supervisors, with such changes therein as shall be approved by the authorized officer of the County executing the same, and such execution shall constitute conclusive evidence of the Treasurer's approval and this Board of Supervisors' approval of any change therein to the form of such Bond Purchase Agreement.

SECTION 14. Deposit and Investment of Proceeds.

(a) The proceeds of sale of the Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury and credited to the building fund of the District (the "Building Fund"). The District shall have sole responsibility that such proceeds be used for the purpose for which the Bonds are being issued. Any premium and accrued interest received shall be deposited upon receipt by the District in the Debt Service Fund within the County treasury.

(b) All funds held hereunder shall be invested by the Treasurer pursuant to Section 53601 of the Government Code of the State ("Section 53601"). The District may, to the extent permitted by law, deliver a written request to the Treasurer such that, all or any portion of the Building Fund of the District may be invested in:

(i) the Local Agency Investment Fund in the treasury of the State;

(ii) investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds; or

(iii) any other investment authorized pursuant to Section 53601.

Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds.

SECTION 15. Tax Covenant. The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will comply with the requirements of the initial Tax Certificate and each subsequent Tax Certificate of the District with respect to the Bonds, to be entered into by the District as of the respective dates of issuance of the Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Bonds.

SECTION 16. Continuing Disclosure Certificate. The County acknowledges and relies upon the fact that the District has represented that it shall execute a Continuing Disclosure Certificate containing the initial covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12, and that the District has covenanted that it will comply with and carry out all of the provisions of the initial Continuing Disclosure Certificate and each subsequent Continuing Disclosure Certificate. The District shall function as or cause the appointment of a dissemination agent, who shall perform all duties and obligations of the Dissemination Agent as set forth in the respective Continuing Disclosure Certificate, and the County shall have no responsibilities either for compliance with any Continuing Disclosure Certificate or for the duties of the Dissemination Agent.

SECTION 17. Limited Responsibility for Official Statement. Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the

District describing the initial issuance of Bonds and any subsequent series of Bonds (each, an "Official Statement"), and this Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in each of the District's Official Statements and in each preliminary Official Statement, and to certify to the District prior to or upon the issuance of each series of the Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

SECTION 18. Approval of Actions. The Chair of this Board of Supervisors, the Executive Officer-Clerk of this Board of Supervisors, the County Auditor-Controller, the County Counsel, and the Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates, representations and agreements, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with each sale of Bonds, necessary and desirable to accomplish the transactions authorized herein.

SECTION 19. Effective Date. This resolution shall take effect from and after its adoption.

The foregoing resolution was on the 5th day of July, 2006, 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 the Board so acts.

SACHI A. HAMAI, Executive Officer-Clerk of the
Board of Supervisors of the County of Los Angeles.

By: _____
Deputy

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Principal Deputy County Counsel

EXHIBIT A

[Form of Bond]

Number	UNITED STATES OF AMERICA	Amount
R-___	STATE OF CALIFORNIA	$_____
	COUNTY OF LOS ANGELES	

LOS ANGELES UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS
ELECTION OF 2004, SERIES _ (200_)

Maturity Date	Interest Rate	Dated as of	CUSIP NO.
_____ 1, _____	_____%	_____	_____

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

Los Angeles Unified School District, County of Los Angeles, State of California (herein called the "District"), acknowledges itself indebted to and promises to pay to the registered owner identified above or registered assigns, on the maturity date set forth above or upon prior redemption hereof, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of a date during the period from the Record Date (as defined herein) next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____ 15, _____, in which event it shall bear interest from the date hereof) at the interest rate per annum stated above, payable commencing on _____ 1, _____, and thereafter on _____ 1 and _____ 1 in each year, until payment of the principal sum hereof.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the Resolution) of U.S. Bank National Association (herein called the "Paying Agent"), the paying agent/registrar and transfer agent of the District. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the 15th day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least $1,000,000 in principal amount, interest will be paid in immediately available funds (e.g., by wire transfer) to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made in immediately available funds as provided in the Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to $_____, and designated as "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series _ (____)" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on March 2, 2004. The Bonds are issued and sold by the Board of Supervisors of the County of Los Angeles, State of California, pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "Resolution") adopted by the Board of Supervisors on _____, 2006, and subject to the more particular terms specified in the Bond Purchase Agreement, dated as of _____, by and among the District, the County and _____, as representative of the underwriters of the Bonds.

The Bonds are issuable as fully registered bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations of the same series, maturity, interest payment mode, and interest rate for a like aggregate principal amount will be issued to the transferee in exchange herefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

Bonds maturing on or before _____ 1, ____, shall not be subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after _____ 1, ____, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after _____ 1, ____. If less than all of the Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

Bonds redeemed at the option of the District shall be redeemed at the following prices (expressed as a percentage of the principal amount of the Bonds called for redemption), together with interest accrued thereon to the date of redemption:

Redemption Date	Optional Redemption Price
____ 1, ____ through ____, ____	%
____ 1, ____ through ____, ____	%
____ 1, ____ and thereafter	%

Bonds maturing on ____ 1, ____, are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date of redemption, without premium, from mandatory sinking fund payments on ____ 1 of each year in the amounts and at the times indicated below, and subject to the terms and conditions set forth in the Resolution.

$_____ TERM BOND MATURING ON _____ 1, _____

Mandatory Sinking Fund Payment Date (____1)	Mandatory Sinking Fund Payment
*	

*Maturity

Notice of redemption shall be given by mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the registered owner hereof, but neither failure to receive such notice or any defect in the notice mailed shall affect the sufficiency of the proceedings for redemption or the cessation of interest on the date fixed for redemption. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an obligation of the District payable out of the Debt Service Fund (as defined in the Resolution), and the money for the payment of principal of, premium, if any, and interest hereon, shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the County of Los Angeles has caused this bond to be executed on behalf of the District and in their official capacities by manual or facsimile signatures of the Mayor of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, all as of the date set forth above.

