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

July 15, 2008

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
LOS ANGELES UNIFIED SCHOOL DISTRICT
2008-09 TAX AND REVENUE ANTICIPATION NOTES
(ALL DISTRICTS) (3 VOTES)

SUBJECT

The governing board of the Los Angeles Unified School District (the "District") has requested that the County issue tax and revenue anticipation notes on its behalf in an aggregate principal amount not to exceed $950,000,000. Pursuant to Article 7.6 and commencing with Section 53850 of the Government Code, school districts organized and existing under the laws of the State of California are authorized to borrow money through the issuance of short-term notes. Repayment of the notes will be from the general revenues of the District.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the resolution authorizing the issuance and sale of the Los Angeles Unified School District 2008-09 Tax and Revenue Anticipation Notes (the "Notes").

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The governing board of the District adopted a resolution on June 24, 2008 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed $950,000,000 to be used for authorized purposes.

Pursuant to Section 53850 et seq. of the California Government Code, the Board of Supervisors is responsible for offering the District's Notes for sale. The Notes are to be issued in the name and on behalf of the District by the County following receipt of the District's resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #3: Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. It supports the Strategic Plan Goal #4: Fiscal Responsibility by providing necessary funding to meet the cash flow requirements of the District.

FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Tax and revenue anticipation notes are short-term debt instruments that provide borrowers with the ability to finance their operating cash flow deficits during a given fiscal year. The Notes will be issued at a true interest cost not to exceed 5%, and will mature no later than thirteen months after the date of issuance. The principal and interest payments on the Notes shall be payable from taxes, income, revenue, cash receipts and other funds received by the District during or attributable to Fiscal Year 2008-09.

The District has selected the firms of Kelling Northcross & Nobriga and Tamalpais Advisors Inc. as co-financial advisors, and Sidley Austin LLP as bond counsel for the Notes. The resolution provides the District with an option to choose either a competitive or a negotiated sale of the Notes. The terms and conditions of the offering will be specified at the time of pricing to achieve the lowest cost of financing for the District.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

Attachments (3)

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

RESOLUTION
OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
PROVIDING FOR THE ISSUANCE AND SALE OF
LOS ANGELES UNIFIED SCHOOL DISTRICT
2008-2009 TAX AND REVENUE ANTICIPATION NOTES
IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED $950,000,000

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

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

WHEREAS, the Los Angeles Unified School District (the "District"), acting through its Board of Education, has adopted its resolution finding and determining that the District needs to borrow funds in the amount of not more than $950,000,000 for Fiscal Year 2008-2009 for authorized purposes of the District (the "District Resolution"), and such resolution requests that the Board of Supervisors of the County of Los Angeles borrow, on behalf of the District, not more than $950,000,000 pursuant to said Act for any purposes for which the District is authorized to expend moneys; and

WHEREAS, pursuant to Section 53856 of the Act, certain revenues that will be received by the District for the General Fund of the District during or attributable to Fiscal Year 2008-2009 may be pledged for the payment of said notes and the interest thereon as hereinafter provided;

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

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

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

"Authenticating Agent" means the Paying Agent.

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

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

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

"County Counsel" means County Counsel of the County.

"District" means the Los Angeles Unified School District.

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

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

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

"Fiscal Agent" means the Paying Agent.

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

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

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

"Note" or "Notes" means all of the Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes issued pursuant to this Resolution, which may be comprised of Series A Notes and Series B Notes, if issued.

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

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

"Repayment Account" means the Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Note Repayment Account established pursuant to Section 8 hereof.

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

"Series A Notes" means the series of Notes expected to be issued in July 2008, which Notes may be comprised of Notes bearing different interest rates but all of which Series A Notes mature on the same date.

"Series B Notes" means the series of Notes to be issued, if necessary, no later than January 15, 2009, which may be comprised of Notes bearing different interest rates but all of which Series B Notes mature on the same date, which date shall not be earlier than the maturity date of the Series A Notes.

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

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

Section 3. Terms of the Notes.

3.1 Authorization of Issuance. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the District for the General Fund of the District during or attributable to Fiscal Year 2008-2009, and not pursuant to any common plan of financing, the County hereby authorizes, subject to the District's compliance with Section 14 hereof, the issuance in the name and on behalf of the District of notes in an aggregate principal amount not to exceed $950,000,000 (the "Authorized Amount") in one or two series under Sections 53850 et seq. of the Act. The Notes shall all have the same maturity date. The Series B Notes shall not be sold or issued subsequent to the issuance of the Series A Notes, unless the County shall have received confirmation from Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Services, A Division of the McGraw-Hill Companies ("S&P," and together with Moody's, the "Rating Agencies") that the issuance of such subsequent series of Notes shall not cause a reduction or withdrawal in the ratings on any Series A Notes. The Notes shall be designated "Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes" (with such additional or other series designations as may be authorized herein).

3.2 Denominations, Maturity and Payment. The Notes shall be issuable in the denominations of $5,000 and any integral multiples thereof. Each series of the Notes shall be dated the day of issuance but in no case later than January 15, 2009, shall mature not later than thirteen months after the date of issuance of the Series A Notes, as set forth in the Notice of Sale or the Note Purchase Agreement, as applicable, and shall bear interest in accordance with Section 3.3 hereof. The Notes may be issued in one or two series as determined by the District in a total amount not to exceed the Authorized Amount. Principal of and interest on the Notes shall be paid at the principal office of the Paying Agent.

3.3 Interest Rate. Each series of the Notes shall bear interest at the Interest Rate from the initial date of such Notes to the maturity date and shall be payable on the maturity date or, in the case of a term to maturity greater than one year, shall be payable (1) on a date no later than

one year from the date of issuance of such series of Notes and (2) on the maturity date. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

NOTWITHSTANDING THE FOREGOING, THE TRUE INTEREST COST WITH RESPECT TO EACH SERIES OF THE NOTES SHALL NOT EXCEED 5.00%.

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

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

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

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

(d) Register. The Authenticating Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the owner of the Note; and, upon presentation for such purpose, the Authenticating Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

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

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

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

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

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

The Paying Agent shall pay all principal of and interest on the Notes only to or upon the order of the respective holders, as shown in the registration books of the Authenticating Agent or their respective attorneys, duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal of, premium, if any, and interest on the Notes to the extent of the sum or sums so paid. No person other than a holder, as shown in the registration books of the Authenticating Agent, shall receive a Note evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Resolution and any supplemental resolution.

