County of Los Angeles
CHIEF EXECUTIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://ceo.lacounty.gov

DAVID E. JANSSEN
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 17, 2007

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:

RESOLUTION APPROVING THE ISSUANCE OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TAX-EXEMPT OBLIGATIONS FOR THE LOS ANGELES COUNTY MUSEUM OF ART (THIRD DISTRICT) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt a Resolution approving the issuance of California Statewide Communities Development Authority tax-exempt obligations for the purpose of financing capital improvements at the Los Angeles County Museum of Art.

2. Ratify a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing held by the County Treasurer and Tax Collector.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Museum Associates, a California nonprofit public benefit corporation (the "Corporation") doing business as the Los Angeles County Museum of Art (LACMA), has requested the County's assistance with meeting certain legal and public approval requirements in connection with the issuance of tax-exempt private activity bonds (the "Bonds"). The Bonds will be issued by the California Statewide Communities Development Authority (the "Authority") in an aggregate principal amount not to exceed $200,000,000.

The proceeds of the Bonds will be used for the educational and charitable purposes of LACMA and will be applied to finance (1) the construction of a new special exhibition pavilion to be located on Wilshire Boulevard and South Spaulding Avenue in Los Angeles (collectively, the "Museum Campus"); (2) the development and renovation of other new and existing facilities on the Museum Campus; (3) the acquisition and

installation of various artwork throughout the Museum Campus; and (4) other related expenses and costs (collectively, the "Project").

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions between the County and other governmental entities. It supports the Strategic Plan Goals of Fiscal Responsibility and Service Excellence by facilitating the Corporation's ability to access the capital markets and borrow at favorable tax-exempt rates in order to enhance the educational and cultural experience of County residents.

FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County or the Authority. Repayment of the Bonds will be the obligation of the Corporation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Corporation has requested that the Authority serve as the conduit issuer for this financing and issue the Bonds on its behalf. The County's participation in the financing is limited to the holding of a TEFRA hearing and the Board's approval of the Authority's bond issuance.

Pursuant to the Joint Powers Act, a number of cities, counties (including the County of Los Angeles) and special districts entered into a joint exercise of powers agreement (the "Agreement") by which the Authority was organized. The Authority is authorized by the Agreement to issue bonds or other forms of indebtedness to promote economic development and/or to benefit an organization as described under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In this instance, the Authority is the conduit issuer on behalf of the Corporation. Pursuant to Section 147(f) of the Code, this transaction must be approved by your Board as the governing body having jurisdiction over the area in which the Project is located. In addition, both the Code and Section 9 of the Agreement require that a TEFRA hearing be held to give the public an opportunity to comment on the transaction. This hearing was duly noticed and held on July 10, 2007 in the Treasurer and Tax Collector's Office.

In accordance with Board policies regarding conduit financings, we have secured the appropriate clearances for this financing and confirmed that there is no County obligation for debt repayment. We have further confirmed that there will be a public benefit to the Project by enabling LACMA to increase its exhibition space and reorganize its collections

in a manner that creates a more coherent and engaging viewing experience for visitors. The Project will also further LACMA's efforts to integrate its existing facilities and facilitate the storage, conservation, maintenance and movement of art throughout the museum.

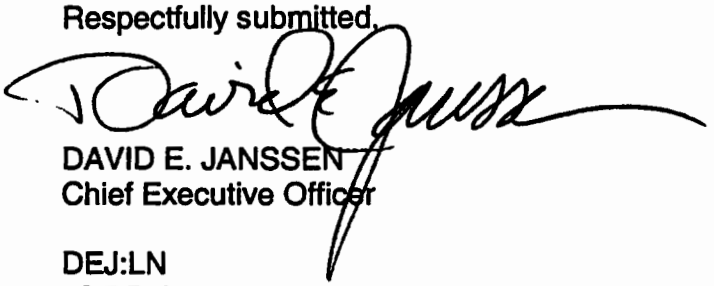
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

Upon adoption, the Treasurer and Tax Collector will need two (2) original executed copies of the adopted Resolution.

Respectfully submitted,



DAVID E. JANSSEN
Chief Executive Officer

DEJ:LN
JSE:DJT:zu

Attachment

c: Treasurer and Tax Collector
County Counsel
Auditor-Controller
Hawkins Delafield & Wood LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES APPROVING THE ISSUANCE OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TAX-EXEMPT OBLIGATIONS FOR THE PURPOSE OF FINANCING THE CONSTRUCTION, RENOVATION AND EQUIPPING OF CERTAIN EDUCATIONAL AND CHARITABLE FACILITIES AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, Museum Associates, a California nonprofit public benefit corporation doing business as the Los Angeles County Museum of Art (the "Corporation"), has requested that the California Statewide Communities Development Authority (the "Authority") participate in the issuance of one or more series of tax-exempt obligations in an aggregate principal amount not to exceed $200,000,000 (the "Obligations") which will be applied to finance (1) the development, construction, and equipping of a new special exhibition pavilion to be located on the Corporation's campus, such campus being located at 5890, 5905 and 6067 Wilshire Boulevard and 710 South Spaulding Avenue, Los Angeles, California 90036 (collectively, the "Museum Campus"), (2) the development, construction, renovations, improvement and equipping of existing and new facilities on the Museum Campus, including but not limited to the renovation and improvement to an existing museum facility building known as the West Building, entranceways and walkways, connecting structures and landscaping, (3) the acquisition and installation of various artworks throughout the Museum Campus, (4) costs of issuance of the Bonds, and (5) other related expenses and costs, including capitalized interest (collectively, the "Project"), all of which facilities are located within the County of Los Angeles (the "County"); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Obligations by the Authority must be approved by the County because the Project is located within the territorial limits of the County; and

WHEREAS, the Board of Supervisors of the County (the "Board") is the elected legislative body of the County and is one of the applicable elected representatives required to approve the issuance of the Obligations under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the Board approve the issuance of the Obligations by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the County; and

WHEREAS, the County shall not incur any pecuniary liability in connection with the issuance of the Obligations;

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, there has been published, at least 14 days prior to the date thereof, in a newspaper of general circulation within the County, a notice that a public hearing regarding the Obligations would be held on July 10, 2007; and

WHEREAS, such public hearing was conducted on said date by the Treasurer and Tax Collector of the County, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Obligations;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. The above recitals are true and correct.

Section 2. The Board hereby approves the issuance of the Obligations by the Authority. It is the purpose and intent of the Board that this resolution constitutes approval of the Obligations for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.

Section 4. This resolution shall take effect immediately upon its passage.

The foregoing resolution was on the 17th day of July, 2007, duly adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Supervisors

By:_____

Approved as to Form:

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By: Emm C DuPont
Principal Deputy County Counsel