_____
Mayor of the Board of Supervisors

[SEAL]

_____
Treasurer and Tax Collector

Countersigned:

_____
Executive Officer-Clerk of the Board of Supervisors

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This is one of the Bonds described in the within-mentioned Resolution and authenticated and registered on _____, 200_.

U.S. BANK NATIONAL ASSOCIATION, Los Angeles, California, as Paying Agent/Registrar and Transfer Agent

By _____
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

_____
I.D. Number

_____
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guarantee:_____
Notice: Signature must be guaranteed by an eligible guarantor institution.

LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
$_____
General Obligation Bonds
Election of 2004, Series G (2006)

BOND PURCHASE AGREEMENT

August __, 2006

County of Los Angeles
437 Kenneth Hahn Hall of Administration
Treasurer and Tax Collector
500 West Temple Street
Los Angeles, California 90012

Los Angeles Unified School District
c/o Office of the Chief Financial Officer
333 S. Beaudry Avenue, 26th Floor
Los Angeles, California 90017

Ladies and Gentlemen:

The undersigned, as representative (the "Representative") of the several underwriters identified on the signature page hereof (collectively, the "Underwriters"), hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the County of Los Angeles, California (the "County") and the Los Angeles Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriters. This offer is made subject to the written acceptance of this Purchase Agreement by the County and the District and delivery of such acceptance to us at or prior to 11:59 PM, California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriters for such purpose, all (but not less than all) of the District's General Obligation Bonds, Election of 2004 Series G (2006) in an aggregate principal amount of $_____ (the "Bonds").

The Underwriters shall purchase the Bonds at a price of $_____ (which represents the aggregate principal amount of the Bonds, plus a net original issue premium of $_____ and less Underwriters' discount in the amount of $_____). From the purchase price, the Underwriters agree to (i) wire the municipal bond insurance premium in the amount of $_____ in immediately available funds to the Insurer (defined below) on the Closing date.; and (ii) wire $_____ in immediately available funds to _____,

as paying agent and registrar for the Bonds (the "Paying Agent"), to apply such amount to pay the cost of issuance of the Bonds. Any authority, discretion, or other power conferred upon the Underwriters by this Purchase Agreement may be exercised by UBS Securities LLC (the "Representative") alone.

2. **The Bonds.** The Bonds shall be dated their date of delivery and shall bear interest and mature on the dates and be subject to redemption prior to their maturity all as set forth in Exhibit A hereto. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of Section 15264, *et seq.*, of the California Education Code, as amended (the "Act"), a Resolution of the Board of Education of the District adopted on _____, 2006 (the "District Resolution"), and a Resolution of the Board of Supervisors of the County (the "Board") adopted on _____, 2006 (the "County Resolution," and together with the "District Resolution," the "Resolutions") authorizing the issuance of not to exceed $600,000,000 of general obligation bonds on behalf of the District.

The Underwriters shall deliver to Sidley Austin LLP, Bond Counsel, on behalf of the County at or prior to 11:00 a.m., California Time, on _____, 2006 a check payable to the order of the County in the amount of Four Million Dollars ($4,000,000) as a good-faith deposit for the performance by the Underwriters of their obligations to accept and pay for the Bonds at the Closing (as defined herein) in accordance with the provisions of this Purchase Agreement. Such check shall not be cashed by the County pending the Closing except as provided below. At the Closing, the good-faith check will be returned to the Underwriters for cancellation. In the event the County and the District do not accept this offer, such check shall be returned to the Representative immediately. In the event of the District's inability to deliver the Bonds at the Closing, or if the District or the County is unable to satisfy the conditions to the Underwriters' obligations contained herein (unless such conditions are waived by the Underwriters), or if the Underwriters' obligations shall be terminated for any reason permitted hereby, such check or the amount thereof, without interest, shall be returned to the Representative immediately and such return shall constitute a full release and discharge of all claims by the Underwriters against the County and the District arising out of the transactions contemplated by this Purchase Agreement. In the event that the Underwriters fail (other than for a reason permitted hereby) to accept and pay for the Bonds at the Closing as herein provided, the proceeds of such check in the above amount shall be retained and applied by the County and the District in full and complete liquidated damages (and not as a penalty) for such failure and as a discharge of all damages suffered on the part of the County and the District as a result of such failure.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolutions. The Bonds shall be in definitive form, shall bear CUSIP numbers and, shall be in fully registered form, registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). The payment of principal of and interest on the Bonds maturing on _____ through and including _____ (the "Insured Bonds") will be secured by a municipal bond insurance policy (the "Insurance Policy") to be issued simultaneously with the issuance of the Bonds by _____ (the "Insurer").

3. **Use of Documents.** The District and the County hereby authorize the Underwriters to use, in connection with the offer and sale of the Bonds, the Resolutions, this

Purchase Agreement, a Preliminary Official Statement and an Official Statement (both as defined herein) and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriters in connection with the transactions contemplated by this Purchase Agreement.

4. **Public Offering of the Bonds.** The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth in Exhibit A hereto. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Bonds.

5. **Review of Official Statement.** The Underwriters hereby represent that they have received and reviewed the official statement in preliminary form with respect to the Bonds, dated _____, 2006 (the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering prices, interest rates, yields to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings, credit enhancement and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule").

The Underwriters agree that prior to the time the final official statement (the "Official Statement") relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) or electronic copy posted on an accessible website not later than the first business day following the date upon which each such request is received.

The Underwriters agree to file the Official Statement with a nationally recognized municipal securities repository within the meaning of and with the effect described in said Rule.