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

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

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

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

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

Section 7. Repayment Pledge. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys

that are received by the District for the General Fund of the District during or attributable to Fiscal Year 2008-2009.

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

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

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

Section 8. Establishment of Repayment Account. The Pledged Revenues (in cash or in investments permitted by Section 9 hereof that have a market value on such Business Day equal to the amount required to be deposited on such Business Day or whose maturity value on a maturity date no later than such Business Day is equal to the amount required to be deposited on such Business Day) shall be deposited by the Treasurer, on behalf of the District, with, and held in trust by, the Fiscal Agent, as hereinafter appointed, in a special account designated the "Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Note Repayment Account" (the "Repayment Account"), and shall be applied as directed in this Resolution. The obligation to pay principal of and interest on the Notes shall constitute a first lien and charge on amounts deposited in the Repayment Account and any money deposited in the Repayment Account shall be for the ratable benefit of the owners of the Notes. Until the principal of the Notes and all interest due thereon are paid in full or until provision has been made for the payment in full of the principal of and interest on the Notes, the moneys in the Repayment Account shall be applied only for the purposes for which such Repayment Account was created. The Pledged Revenues are required to be deposited in the Repayment Account in the amounts indicated in Section 7 on each Pledge Date. In the event that there have been insufficient Unrestricted Revenues received by the Treasurer on behalf of the District, by the third Business Day prior to any Pledge Date, to permit the deposit into the Repayment Account of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Notes and

the interest thereon (the "Other Pledged Moneys"), when and as such Pledged Revenues and Other Pledged Moneys are received by the Treasurer, on behalf of the District, or directly by the District. Any balance in the Repayment Account on the day after the final maturity date of the Notes in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the District's General Fund.

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

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

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

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

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

Section 11. Sale of the Notes. The Notes shall be sold at (i) a competitive sale and under conditions set forth in the Notice of Sale (the "Notice of Sale") relating to the Notes substantially in the form on file with the Executive Officer-Clerk of the County Board and hereby approved, or (ii) by a negotiated sale pursuant to the Note Purchase Agreement in the form on file with the

Executive Officer-Clerk and hereby approved, if determined by the CFO of the District or the Controller (or the Interim Controller, as applicable) of the District (the "Controller") to be in the best interest of the District.

The Treasurer, or an authorized deputy or delegate of the Treasurer, together with the CFO, the Deputy Chief Financial Officer (or the Interim Deputy Chief Financial Officer, if applicable) of the District, the Controller or other authorized officer of the District, is hereby authorized and directed to accept the highest responsible bids for the Notes producing the lowest true interest cost to the District; provided, that (i) the true interest cost for any series of Notes shall not be in excess of 5.00%; (ii) the aggregate price to be received for any series of Notes shall not be less than 100% of the aggregate principal amount thereof; and (iii) the Notes shall otherwise conform to the limitations specified herein.

In the event that the CFO or the Controller determine a negotiated sale of the Notes is in the best interest of the District, the Treasurer is hereby authorized and directed on behalf of the County to execute the Note Purchase Agreement, with such changes as such officer shall deem necessary or desirable to implement the negotiated sale of the Notes consistent with the terms of this resolution. Such execution shall constitute conclusive evidence of the approval by the County of the Note Purchase Agreement in the form finally executed.

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

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

Section 14. Tax Covenants. The District has covenanted that it will make no use of the proceeds of the Notes or any other amounts that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end, the District has agreed to comply with all requirements of said Section 148 of the Code and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Notes and certain other amounts and the rebate of a portion of the investment earnings on proceeds of the Notes and certain other amounts, if required, to the United States. The District has further covenanted to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the aforementioned covenants, the District has agreed to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of the Notes (the "Tax Certificate"). The Paying Agent, by acceptance of its duties hereunder, agrees to cooperate with the District in order to comply with the Tax Certificate in such manner as shall be mutually

agreed by the Paying Agent and the District. The District has covenanted that it will take no action that would cause the interest on the Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes.

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

[Remainder of Page Intentionally left Blank]

The foregoing resolution was on the ____ day of _____, 2008, 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 _____
Deputy

Approved as to form:

RAYMOND G. FORTNER, JR.
County Counsel

By _____
Principal Deputy County Counsel

EXHIBIT A

FORM OF NOTE

REGISTERED
NO.: _____

REGISTERED
$_____

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

LOS ANGELES UNIFIED SCHOOL DISTRICT,
2008-2009 TAX AND REVENUE ANTICIPATION NOTE,
SERIES ___

DATED:	REGISTERED OWNER:	CUSIP NO.:
_____, 2008	CEDE & CO.	544646_____

FOR VALUE RECEIVED the Los Angeles Unified School District (the "District"), a school district organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay the Registered Owner hereof, at the principal office of DTC, the principal sum of _____ DOLLARS ($_____) in immediately available funds in lawful money of the United States of America, on _____, 2009, together with interest thereon at the rate of _____ (PERCENT _____%) per annum in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on the maturity date or, in case of a term to maturity greater than one year, on a date no later than one year from the date of issuance of this Note and on the maturity date. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable upon surrender of this Note as the same shall fall due; provided, however, any interest due prior to maturity shall be payable on _____, 2009 to the person in whose name the note is registered on _____ 15, 2009 by wire or check mailed to such registered owner.

The principal of and interest on this Note shall be paid by check or by wire transfer payable to or upon the order of the registered owner hereof upon presentation and surrender of this Note at maturity at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent (the "Paying Agent," "Fiscal Agent" and "Authenticating Agent")

at Los Angeles, California. No interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

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

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes, Series __ (the "Notes") in the aggregate principal amount of _____ Dollars ($_____), all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on _____, 2008 (the "County Resolution") and a Resolution of the Board of Education of the District duly passed and adopted on _____, 2008 (the "District Resolution") under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the County Resolution.

The principal amount of the Notes and any additional notes which may be issued, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2008-2009. As security for the payment of the principal of and interest on the Notes and any additional notes which may be issued, the District has pledged an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009 an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009, an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009, and an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009 plus an amount sufficient to pay interest on the Notes and any such additional notes and any deficiency in the amount required to be deposited during any prior period, from the unrestricted revenues of the District to be received in the month ending June 30, 2009 (pledged amounts being hereinafter called "Pledged Revenues"); and the principal of the Notes and any such additional notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

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

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

COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Supervisors

(SEAL)

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

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned County Resolution and is one of the Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes, Series ___.