References herein to the Preliminary Official Statement and the Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. **Closing.** At 8:00 a.m., California Time, on _____, 2006, or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto (the "Closing"), the District will direct the Paying Agent to deliver to the Underwriters, at the offices of DTC in New York, New York, or at such other place as the District and the Underwriters may mutually agree upon, the Bonds in fully registered book-entry form, duly executed, together with the other documents hereinafter mentioned. Upon fulfillment of all conditions to Closing herein, the Underwriters will accept such delivery and pay the purchase price thereof in immediately available funds (by check, wire transfer or such other manner of payment as the Underwriters and the County Treasurer and Tax Collector (the "Treasurer") shall reasonably agree upon) to the order of the Treasurer.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriters that:

A. The District is a unified school district validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

B. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement, to adopt the District Resolution, to issue and to deliver the Bonds, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement constitutes the valid and legally binding obligation of the District, enforceable against the District in accordance with its terms; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may reasonably request, or which have not been taken or obtained; *provided, however,* that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

D. The issuance of the Bonds, the execution, delivery and performance of this Purchase Agreement, the District Resolution, the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of, or material default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

E. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the District) or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy of any taxes contemplated by the District Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, the District Resolution or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement or the District Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

F. Between the date hereof and the Closing, without the prior written consent of the Underwriters, the District will not have issued in the name of the District any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement.

G. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

H. To assist the Underwriters in complying with the Rule, the District will undertake, pursuant to the Resolutions and the Continuing Disclosure Certificate (as defined herein), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

I. Any certificates signed by any officer of the District and delivered to the Underwriters shall be deemed a representation and warranty by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

J. Preparation and distribution of the Official Statement pertaining to the Bonds has been duly authorized by the District, and the information contained therein (excluding the statements and information in Appendix C – "BOOK-ENTRY ONLY SYSTEM," any information relating to the Insurer or the Insurance Policy and any information provided by the Underwriters for inclusion in the Official Statement) is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

K. The District agrees that if at any time before the Closing any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriters promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriters.

L. The audited financial statements of the District for the fiscal year ended June 30, 2005 (selected information from which is included as Appendix B to the Official Statement) were prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial position and results of operation of the District for the period and at the date set forth therein, and there has been no material adverse change in the business, affairs, financial position, results of operations or condition, financial or otherwise, of the District since the date of such financial statements, except as otherwise disclosed in the Official Statement.

8. **Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriters that:

A. The County has the power under the laws of the State of California to issue the Bonds pursuant to the Act.

B. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriters on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the County Resolution; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Bonds, the County Resolution and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may reasonably request, or which have not been taken or obtained; *provided, however*, that the County shall not be required

to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

D. The issuance of the Bonds, the execution, delivery and performance of this Purchase Agreement, the County Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the County a violation of, or material default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

E. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the County) or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, tax levy or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County or the consummation of the transactions contemplated by this Purchase Agreement or the County Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

F. Between the date hereof and the Closing, without the prior written consent of the Underwriters, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement.

G. Any certificates signed by any officer of the County and delivered to the Underwriters shall be deemed a representation and warranty by the County to the Underwriters, but not by the person signing the same, as to the statements made therein.

9. **Representations, Warranties and Agreements of the Underwriters.** The Underwriters represent to and agree with the District and the County that, as of the date hereof and as of the date of Closing:

A. The Underwriters are duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by the Underwriters.

B. The Underwriters have, and have had, no financial advisory relationship with the District or the County with respect to the Bonds, and no investment firm controlling, controlled by or under common control with any of the Underwriters has or has had any such financial advisory relationship.

10. **Covenants of the County and the District.** The County and the District respectively covenant and agree with the Underwriters that:

A. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as the Underwriters may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, *provided, however*, that the District and the County shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

B. The District hereby agrees to deliver or cause to be delivered (and the County agrees to cooperate with the District in connection with such delivery) to the Underwriters, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, printed or electronic copies of an Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriters, the County, and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriters in order to permit the Underwriters to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board. If electronic copies are provided, the District shall provide printed copies no later than one business day after receipt of the electronic copies. The District and the County hereby authorize the Underwriters to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

C. The District hereby agrees to notify the Underwriters of any event or occurrence that may affect the accuracy of completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the closing.

D. For a period of twenty-five (25) days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall object in writing or which shall be disapproved by the Underwriters; and if any event relating to or affecting the County, the District or the Bonds shall occur as a result of which it is necessary, in the opinion of the Underwriters, to amend or supplement the Official Statement so 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 made thereon in light of the circumstances existing at the time it is delivered to a purchaser, not misleading, the Underwriters shall

forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

11. **Division of Responsibility Between District and County**. It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Purchase Agreement which are to be performed solely by the District and the District shall have no responsibility or liability to ensure or provide compliance with those provisions of this Purchase Agreement which are to be performed solely by the County.

12. **Conditions to Closing.** The Underwriters have entered into this Purchase Agreement in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Purchase Agreement are and shall be subject at the option of the Underwriters, to the following further conditions at the Closing:

A. At the time of the Closing, (i) the Official Statement, this Purchase Agreement and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the parties hereto; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their obligations required under or specified in the Resolutions, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

B. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, pending (in which service of process has been completed against the County or the District) or threatened which has any of the effects described in Section 7(E) or 8(E) hereof or contesting in any way the completeness or accuracy of the Official Statement;

C. Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability or the ability of the Underwriters to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or by the legislature of the State of California (the "State"), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax

Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended; provided that no opinion need be expressed with respect to the Insurance Policy;

(2) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the Federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

D. At or prior to the date of the Closing, the Underwriters shall have received the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriters:

(1) An approving opinion of Sidley Austin LLP, Bond Counsel, substantially in the form attached as Appendix D to the Official Statement, dated the Closing Date and addressed to the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriters may rely upon the approving opinion described in D(1) above, together with an additional supplemental opinion in a form acceptable to the Underwriters, dated the Closing Date and addressed to the Underwriters, to the effect that:

(i) this Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriters and the County, constitutes a valid and binding agreement of the District, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and the limitation on legal remedies against school districts in the State of California and except that no opinion is expressed with respect to any indemnification or contribution provisions contained in this Purchase Agreement;

(ii) the statements contained in the Official Statement in the sections entitled "THE BONDS," (excluding the section entitled "- Application and Investment of Bond Proceeds") and "TAX MATTERS" insofar as such statements purport to expressly summarize certain provisions of the Resolutions, the Bonds or the opinion of Bond Counsel concerning certain federal and State of California tax matters relating to the Bonds, including the exclusion of interest on the Bonds from gross income for federal income tax purposes and the exemption of

such interest from State of California personal income taxes, present an accurate summary in all material respects, of such provisions and opinions; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the County Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and the Continuing Disclosure Certificate to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) to the best of such official's knowledge, no litigation is pending (with service of process having been accomplished) or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Agreement, or (C) in any way contesting the existence or powers of the District; (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (vi) each of the conditions listed in Section 12 of this Purchase Agreement required to be satisfied by the District has been satisfied on the date hereof and the District is not aware of any other condition of this Purchase Agreement that has not been satisfied on the date hereof, and (vii) the Bonds being delivered on the date of the Closing to the Underwriters under this Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Purchase Agreement;

(4) A Continuing Disclosure Certificate signed by an appropriate official of the District and in form and substance reasonably satisfactory to the Underwriters (the "Continuing Disclosure Certificate");

(5) A certificate signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute and to approve this Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Purchase Agreement to be complied with by the County prior to or concurrently with the Closing, (iv) to the best of such official's knowledge, no litigation is pending in which service of process has been completed against the County or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the

execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds or this Purchase Agreement, or (C) in any way contesting the existence or powers of the County, (v) such official has reviewed Appendix F – "LOS ANGELES COUNTY TREASURY POOL" to the Official Statement and on such basis certifies that Appendix F – "LOS ANGELES COUNTY TREASURY POOL" does not contain any untrue statements of a material fact or omit to state a material fact concerning the County required to be stated therein or necessary to make the statements concerning the County therein, in light of the circumstances in which they were made, not misleading, (vi) each of the conditions listed in Section 12 of this Purchase Agreement required to be satisfied by the County has been satisfied on the date hereof and the County is not aware of any other condition of this Purchase Agreement that has not been satisfied on the date hereof, and (vii) the Bonds being delivered on the date of the Closing to the Underwriters under this Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Purchase Agreement;

(6) A certificate of the Paying Agent dated the date of the Closing, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Underwriters, to the effect that:

(i) to the best of such officer's knowledge, the representations and agreements of the Paying Agent in the Paying Agent Agreement dated as of _____, 2006, among the District, the County and the Paying Agent (the "Paying Agent Agreement".) are true and correct in all material respects as of the date of the Closing; and

(ii) to the best of such officer's knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or the Paying Agent Agreement;

(7) A non-arbitrage certificate of the District in form satisfactory to Bond Counsel;

(8) Evidence satisfactory to the Underwriters that the Insured Bonds shall have been rated "___" by Standard & Poor's Ratings Services, "___" by Moody's Investors Service and "___" by Fitch Ratings (or such other equivalent rating as such rating agencies may give) and that the Bonds shall have been rated "___" by Standard & Poor's Ratings Services, "___" by Moody's Investors Service and "__" by Fitch Ratings (or such other ratings as such rating agencies may assign so long as such rating is in the investment grade category of each rating agency) and that such ratings have not been revoked or downgraded;

(9) The opinion of General Counsel to the District, addressed to the District, the County and the Underwriters, dated the Closing Date, to the effect that:

(i) the District is a unified school district validly existing under the Constitution and the laws of the State of California;

(ii) the District has full right and lawful authority to enter into and perform its duties under this Purchase Agreement and the Continuing Disclosure Certificate; and

(iii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending, or to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement or the due adoption of the District Resolution, and there is no breach or default under any other instruments which is caused by the issuance of the Bonds or the execution and delivery of this Purchase Agreement or the Continuing Disclosure Certificate;

(iv) District Counsel is not representing the District in connection with any litigation of any nature to restrain or enjoin the execution or delivery of this Purchase Agreement, the Bonds or any of the proceedings taken with respect to the issuance of the Bonds, the application of monies to the payment of the Bonds or in any manner questioning the proceedings and authority under which the Bonds were authorized or challenging the validity of the Bonds, the existence or boundaries of the District or the title of the officials of the District or the County who have acted with respect to the proceedings for the issuance of the Bonds on behalf of the District to their respective offices.

(10) the opinion of County Counsel for the County of Los Angeles, as counsel to the Board of Supervisors, addressed to the County, the District and the Underwriters, dated the Closing Date, to the effect that:

(i) the County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State of California;

(ii) the County Resolution approving and authorizing the execution, sale and delivery of this Purchase Agreement and the issuance of the Bonds was duly adopted at a meeting of the Board of Supervisors of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(iii) to the best knowledge of County Counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity,

before or by any court, governmental agency, public authority or body, pending or threatened against the County in which service of process has been completed (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective officers; (b) seeking to prohibit, restrain or enjoin the execution of this Purchase Agreement or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or this Purchase Agreement; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds;

(iv) this Purchase Agreement has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, this Purchase Agreement will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against counties in the State;

(11) The opinion of Squire, Sanders & Dempsey L.L.P., counsel for the Underwriters, dated the date of Closing and addressed to the Underwriters, satisfactory in form and substance to the Underwriters;