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

By: _____
Name: MARK J. SALADINO
Title: TREASURER AND TAX COLLECTOR

$000,000,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
County of Los Angeles, California
2008-2009 TAX AND REVENUE ANTICIPATION NOTES, SERIES A

NOTE PURCHASE AGREEMENT

_____, 2008

County of Los Angeles
437 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Los Angeles Unified School District
c/o Office of the Chief Financial Officer
333 South Beaudry Avenue
Los Angeles, CA 90071

Ladies and Gentlemen:

The undersigned, _____, as underwriter (the "Underwriter") offers to enter into this Note Purchase Agreement ("Note Purchase Agreement") with the County of Los Angeles (the "County") and with the Los Angeles Unified School District, County of Los Angeles, a public school district organized and existing under the laws of the State of California (the "District"). This offer is made subject to written acceptance by the County and the District prior to 11:59 p.m., California Time, on the date hereof, and, upon such acceptance, this Note Purchase Agreement will be binding upon the County, the District and the Underwriter. All terms not defined herein shall have the meanings set forth in the Official Statement as hereinafter defined.

1. Purchase and Sale of the Notes.

(a) The District is issuing its 2008-2009 Tax and Revenue Anticipation Notes, Series A in the principal amount of $000,000,000 (the "Notes"), dated their date of delivery, with interest and principal payable at maturity. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County and the District for reoffering to the public, and the County and the District hereby agree to sell to the Underwriter for such purpose, the Notes The aggregate purchase price to be paid by the Underwriter for the Notes shall be $_____ (which consists of said principal amount of $000,000,000, plus a premium of $_____).

(b) By Noon, California time, on the day of the execution of this Note Purchase Agreement, the Underwriter shall deliver to or on behalf of the County a good faith check or a

proposal bond ("Financial Surety Bond") in the sum of one million dollars ($1,000,000) (the "Good Faith Deposit"), for the performance by the Underwriter of their obligation to accept and pay for the Notes at the Closing, as defined below, in accordance with the provisions of this Note Purchase Agreement. If the Underwriter has delivered a Financial Surety Bond, then the Underwriter shall deliver the Good Faith Deposit to the County in the form of a certified or cashier's check or wire transfer by 3:30 p.m., California time, on the next business day following the execution of this Note Purchase Agreement. In the event the County and the District do not accept this offer, the Good Faith Deposit shall be immediately returned to the Underwriter. If the County and the District accept this offer, the Good Faith Deposit will be retained by the County and applied to the purchase price of the Notes. In the event of the County's or the District's inability to deliver the Notes at the Closing, or if the County and the District shall be unable to satisfy the conditions precedent to the Underwriter's obligation to purchase the Notes at the Closing (unless such conditions are waived by the Underwriter), or if the Underwriter's obligation to purchase the Notes at the Closing shall be terminated for any other reason permitted herein, the Good Faith Deposit shall be returned to the Underwriter. Such payment shall constitute a full release and discharge of all claims arising out of the transactions contemplated hereby, except for the obligations of the District under Section 11. In the event that the Underwriter fails (other than for a reason permitted herein) to accept for delivery and pay the purchase price of the Notes on the Issue Date (as defined below), the Good Faith Deposit shall be retained by the District as liquidated damages for such failure and for any defaults hereunder on the Underwriter's part and shall constitute a full release and discharge of all claims by the County and the District against the Underwriter, except for any obligations of the Underwriter under Section 14.

2. The Notes. The Notes shall be dated their date of delivery, shall mature on ____, 2009, and shall bear interest at a rate of _____ percent (__%) per annum payable at maturity. The Notes shall be as described in and shall be issued and secured pursuant to the provisions of the resolution of the Board of Supervisors of the County of Los Angeles, adopted on July 15, 2008 (the "County Resolution") and pursuant to a Resolution of the Board of Education of the District adopted on June 24, 2008 (the "District Resolution" and, together with the County Resolution, the "Resolutions"), and Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"). The Notes shall be registered in the name of "Cede & Co." and delivered through The Depository Trust Company ("DTC") in New York, New York.

3. Use of Documents. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Notes, a preliminary official statement and an official statement, in forms jointly acceptable to the District and the Underwriter, this Note Purchase Agreement, the Resolutions and all information contained herein and therein and all other documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Note Purchase Agreement.

The District hereby ratifies, approves and confirms the use and distribution of the preliminary official statement of the District with respect to the Notes, dated _____, 2008 (together with the Appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the public offering and sale of the Notes by the Underwriter. The District represents that it has

deemed the Preliminary Official Statement to be final as of its date, except for either revisions to or additions of the initial public 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 Notes 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 ("Rule 15c2-12").

The Underwriter agrees that prior to the time the final official statement (the "Official Statement") relating to the Notes is available, the Underwriter will make available to any potential purchaser of the Notes, 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 next business day following the date upon which each such request is received.

The Underwriter agrees to file the Official Statement with a nationally recognized municipal securities information repository within the meaning of Rule 15c2-12.

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

The District hereby agrees to cause to be delivered to the Underwriter within seven (7) business days of the date hereof, with up to but not more than _____ (____) copies of the Official Statement for distribution. The District hereby authorizes and approves the distribution by the Underwriter of the Official Statement in connection with the public offering and sale of the Notes. The Official Statement, together with cover pages, including the Appendices thereto, the documents incorporated therein by reference and any supplements or amendments thereto on or prior to the Closing is herein sometimes referred to as the "Official Statement." The District hereby approves of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Notes. The Underwriter agrees that they will not confirm the sale of any Notes unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

4. Public Offering of the Notes. The Underwriter agrees to make a *bona fide* public offering of the Notes. The Underwriter reserves the right to change such public offering price or yield as they deem necessary in connection with the marketing of the Notes, and to over-allot or effect transactions that stabilize or maintain the market prices of the Notes at levels above those that might otherwise prevail in the open market and discontinue such stabilizing, if commenced, at any time.

5. Closing. At 8:00 a.m., California Time, on ___, 2008, or such other time and on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the County will deliver to the Underwriter, through the book-entry system of DTC, the Notes in definitive form, duly executed, and in fully registered, book-entry form and will cause the other documents hereinafter mentioned pertaining to the Notes to be delivered at the officers of Bond Counsel in Los Angeles, California or at such other places as shall have been mutually agreed upon by the parties hereto, and other documents hereinafter mentioned, and the

Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds to the order of the District.

6. Representations Warranties and Agreements of the District. The District hereby represents and warrants to and covenants with the Underwriter that:

(a) The District is a public school district of the State of California (the "State") organized and operating under the laws thereof, and has all requisite power and authority to conduct its business and to execute, deliver and perform all of its obligations under this Note Purchase Agreement and the Resolutions.

(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 the delivery of the Notes; (ii) the District has full legal right, power and authority to enter into this Note Purchase Agreement, to execute the Continuing Disclosure Certificate (defined herein) and to adopt the District Resolution and to perform its obligations under each such document or instrument (collectively, the "District Documents"), and to carry out and effectuate the transactions contemplated by the District Documents; (iii) the execution and delivery of or adoption of, and the performance by the District of the obligations contained in, the District Documents have been duly authorized and such authorization shall be in full force and effect at the time of Closing; (iv) the District Documents each constitute a valid and legally binding obligation of the District enforceable against the District in accordance with its terms except that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws for the protection of debtors in effect, to the application of general principles of equity if equitable remedies are sought and to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts in the State of California; provided that no opinion is expressed with respect to any indemnification provisions contained herein; and (v) the District has duly authorized the consummation by it of all transactions contemplated by the District Documents; and (vi) by all necessary official action the District has authorized and approved the Preliminary Official Statement and the Official Statement and the distribution thereof by the Underwriter.

(c) No consent, approval, authorization, license, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required for the consummation of the transactions contemplated herein or hereby, except for such actions as have been taken or as may be necessary to be taken to qualify the Notes for offer and sale under the so-called "Blue Sky" or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter 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) All Notes will be issued only under and within the limits of the Act, and, as such, are general obligations of the District, but payable only out of certain taxes, income, revenue, cash receipts and other moneys to be received by the District attributable to fiscal year 2008-2009 and legally available for the payment thereof (the

"2008-2009 Revenues"). Under the County Resolution, certain moneys are pledged to payment of the Notes and any additional Notes authorized and issued pursuant to the County Resolution (the "Pledged Revenues") and such pledge constitutes a first lien or charge against the Pledged Revenues.

(e) To the best knowledge of the District, the issuance of the Notes, the execution, delivery and performance of this Note Purchase Agreement, the District Resolution and the Notes and the approval of the Official Statement and 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 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.

(f) To the best knowledge of the District, as of the time of acceptance hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court, government agency or public body, pending or 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 District or the entitlement of the officials of the District to such offices; (ii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendments or supplements thereto; (iii) seeking to restrain, prohibit or enjoin the sale, issuance or delivery of any of the Notes, the application of the proceeds of the sale of the Notes or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting the powers of the District or its authority with respect to the Notes, the County Resolution or this Note Purchase Agreement or in any way contesting or affecting the validity or enforceability of the Notes or (iv) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Note Purchase Agreement, (b) declare this Note Purchase Agreement to be invalid or unenforceable in whole or in material part, (c) in which a final adverse decision could materially adversely affect the operations of the District or (d) adversely affect the exemption from gross income of the interest paid on the Notes for purposes of applicable federal and State income taxation.

(g) The audited balance sheet of the District as of June 30, 2006, and the related statements of revenues, expenditures and changes in financial position for the fiscal year ended on such date, as set forth in the Official Statement, are true, complete and correct and fairly present the financial condition of the District as of such date and the results of its operations for such fiscal year. 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.

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be

stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) As of the date thereof, and at all times subsequent thereto up to and including the Closing, the information relating to the District contained in the Official Statement (including all of its appendices and attachments) as amended or supplemented, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the date of the Closing, and the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. 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 or cause to be prepared and furnish (at the expense of the District) an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter 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 Underwriter.

(j) The District undertakes that, for a period beginning with the day on which the Notes are delivered to the Underwriter and ending on the earlier of the twenty-fifth (25th) day following the end of the underwriting period, as defined in Rule 15c2-12(f)(2) under the Securities Exchange Act of 1934, as amended, or the day when the Official Statement is available to any person from a nationally recognized municipal securities information repository, it will (i) apprise the Underwriter of all material developments, if any, occurring with respect to the District and (ii) if requested by the Underwriter, prepare a supplement to the Official Statement in respect of any such material event; provided, however, that the out-of-pocket costs and expenses, including legal fees and expenses, associated with providing any such supplement, will be borne by the Underwriter. Unless otherwise notified in writing by the Underwriter, the District may assume that the end of the underwriting period occurs on the date the District delivers the Notes to the Underwriter.

(k) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued and will not have requested the County to issue, any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement.

(l) The District covenants that it will take any and all action and will cause any and all action to be taken in order to ensure compliance with the provisions contained in the tax and non-arbitrage certificate described in Section 11(e)(ix) hereof.

(m) 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.

(n) To assist the Underwriter in complying with Rule 15c2-12, the District will undertake, pursuant to the District Resolution 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 be set forth in the Official Statement. Except as disclosed in the Preliminary Official Statement, the District has never failed to comply with any prior disclosure undertakings pursuant to Rule 15c2-12.

(o) Preparation and distribution of the Official Statement pertaining to the Notes has been duly authorized by the District, and the information contained therein (excluding the statements and information in Appendix C – "BOOK-ENTRY ONLY SYSTEM", and any information provided by the Underwriter 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.

(p) Any certificates signed by any official of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same in such person's individual capacity, as to the statements made therein.

7. Representations Warranties and Agreements of the County. The County hereby represents, warrants and covenants to the Underwriter that:

(a) The County is a political subdivision of the State validly existing under the Constitution and laws of the State, with the right and power to (i) execute, deliver and perform its obligations under this Note Purchase Agreement and the County Resolution and (ii) execute and deliver the Notes.