(12) The opinion of Hawkins Delafield & Wood LLP, Disclosure Counsel, in form satisfactory to the Underwriters, dated the date of Closing and addressed to the County and the District;

(13) A certificate, together with a fully executed copy of the District Resolution, of the Executive Officer of the Board of Education of the District to the effect that:

(i) such copy is a true and correct copy of the District Resolution; and

(ii) that the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and are in full force and effect on the date of the Closing;

(14) Certified copies of the County Resolution, certified by the Executive Officer - Clerk of the Board of Supervisors;

(15) Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(16) A policy of municipal bond insurance with respect to the Insured Bonds;

(17) A certificate of the Insurer in form and substance satisfactory to Bond Counsel, County Counsel and counsel to the Underwriters;

(18) An opinion of counsel to the Insurer addressed to the District, the County and the Underwriters in form and substance satisfactory to Bond Counsel, County Counsel and counsel to the Underwriters; and

(19) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters may reasonably request to evidence compliance (i) by the County, the District, and the Paying Agent with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, and (iii) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriters at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at the sole discretion of the Underwriters.

13. **Conditions to Obligations of the County and the District.** The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriters of its obligations hereunder; and (ii) receipt by the District and the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District.

14. **Expenses.** The Underwriters will pay certain expenses as provided in paragraph 1 hereof, including, but not limited to the following: (i) the costs of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel and of Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary expenses for travel outside of California; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent; (vii) the bond insurance premium; and

(viii) all other fees and expenses incident to the issuance and sale of the Bonds. All out-of-pocket expenses of the Underwriters, including the California Debt Advisory and Investment Commission fee, expenses for travel (including that connected with securing a rating on the Bonds) and other expenses (except as provided above), shall be paid by the Underwriters. The District shall pay all expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds to the extent such expenses are not paid by the Underwriters.

15. **Terms and Conditions of Bonds.** By executing this Purchase Agreement, the Treasurer is exercising the authority granted to him under the County Resolution to determine the terms of the Bonds (which terms are set forth in Exhibit A hereto.)

16. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer and Tax Collector of the County of Los Angeles at 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, if to the District, to the Chief Financial Officer of the Los Angeles Unified School District, 333 S. Beaudry Avenue, 26th Floor, Los Angeles, California 90017, or if to the Underwriters, to UBS Securities LLC, 777 South Figueroa Street, 50th Floor, Los Angeles, California 90017, Attention: Frank Lauterbur.

17. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

18. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the Board, the District and the Underwriters. This Purchase Agreement is made solely for the benefit of the Board, the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the County and the District in this Purchase Agreement shall survive, unless waived by the Underwriters regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Purchase Agreement.

19. **Execution in Counterparts.** This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Left Blank]

20. **Applicable Law.** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

UBS Securities LLC
Goldman, Sachs & Co.
Loop Capital Markets LLC
E.J. De La Rosa & Co., Inc.
Stone & Youngberg LLC

By: UBS Securities LLC,
as Representative of the Underwriters

By: _____
Name:
Authorized Officer

By: _____
Name:
Authorized Officer

The foregoing is hereby agreed to
And accepted as of the date first
above written:

COUNTY OF LOS ANGELES

By:_____
Treasurer and Tax Collector

Approved as to form:

RAYMOND G. FORTNER, JR.
County Counsel

By:_____
Principal Deputy County Counsel

LOS ANGELES UNIFIED SCHOOL DISTRICT

By:_____
Charles A. Burbridge
Chief Financial Officer

EXHIBIT A
MATURITY SCHEDULE

The Bonds will be dated as of the date of delivery and will be payable on _____ 1 or _____ 1, as applicable, in the years set forth above or the earlier redemption of such Bonds. Interest on the Bonds is payable on _____ 1 and _____ 1 of each year, commencing _____ 1, ____.

TERMS OF REDEMPTION

The terms of redemption set forth in the Resolutions are supplemented and amended to include the following:

Optional Redemption. The Bonds maturing on or before _____ 1, 20__ will not be subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after _____ 1, 20__ will be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after _____ 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption.

COPY CERTIFICATION BY DOCUMENT CUSTODIAN

State of California
County of Los Angeles } ss.

I, Jefferson Crain ~~Executive Officer of the Board~~, hereby swear (or affirm) that the
Name of Custodian of Original Document

attached reproduction of Bd. of Educ. Report No. 451 - 05/06 is a true,
Description of Original Document

BOE No. 451-05/06 - Issuance of General Obligation Bonds, Election of 2004, Measure R, Series G (2006) (17 pages)

Adopted: June 13, 2006

correct and complete photocopy of a document in my possession.

Signature of Custodian of Original Document

Jefferson Crain
Los ~~Angeles Unified School District~~
Address
333 S. Beaudry Ave., Los Angeles, CA 90017

Subscribed and sworn to (or affirmed) before me on this 19 day of June 2006
Date Month Year

Signature of Notary Public

Place Notary Seal Above

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: _____

Custodian Is Representing: _____

RIGHT THUMBPRINT OF CUSTODIAN
Top of thumb here

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LOS ANGELES UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION REPORT NO. 451-05/06

Office of the Chief Financial Officer
for presentation to the Board of Education on May 23, 2006

SUBJECT: ISSUANCE OF GENERAL OBLIGATION BONDS, ELECTION OF 2004, MEASURE R, SERIES G (2006)

A. PROPOSAL

It is proposed that the Board of Education:

1. Approve the attached resolution (Attachment A) requesting the County of Los Angeles to issue and sell in one or more series up to $600 million in general obligation bonds (new money Bonds) of the District.
2. Authorize the Chief Financial Officer and other Officers of the District to assemble Financial Team for the upcoming transaction to be comprised of a Financial Advisor, Bond Counsel, Disclosure Counsel, Underwriter, Fiscal/Paying Agent, Escrow Agent, and Printer.
3. Authorize the Chief Financial Officer and other Officers of the District to purchase municipal bond insurance or other credit enhancement.
4. Authorize the Budget Services and Financial Planning Division to make the necessary budget adjustments to reflect the anticipated bond receipts.

B. BACKGROUND

On March 2, 2004, voters approved a $3.87 billion local Measure R bond issue to repair and modernize existing schools and build new schools to relieve overcrowding. The $3.87 billion in bonds will be issued over several years. As of January 31, 2006, the Officer of the Chief Financial Officer issued $1,100 million of the previously Board authorized Measure R bonds. This Board report and the attached resolution (Attachment A) will authorize the issuance of one or more additional series of the Measure R bonds in an amount not to exceed $600 million.

C. POLICY IMPLICATIONS

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

D. BUDGET IMPLICATIONS

The 2006-07 budget will include the anticipated proceeds of $400 million from the issuance of the Series G bonds. The debt service payments attributable to Measure R bond issuances

will be supported by tax levies imposed on the District's taxpayers and not the District's General Fund.

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. Approve the attached resolution (Attachment A) requesting the County of Los Angeles to issue and sell up to $600 million in general obligation bonds (new money Bonds) of the District to be designated "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series G (2006)" in the amount $400 million. Official statement is approved in accordance with each resolution, but only of the initial issuance of bonds under each resolution. Further, Board authorization will be sought for an official statement for any series of bonds issued after each initial issuance under each resolution.
2. Authorize the Chief Financial Officer and other Officers of the District to enter into agreements with (1) Tamalpais Advisors, Inc. – Kelling Northcross & Nobriga, A Joint Venture, as Financial Advisor; (2) Sidley Austin Brown and Wood LLP as Bond; (3) Hawkins Delafield & Wood LLP as Disclosure Counsel; and (4) Underwriter, Fiscal/Paying Agent, Escrow Agent, and Printer to be selected.
3. Authorize the Chief Financial Officer and other Officers of the District to purchase municipal bond insurance or other credit enhancement deemed to be necessary or desirable to accomplish the transactions authorized in the attached resolutions.
4. Authorize the Budget Services and Financial Planning Division to make the necessary budget adjustments to reflect the anticipated receipt of proceeds from the sale of the bonds and the expenditure of funds, including costs of issuance.

Respectfully Submitted,

ROY ROMER
Superintendent of Schools

PREPARED BY:

BETTY T. NG
Controller

PRESENTED BY:

CHARLES A. BURBRIDGE
Chief Financial Officer

RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT PRESCRIBING THE TERMS OF SALE OF BONDS OF THE DISTRICT IN ONE OR MORE SERIES, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL SAID BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED $600,000,000 BY NEGOTIATED SALE PURSUANT TO ONE OR MORE BOND PURCHASE AGREEMENTS, AUTHORIZING THE EXECUTION AND DELIVERY OF SAID BOND PURCHASE AGREEMENT OR AGREEMENTS, A CONTINUING DISCLOSURE CERTIFICATE OR CERTIFICATES, AUTHORIZING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE INITIAL SERIES OF SAID BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO SAID BONDS

WHEREAS, voters of the State of California enacted Proposition 39 on November 7, 2000 (together with Chapter 1.5, Part 10, Division 1, Title 1 (commencing with Section 15264) of the Education Code of the State of California (the "Education Code") which became operative upon the passage of Proposition 39 and established requirements associated with the implementation of Proposition 39), which amends Section 1(b) of Article XIIIA of the California Constitution by adding a provision that exempts from the one percent of full cash value limitation, those *ad valorem* taxes used to pay for debt service of any bonded indebtedness of any school district or community college district for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, upon approval by at least 55% of the votes cast by voters voting on the proposition; and

WHEREAS, an election was duly called and regularly held in the Los Angeles Unified School District, County of Los Angeles, California (the "District"), on March 2, 2004, at which the following proposition ("Measure R") was submitted to the electors of the District:

> "Should the Los Angeles Unified School District (LAUSD) be authorized to issue up to $3.87 Billion ($3,870,000,000) in general obligation bonds for new construction, acquisition, rehabilitation and upgrading of school facilities?"

and

WHEREAS, at least 55% of the votes cast on Measure R were in favor of authorizing the issuance of said bonds (the "Authorization"); and

WHEREAS, this Board of Education deems it necessary and desirable that the Board of Supervisors of the County of Los Angeles (the "County") shall authorize and consummate the sale of bonds pursuant to the Authorization in one or more series designated the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series G (2006)" (or such additional or other series designations as may be approved in accordance with Section 11 herein (the "Bonds"), in an aggregate principal amount not exceeding $600,000,000 according to the terms and in the manner hereinafter set forth; and

WHEREAS, this Board of Education further deems it necessary and desirable to authorize the sale of each series of the Bonds by a negotiated sale pursuant to a Bond Purchase Agreement (as defined below) to be entered into with one or more of the underwriters (the "Underwriters") on the District's current approved underwriting bench, as determined by the Chief Financial Officer of the District (the "Chief Financial Officer"); and

WHEREAS, all acts, conditions and things required by law to have been done or performed to date in connection with the issuance of the Bonds have been done and performed in strict conformity with the laws authorizing the issuance thereof, and the indebtedness of the District herein proposed is within all limits prescribed by law; and

NOW, THEREFORE, THE BOARD OF EDUCATION OF LOS ANGELES UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1. Recitals. All of the above recitals are true and correct.

Section 2. Purpose of Bonds. Certain proceeds of the Bonds will be applied for the purposes specified in Measure R, the full text of which is set forth in Exhibit A hereto.