(b) (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the execution and delivery of the Notes; (ii) the County has full legal right, power and authority to enter into this Note Purchase Agreement, to adopt the County Resolution, to execute and deliver the Notes to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument (collectively, the "County Documents") and to effectuate transactions contemplated by the County Documents; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Notes, the County Resolution and this Note Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Note 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 Note 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 Notes or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Notes 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 Underwriter 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 County agrees that the County will not issue any additional notes for the District secured by a pledge of the same revenues as are pledged to pay the Notes except as authorized by the County Resolution.

(e) The execution and delivery of the Notes, the execution, delivery and performance of this Note Purchase Agreement, the performance of the County's obligations under the County Resolution and compliance with the provisions hereof and thereof by the County, as appropriate, do not and will not, in any material respect, conflict with or constitute on the part of the County a breach of, or a default under, the Constitution of the State, any existing law, charter, ordinance, regulation, court decree or order, resolution or any agreement, indenture, mortgage, lease or other instrument, to which the County is subject or by which it is bound.

(f) All authorizations, consents or approvals of, or filings or registrations, if any, with, any governmental authority or court necessary for the valid execution and delivery by the County of the Notes will have been duly obtained or made prior to the execution and delivery of the Notes (and disclosed to the Underwriter); provided, however, that no representation is made by the County as to compliance with federal or state Blue Sky or similar securities laws of any state in connection with the offering, sale or issuance of the Notes. As used herein, the term "governmental authority" refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation.

(g) To the best knowledge of the County as of the time of acceptance hereof, no action, suit, proceeding or investigation is pending or threatened against the County in any court or before any governmental authority seeking to restrain or enjoin the execution or delivery of any of the Notes or in any way contesting or affecting the validity of the County Resolution, the Notes, this Note Purchase Agreement, or the receipt or application of the revenues pledged to pay the Notes or the payment of principal and interest with respect to the Notes, or contesting the powers of the County to execute and deliver the Notes.

(h) Between the date hereof and the Closing, without the prior written consent of the Underwriter, 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.

(i) Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same in such person's individual capacity, as to the statements made therein.

8. Covenants of the County and the District. The County and the District covenant and agree with the Underwriter that:

(a) The District will punctually pay or cause to be paid the principal of and interest on the Notes in strict conformity with the terms of the County Resolution and the Notes and it will faithfully observe and perform all of the conditions, covenants and requirements of the Notes and the County Resolution. The District will cause the Pledged Revenues to be deposited in the Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Note Repayment Account (as defined in the County Resolution) by the dates and in the amounts contemplated by the County Resolution.

(b) With the exception of the Notes and any additional notes authorized under the County Resolution, the District will not incur any indebtedness for money borrowed that may or must be repaid from the 2008-2009 Revenues except to the extent that such other indebtedness will not be secured by a pledge of the Pledged Revenues or Other Pledged Moneys (as defined in the County Resolution) that ranks prior to or on a parity with the pledge thereof created by Section __ of the County Resolution.

(c) The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Notes 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;.

(d) The District will apply the proceeds from the sale of the Notes for the purposes specified in the County Resolution.

(e) The District will not cause modification or amendment of the County Resolution without the prior consent of the Underwriter.

(f) 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 Underwriter, not later than the earlier of (i) the third (3rd) business day preceding the Closing Date or (ii) the seventh (7th) business day following the date this Note Purchase Agreement is signed, printed 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 Underwriter, the County and the District in such reasonable quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board.

(g) The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or 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.

(h) If at any time prior to the expiration of 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12), any event known to the District or the County relating to or affecting the District, the County or the Notes occurs which might cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which such statements were made, not misleading, the District or the County will promptly notify the Underwriter in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable opinion of Hawkins Delafield & Wood LLP, Disclosure Counsel to the District ("Disclosure Counsel"), or the Underwriter, to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and either shall have so advised the District, the District and the County will forthwith cooperate with the Underwriter in the prompt preparation and furnishing to the Underwriter, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance satisfactory to the Underwriter, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District and the County will presume that unless otherwise notified in writing by the Underwriter, the end of the underwriting period will occur on the date of delivery of the Notes.

(i) To assist the Underwriter in complying with Rule 15c2-12 and for the benefit of the holders and beneficial owners of the Notes, the District will undertake to provide annual reports and notices of certain events, if material, pursuant to a continuing disclosure certificate dated the date of Closing (the "Continuing Disclosure Certificate").

9. Representations, Warranties and Agreements of the Underwriter. The Underwriter represents to and agrees with the District and the County that, as of the date hereof and as of the date of Closing:

(a) The Underwriter is duly authorized to execute this Note Purchase Agreement;

(b) The Underwriter is duly authorized to take any action under this Note Purchase Agreement required to be taken by the Underwriter; and

(c) The Underwriter has, and has had, no financial advisory relationship (as such term is defined in California Government Code Section 53590) with the District or the County with respect to the Notes, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship (as such term is defined in California Government Code Section 53590).

10. Division of Responsibility Between the District and the 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 Note 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 Note Purchase Agreement which are to be performed solely by the County.

11. Conditions to Obligations of Underwriter at Closing. The Underwriter has entered into this Note Purchase Agreement in reliance upon the representations and warranties of the County and the District contained herein and the performance by the County and the District of their respective obligations hereunder, both as of the date hereof and as of the Closing. The obligation of the Underwriter to purchase the Notes at the Closing is and shall be subject to the following further conditions, any of which may be waived by the Underwriter in writing:

(a) The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing and otherwise pursuant hereto shall be true, complete and correct in all material respects at and as of the Closing; and the District and the County shall be in compliance with each of the respective agreements made by them in this Note Purchase Agreement;

(b) At and as of the Closing (i) the Official Statement, this Note Purchase Agreement, the District Resolution and the County Resolution 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 Underwriter; (ii) all actions under the Act which, in the opinion of Sidley Austin LLP ("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; (iii) the District and the County shall have adopted, and there shall be in full force and effect such additional resolutions, agreements, opinions and certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the tax-exempt character of the interest on the Notes), which resolutions, agreements, opinions and certificates shall be satisfactory in form and substance to Bond Counsel to the District and to the Underwriter, and there shall have been taken in connection therewith and in connection with the execution and delivery of the Notes all such actions as shall, in the reasonable opinion of each, be necessary in connection with the transactions contemplated hereby; (iv) all actions under the Resolutions which, in the opinion of Bond Counsel to the District, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (v) the Notes shall have been duly authorized, executed

and delivered; and (vi) the District and the County shall perform or have performed all of their respective obligations required under or specified in this Purchase Contract or the Resolutions to be performed at or prior to the Closing;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government authority or public body, pending or threatened against the District which has any of the effects described in paragraph (f) of Section 6 hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) No order, decree or injunction of any court of competent jurisdiction, or any order, ruling or regulation of the Securities and Exchange Commission, has been issued or made with the purpose or effect of prohibiting the issuance, offering, or sale of the Notes as contemplated hereby and no legislation has been enacted, or a bill favorably reported for adoption, or a decision by a court established under Article III of the Constitution of the United States rendered or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Notes or any other securities of the District or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect; and