Section 3. Request for Sale of Bonds. The Board of Supervisors of the County (the "Board of Supervisors") is hereby requested to sell by negotiated sale to one or more of the Underwriters in one or more series from time to time (but not later than June 30, 2007), not to exceed $600,000,000 aggregate principal amount of general obligation bonds of the Los Angeles Unified School District and to designate said bonds to be sold as the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series G (2006)" with such additional or other series designations as may be approved in accordance with Section 11 and at such times as may be requested by the Chief Financial Officer, the Controller of the District (the "Controller"), or any other officer of the District authorized by the Chief Financial Officer (an "Authorized Officer" or "Authorized Officers") acting singly.

Section 4. Terms of Bonds.

(a) Date of Bonds. Each series of Bonds shall be dated the date as shall be set forth in the Bond Purchase Agreement with respect to such series of Bonds described in Section 6 hereof.

(b) Maturity. Each series of Bonds shall mature on the dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Agreement with respect to such Bonds. No Bond shall mature later than a date which is 25 years from the date of such Bond, as set forth in the Bond Purchase Agreement with respect to such Bond.

(c) Interest Payment. The Bonds shall bear interest computed on the basis of a 360-day year of twelve (12) 30-day months (or computed on such other basis as shall be set forth in the Bond Purchase Agreement with respect to such Bonds), first payable on the first January 1 or July 1 to occur following the issuance thereof, and thereafter on January 1 and July 1 in each

year (or on such other interest payment dates as shall be set forth in the Bond Purchase Agreement with respect to such Bonds).

(d) Obligation. The obligation to pay principal and interest represented by the Bonds is a statutory obligation of the District and the County, payable as described in the Bond Purchase Agreement with respect to such Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay the principal, redemption premium, if any, and interest on the Bonds as and when the same become due.

Section 5. Redemption Provisions. The Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the Bond Purchase Agreement with respect to such Bonds and in such Bonds. The Bonds shall also be subject to mandatory sinking fund redemption, as specified in the Bond Purchase Agreement with respect to such Bonds and in such Bonds. The Bond Purchase Agreement with respect to a series of Bonds may provide that such Bonds or any portion thereof shall not be subject to optional or mandatory sinking fund redemption.

Section 6. Bond Purchase Agreement or Agreements; Sale of Bonds. The Authorized Officers, acting singly, are hereby authorized and directed on behalf of the District to sell one or more series of Bonds through a negotiated sale to the Underwriters, and to execute and approve one or more bond purchase agreements (each a "Bond Purchase Agreement") providing for the sale by the Board of Supervisors of the County and the purchase by such Underwriters of Bonds at a purchase price to be set forth therein; provided, that (i) the true interest cost for the Bonds of any series shall not be in excess of 8% per annum; (ii) the maximum interest rate (coupon) on the Bonds of any series shall not be in excess of 8% per annum; (iii) the underwriters' discount with respect to any series shall not exceed 1% of the aggregate principal amount of the Bonds of such series; and (iv) the Bonds shall otherwise conform to the limitations specified herein. Such execution shall constitute conclusive evidence of the approval by the District of the applicable Bond Purchase Agreement in the form finally executed. The Board of Supervisors is hereby requested to cause each Bond Purchase Agreement to be executed and delivered on behalf of the County, subject to such changes or revisions therein as may be acceptable to the District and to the Treasurer and Tax Collector of the County (the "Treasurer"), on behalf of the Board of Supervisors.

Section 7. Official Statement. The Authorized Officers, acting singly, are hereby authorized and directed on behalf of the District to prepare or cause to be prepared an Official Statement relating to the initial series of Bonds (and any other series issued simultaneously therewith), and the Underwriters are hereby authorized to distribute copies of such Official Statement in preliminary form to persons who may be interested in purchasing such initial series of Bonds (and any other series issued simultaneously therewith). Any Authorized Officer is hereby authorized to certify to the Underwriters for the initial series of Bonds (and any other series issued simultaneously therewith), on behalf of the District, that the preliminary form of the Official Statement was deemed final as of its date, within the meaning of Rule 15c2-12 ("Rule 15c2-12") promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). Each Authorized Officer, acting singly, is hereby authorized and directed to sign said Official

Statement in its final form, including the final pricing information which shall include all information previously permitted to have been omitted by Rule 15c2-12, and such Underwriters are hereby authorized and directed to deliver copies of such Official Statement in final form to the purchasers of the initial series of Bonds (and any other series issued simultaneously therewith).

Section 8. Investment of Proceeds. Proceeds of the Bonds held by the Treasurer shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District.

(i) At the written direction of the District, given by an Authorized Officer, who is hereby expressly authorized to give such direction, all or any portion of the proceeds of the Bonds deposited in the building fund of the District (the "Building Fund") may be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written direction of the District, given by an Authorized Officer, who is hereby expressly authorized to give such direction, all or any portion of the Building Fund of the District may be invested on behalf of the District, in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds.

Section 9. Tax Covenants.

(a) General. The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate of the District with respect to each series of Bonds (each a "Tax Certificate"), to be entered into by the District on the date of issuance of each series of Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Bonds.

(b) Yield Restriction. In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Treasurer or any other party on behalf of the District, in accordance with this Resolution or pursuant to law, the District shall so request of the Treasurer or such other party in writing, and the District shall make its best efforts to ensure that the Treasurer or such other party shall take such action as may be necessary in accordance with such instructions.

(c) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this Section, if the District shall provide to the Treasurer an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds (an "Opinion of Bond Counsel") that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of

interest on the Bonds, the Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 10. Continuing Disclosure. Any Authorized Officer is hereby authorized on behalf of the District to execute a Continuing Disclosure Certificate with respect to each series of Bonds in substantially the form attached hereto as Exhibit B, with such changes thereto as deemed necessary in order to permit the Underwriters to comply with the requirements of Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of each such Continuing Disclosure Certificate.

Section 11. Approval of Actions. The President of this Board of Education, the Executive Officer of this Board of Education, the Chief Financial Officer, the Controller, and any other Authorized Officer are hereby authorized and directed to execute and deliver any and all certificates and representations, including but not limited to (i) signature certificates, no-litigation certificates, and certificates concerning the contents of the Official Statement, (ii) representation letters to The Depository Trust Company, (iii) each Tax Certificate, (iv) any other certificates proposed to be distributed in connection with the sale of the Bonds, including in connection with any policy of municipal bond insurance or other credit enhancement, and (v) any investment agreements entered into pursuant to the authority granted hereunder, which any of them deem necessary and desirable to accomplish the transactions authorized herein. All actions heretofore taken by the officers and agents of the Board with respect to the Bonds are hereby approved, confirmed and ratified.

Section 12. Notice to California Debt and Investment Advisory Commission. The Executive Officer of this Board of Education is hereby authorized and directed to cause notices of the proposed sale and final sale of each series of Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855.

Section 13. Authorization to Enter into Contracts Pursuant to California Government Code Section 5922. Additionally, this Board of Education hereby finds that it is necessary from time to time to enter into contracts, arrangements or a program of contracts for one or more of the purposes described in California Government Code Section 5922, including, without limitation, interest rate cap agreements, interest rate swap agreements, liquidity facility agreements, credit enhancement agreements, and other contracts of this type, and hereby finds that such arrangements are designed to reduce the amount of payments that may come due on any series of Bonds, and to maintain a lower overall cost of borrowing for the District and/or to enhance the relationship between risk and return with respect to investments related to a series of Bonds, and therefor authorizes any Authorized Officer to enter into such contracts on behalf of the District, and to pay to the provider of, or counterparty to, each such agreement (or to a trustee or paying agent to facilitate transfer to the provider) available funds sufficient for the purpose of making payments due from time to time under any such arrangements and to pay incidental costs in connection therewith.

Section 14. Citizen's Oversight Committee. This Board of Education certifies that it has established and appointed and shall maintain an independent citizens' oversight committee

pursuant to Section 15274 of the Education Code, to inform the public concerning the expenditure of proceeds of the Bonds by the date specified in such Section 15274.

Section 15. Bond Accountability Measures. This Board of Education certifies that it will conduct annual, independent performance and financial audit to ensure that the funds approved by the voters have been expended only for the purposes authorized by Measure R in accordance with Section 1(b) of Article XIIIA of the California Constitution and Section 15264 *et seq.* of the Education Code. This Board of Education further certifies it will direct the Chief Financial Officer to cause to be filed with the Board no later than January 1, 2007, and at least once a year thereafter, the annual report required pursuant to Measure R and Section 53410 *et seq.* of the Government Code of the State of California.

Section 16. Filing with Board of Supervisors. Pursuant to Section 15140(a) of the Education Code, the Executive Officer of this Board of Education is hereby authorized and directed to file a certified copy of this Resolution with the Executive Officer-Clerk of the Board of Supervisors of the County.

Section 17. Filing with Auditor-Controller and Treasurer of the County. Pursuant to Section 15140(c) of the Education Code, the Executive Officer of this Board of Education or any Authorized Officer is also directed to cause a certified copy of this Resolution, and a copy of the debt service schedule for the Bonds, to be provided to the Treasurer and the Auditor-Controller of the County.

Section 18. Other District Bonds. The issuance and sale of any series of Bonds may be combined with the issuance and sale of any other bonds of the District.

Section 19. Effective Date. This resolution shall take effect from and after its adoption.

Adopted and signed this 13th day of June, 2006, by the Board of Education of the Los Angeles Unified School District.

Jefferson Crain, Executive Officer of the Board

EXHIBIT A

FULL TEXT OF MEASURE R

EXHIBIT B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Los Angeles Unified School District (the "District") in connection with the issuance of $_____ aggregate principal amount of "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series ____ (20___)" (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Los Angeles (the "County") on _____, 2006, at the request of the Board of Education of the District by its resolution adopted on _____, 2006. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission listed at:

"http://www.sec.gov/info/municipal/nrmsir.htm".

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2005-2006 Fiscal Year (which is due not later than February 25, 2007), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

- Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall

contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

- Adopted general fund budget of the District for the current fiscal year.
- District average daily attendance.
- District outstanding debt.
- Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.
- Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if applicable and material:

1. principal and interest payment delinquencies.
2. non-payment related defaults.
3. modifications to rights of Holders.
4. optional, contingent or unscheduled bond calls.
5. defeasances.
6. rating changes.
7. adverse tax opinions or events affecting the tax-exempt status of the Bonds.

8. unscheduled draws on the debt service reserves reflecting financial difficulties.

9. unscheduled draws on the credit enhancements reflecting financial difficulties.

10. substitution of the credit or liquidity providers or their failure to perform.

11. release, substitution or sale of property securing repayment of the Bonds.

The District notes that items 8, 9, 10 and 11 are not applicable to the Bonds.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Unless the Dissemination Agent is the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking

into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder,

including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____.

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: _____

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District:	LOS ANGELES UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	LOS ANGELES UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES __ (20___)
Date of Issuance:	_____

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated _____. [The District anticipates that the Annual Report will be filed by _____.]

Dated:_____

LOS ANGELES UNIFIED SCHOOL DISTRICT

EXECUTIVE OFFICER'S CERTIFICATE

I, Jefferson Crain, Executive Officer of the Board of Education of the Los Angeles Unified School District, County of Los Angeles, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on June 11, 2006, and entered in the minutes thereof, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES: 5

NOES:

ABSTAIN:

ABSENT: 1

An agenda of said meeting was posted at least 72 hours before said meeting at 333 South Beaudry Avenue, Los Angeles, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this 19 day of June, 2006.

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