(e) At or prior to the Closing, the Underwriter shall have received three copies of the following documents, in each case dated at and as of the Closing and satisfactory in form and substance to the Underwriter:

(i) An approving opinion of Bond Counsel as to the Notes, addressed to the County, the District and the Underwriter;

(ii) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(A) This Note Purchase Agreement has been duly authorized, executed and delivered by the County and the District and, assuming due authorization, execution and delivery by the Underwriter, constitutes the valid and binding agreement of the County and the District, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting the enforcement of creditors' rights generally and by 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 to the limitations 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 therein, and

(B) The statements contained in the Official Statement under the captions "INTRODUCTION – Authority for Issuance; Purpose" – and, – "Security for the Notes," "THE NOTES," "SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES – Authority for Issuance," and – "Security for the Notes," "TAX MATTERS," "LEGAL MATTERS" and "LEGALITY FOR INVESTMENT IN CALIFORNIA," insofar as such statements purport to summarize certain provision of the Notes, the County Resolution, the District Resolution and Bond Counsel's opinion relating to certain federal and State tax matters relating to the Notes, present an accurate summary in all material respects of such provisions and opinions. Further, the statements contained under the caption "TAX MATTERS" present an accurate summary of their legal opinion relating to the exclusion of interest on the Notes from gross income for federal income tax purposes and the exemption of such interest from State personal income taxes;

(iii) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Note Purchase Agreement, the Official Statement and the Continuing Disclosure Certificate; (ii) the representations, warranties and agreements of the District herein are true, complete and correct in all material respects as of the date made and as of the Closing; (iii) the District has performed all its obligations required under or specified in the District Resolution and this Note Purchase Agreement to be performed at or prior to the Closing; (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 Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes, the Continuing Disclosure Certificate or this Note Purchase Agreement, or (C) in any way contesting the existence or powers of the District (but in lieu of or in conjunction with such certification the Underwriter may, in their sole discretion, accept from Bond Counsel their opinion to the effect that the issues raised in any such pending or threatened litigation are without substance and that the contentions of all plaintiffs therein are without merit); (v) the Official Statement and the Notes have been duly executed and delivered; (vi) the execution and delivery of the Notes and the approval of the Official Statement and compliance with the provisions on the District's part contained herein and therein will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as set forth in the District Resolution and the County Resolution and (vii) such official has reviewed the Official Statement and on such basis certifies that it does not contain any untrue statements of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; each of the conditions listed in Section 11 of this Note 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 Note Purchase Agreement that has not been satisfied on the date hereof, and (viii) the Notes being delivered on the date of the Closing to the Underwriter under this Note Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions and this Note Purchase Agreement;

(iv) A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute and to approve this Note 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 Note 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 Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes or this Note 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 11 of this Note Purchase Agreement required to be satisfied by the County has been satisfied on the date thereof and the County is not aware of any other condition of this Note Purchase Agreement that has not been satisfied on the date thereof, and (vii) the Notes being delivered on the date of the Closing to the Underwriter under this Note Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Note Purchase Agreement;

(v) Evidence satisfactory to the Underwriter that at and as of the Closing, the Notes have the same ratings from Moody's Investors Service and Standard and Poor's Rating Services, a Division of McGraw-Hill Companies, Inc. as were used on the date of pricing to determine the interest rate for the Notes;

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

(A) Such copy is a true and correct copy of such District Resolution; and

(B) The District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(vii) A certificate of the appropriate official of the District evidencing the District's determination respecting the Preliminary Official Statement in accordance with Rule 15c2-12;

(viii) A fully executed copy of the County Resolution, certified by the Executive Officer-Clerk of the Board of Supervisors of the County;

(ix) A tax and non-arbitrage certificate from the District in form and substance satisfactory to Bond Counsel and the Underwriter, signed by an official of the District;

(x) A certificate of the County confirming that the section of the Official Statement entitled "APPENDIX E – The Los Angeles County Pooled Surplus Investments" is complete and accurate in all material respects;

(xi) The Continuing Disclosure Certificate substantially in the form attached to the Official Statement, duly executed by the District;

(xii) An opinion of the counsel to the District, dated the date of Closing and addressed to the District, the County and the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that such counsel has reviewed the Official Statement and such other documents and instruments as such counsel deemed appropriate in connection with the delivery of such counsel's opinion and that:

(A) the District is a public school district organized and validly existing under the Constitution and the laws of the State;

(B) the District Resolution approving and authorizing the execution and delivery of the Note Purchase Agreement and the issuance of the Notes was duly adopted at a meeting of the governing body of the District that 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;

(C) the District has the full right and lawful authority to enter into and perform its duties and obligations under this Note Purchase Agreement, the Continuing Disclosure Certificate and the District Resolution and to authorize the execution of the Notes;

(D) to the best knowledge of such counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the District (a) affecting the existence of the District or

the titles of its officers to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution of the Note Purchase Agreement; (c) in any way contesting or affecting the validity or enforceability of the Notes, the Note Purchase Agreement or the District Resolution; or (d) contesting the powers of the District or its authority to enter into, adopt or perform its obligations under any of the foregoing, including, but not limited to, the consummation of the transactions contemplated in the Official Statement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto; and

(E) the execution and delivery of the Notes and the approval of the Official Statement and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject;

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

(G) the Official Statement has been duly approved by the District.

(xiii) An opinion of the counsel to the County, dated the date of Closing and addressed to the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that:

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

(B) the County Resolution approving and authorizing the execution and delivery of the Note Purchase Agreement and the issuance of the Notes was duly adopted at a meeting of the governing body of the County that 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; and said County Resolution have not been modified,

amended, rescinded or revoked and are in full force and effect on the date hereof;

(C) to the best knowledge of such counsel, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for the issuance and sale of the Notes to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution of the Note Purchase Agreement or the issuance of the Notes or in any way contesting or affecting the validity or enforceability of the Notes, the Note 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 the Note Purchase Agreement with respect to the issuance and sale of the Notes; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for the Notes;

(D) the Note Purchase Agreement has been duly authorized, executed and delivered by the County and the Notes 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, the Note Purchase Agreement will constitute a 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, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles, and by limitations on remedies imposed in actions against public entities in the State;

(xiv) An opinion of Disclosure Counsel, dated the date of closing and addressed to the District and the Underwriter, to the effect that without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and based upon the information made available to them in the course of their participation in the preparation of the Official Statement as Disclosure Counsel, no fact has come to their attention which would cause them to believe that the Official Statement (excluding therefrom the information relating to DTC and the book-entry system, and the financial statements and the statistical data included in the Official Statement, and the appendices thereto, as to which no opinion need be expressed), as of the date thereof and the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(xv) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may

reasonably request to evidence compliance by the County, the District and the Paying Agent with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the District and the County herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the District and the County at or prior to such time of all agreements then to be performed and conditions then to be satisfied by the District and the County.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Note Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Note Purchase Agreement, this Note Purchase Agreement may be canceled by the Underwriter 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 electronic communication, 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 Underwriter may be waived by the Underwriter.

12. Termination of Obligations of Underwriter. If the District or the County shall be unable to satisfy the conditions to the obligations of the Underwriter set forth in Section 11, this Note Purchase Agreement may be terminated by the Underwriter by notice to the District and the County at, or at any time prior to, the Closing. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing in their sole discretion.

The Underwriter shall also have the right to terminate, in their sole discretion, after consultation with the District and the County, their obligations under this Note Purchase Agreement, by notice to the District and the County at, or any time prior to, the Closing, if between the date hereof and the Closing: (i) legislation is enacted by the Congress of the United States, or by the legislature of 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 (A) 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 Notes in the hands of the holders thereof; or (B) 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 Notes, or obligations of the general character of the Notes, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended; (ii) 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; (iii) 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, or a material disruption in commercial banking or securities settlement or clearance services shall have occurred; (iv) 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 Notes, or obligations of the general character of the Notes, or securities generally, or the material increase of any such restrictions now in force, including without limitation restrictions with respect to the extension of credit by or the net capital requirements of underwriters or broker-dealers; (v) 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 Notes, or the issuance, offering or sale of the Notes, 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; (vi) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or (vii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, 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 the light of the circumstances under which they were made, not misleading.

13. Conditions to Obligations of the District. The performance by the County and the District of their obligations under this Note Purchase Agreement with respect to issuance, sale and delivery of the Notes to the Underwriter is conditioned upon (i) the performance by the Underwriter of their obligations hereunder and (ii) receipt by the District, the County and the Underwriter of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the District.

14. Expenses.

(a) Unless the obligations of the Underwriter under this Note Purchase Agreement are terminated by the Underwriter at or prior to the Closing for any reason permitted by this Note Purchase Agreement, the Underwriter shall pay all of their own expenses (including that of their own counsel and any legal fees relating to qualification of the Notes under any state Blue Sky laws) incident to the purchase and resale of the Notes and shall further pay the following expenses: (i) DTC costs and fees; (ii) the fees payable to the California Debt and Investment Advisory Commission, (iii) Dalnet/Dalcomp fees; and (iv) CUSIP Bureau charges.

(b) If the obligations of the Underwriter under this Note Purchase Agreement are terminated by the Underwriter at or prior to the Closing for any reason permitted by this Note Purchase Agreement, the District shall pay all the District expenses, including those assumed by the Underwriter under paragraph (a) of this Section.

(c) The District shall pay all legal expenses of the Underwriter incurred by reason of any litigation between the Underwriter and the District regarding this Note Purchase Agreement in which there is an adverse legal determination against the District and the Underwriter shall

pay all legal expenses of the District incurred by reason of any litigation between the Underwriter and the District in which there is an adverse legal determination against the Underwriter.

15. Notices. Any notice or other communication to be given under this Note 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 Treasurer and Tax Collector of Los Angeles County at 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012; if to the District, to Chief Financial Officer, Los Angeles Unified School District at 333 South Beaudry Avenue, 26th Floor, Los Angeles, CA 90071; and if to the Underwriter, to: _____, _____, CA _____, or at such other address as shall be designated by the District or Underwriter, as applicable, in a written notice to each of the other parties.

16. Severability. In the event any provision of this Note 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.

17. Parties in Interest: Survival of Representations and Warranties. This Note Purchase Agreement when accepted by the County and the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations and warranties of the County and the District in this Note Purchase Agreement shall remain operative and in full force and effect regardless of: (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Notes hereunder and (c) any termination of this Note Purchase Agreement.

18. Execution in Counterparts. This Note Purchase Agreement may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

19. Applicable Law. This Note Purchase Agreement shall be interpreted under, governed by and enforced in accordance with, the laws of the State.

Very truly yours,

[UNDERWRITER]

By: _____
Name: _____
Title: _____

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: _____
Deputy County Counsel

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: _____
Megan K. Reilly
Chief Financial Officer

COPY CERTIFICATION BY DOCUMENT CUSTODIAN

State of California } ss.
County of Los Angeles

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

attached reproduction of BOARD OF EDUCATION REPORT NO. 497-07/08 is a true,
Description of Original Document

correct and complete photocopy of a document in my possession.

BOARD OF EDUCATION REPORT NO. 497-07/08 regarding Tax and Revenue Anticipation Notes (TRANs) to Finance Cash Flow Deficits, adopted June 24, 2008 (20 pages)

Signature of Custodian of Original Document

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

GARY Y. SHIMAGO
Commission # 1635360
Notary Public - California
Los Angeles County
My Comm. Expires Feb 3, 2010

Place Notary Seal Above

Subscribed and sworn to (or affirmed) before me on this 26th day of
Date

June, 2008
Month Year

Signature of Notary Public

OPTIONAL

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

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

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

Custodian Is Representing: _____

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LOS ANGELES UNIFIED SCHOOL DISTRICT
Board of Education Report

Report Number:	497-07/08
Date:	June 24, 2008
Subject:	Tax and Revenue Anticipation Notes (TRANs) to Finance Cash Flow Deficits
Responsible Staff:	
Name	Timothy Rosnick
Office/Division	Director, Treasury and Accounting Controls
Telephone No.	(213) 241-7930

A. EXECUTIVE SUMMARY

Action Proposed: The Board is requested to (1) approve the attached resolution (Attachment A) authorizing the preparation and sale of not to exceed $950 million of 2008-2009 Tax and Revenue Anticipation Notes, Series A (the "TRANs") in one or more series to fund temporary cash flow deficits in the General Fund and costs of issuance and direct certain actions in connection therewith, (2) approve the form of the Preliminary Official Statement and other legal documents for the transaction, (3) authorize the sale of the TRANs by negotiation with a team of underwriters from the District's underwriting pool, (4) direct the Chief Financial Officer and other Officers of the District to assemble the financing team for the upcoming transaction to be comprised of Tamalpais Advisors, Inc. – Kelling, Northcross & Nobriga, Financial Advisor; Sidley Austin LLP, as Bond and Tax Counsel; Hawkins, Delafield & Wood LLP, as Disclosure Counsel; the County Treasurer-Tax Collector as Fiscal and Paying Agent and Banc of America Securities LLC, Lehman Brothers, Morgan Stanley & Co. Incorporated and Samuel A. Ramirez & Co., Inc., as Underwriters, and (5) authorize the Budget Services and Financial Planning Division to make the necessary budget adjustments to reflect the anticipated TRANs receipts.

Staff Recommendation and Rationale: Staff recommends approval of the actions above to allow financing of temporary cash flow deficits in the most cost effective manner. Timing is critical as cash flow deficit are expected to begin in August.

Background: Like many public agencies throughout California, LAUSD experiences temporary cash flow deficits during the fiscal year. The biggest single factor is that the District receives about 11.0% of its revenue from property taxes but said taxes are collected and made available primarily in December and April of each fiscal year. This causes temporary cash flow deficits until the property taxes are received. In addition, the State is delaying the payment of the July apportionment until September in 2008-09, thereby creating a cash deficit early in the fiscal year.

There are three cash management tools that could be used to address the temporary deficits: 1) internal borrowing from other District funds; 2) a line of credit with a commercial bank; and 3) issuance of a TRANs. The District has found TRANs to be the most cost-effective approach. In the current market, the TRANs cost would be about 1.65%; a commercial bank line of credit would cost about 3.40%; and the loss of interest earnings on internally borrowed funds at the current L.A. County pool rate would be somewhat less than the latest 3.53% pool rate.

The District has used a competitive sale method for its TRANs for several years. While this approach has been very cost effective, a negotiated sale is preferred this year because the District's Fiscal Year 2006-07 audit is late, the District's Second Interim had a qualified certification, and the State budget situation is dire. Negotiated sales allow Underwriters to pre-market the bonds. Finance is confident this approach will result in an orderly TRANs sale at a market rate of interest.

Finance is recommending issuance of the TRANs by the end of July to finance projected deficits in August.

Policy Implications: This action is in compliance with the District's Debt Policy.

Budget Impact: Providing compliance with IRS guidelines, earnings from investment of the proceeds are expected to offset the cost of the TRANs. If guidelines are not met, the District would forfeit transaction costs (about $230,000).

Issues/Considerations: Timing is critical due to deficits beginning in August 2008.

Effect of "yes" vote: District will issue TRANs to cover cash flow deficits.

Effect of "no" vote: District will cover cash flow deficits in more costly manner.

B. BOARD REPORT

Action Proposed: The Board is requested to (1) approve the attached resolution (Attachment A) authorizing the preparation and sale of not to exceed $950 million of 2008-2009 Tax and Revenue Anticipation Notes, Series A (the "TRANs") in one or more series to fund temporary cash flow deficits in the General Fund and costs of issuance and direct certain actions in connection therewith, (2) approve the form of the Preliminary Official Statement and other legal documents for the transaction, (3) authorize the sale of the TRANs by negotiation with a team of underwriters from the District's underwriting pool, (4) direct the Chief Financial Officer and other Officers of the District to assemble the financing team for the upcoming transaction to be comprised of Tamalpais Advisors, Inc. – Kelling, Northcross & Nobriga, Financial Advisor; Sidley Austin LLP, as Bond and Tax Counsel; Hawkins, Delafield & Wood LLP, as Disclosure Counsel; the County Treasurer-Tax Collector as Fiscal and Paying Agent and Banc of America Securities LLC, Lehman Brothers, Morgan Stanley & Co. Incorporated and Samuel A. Ramirez & Co., Inc., as Underwriters, and (5) authorize the Budget Services and Financial Planning Division to make the necessary budget adjustments to reflect the anticipated TRANs receipts.

Expected Outcomes: Mitigate the impact of temporary general Fund cash flow deficits in the most cost-effective manner and likely at no net cost to the District.

Board Options and Consequences: The Board may approve the financing team, the sale of the TRANs on a negotiated basis, the Resolution, the Preliminary Official Statement and the other documents so that the TRANs issuance can be executed as timely as possible.

The Board may prefer to finance the cash deficits through internal borrowing or a line of credit with a commercial bank. These options, however, would result in additional budgetary costs.

Policy Implications: This action has been reviewed and is in compliance with the District's Debt Policy.

Budget Impact: The IRS rules regarding TRANs allow an issuer to invest the TRANs proceeds and keep all or a portion of the interest earnings, under certain conditions, so that an issuer does not incur a net cost and may even be able to generate a net benefit. Because of this, it is expected that there will be no net cost associated with the TRANs but, in the event the

District's actual cash performance does not meet the IRS guidelines, the District would forfeit the costs of the transaction (about $230,000).

Issues and Analysis:

☐ **No legal issues**

☐ **Legal informative attached**

The Chief Financial Officer has prepared an Informative under separate cover, dated as of June 9, 2008, that provides background on TRANs as well as a summary of frequently asked Questions and Answers regarding TRANs. Below is further discussion of issues and analysis.

Like many public agencies throughout California, LAUSD experiences temporary cash flow deficits during the fiscal year. The biggest single factor is that the District receives about 11.0% of its revenue from property taxes but, per State Board of Equalization property tax collection rules, said taxes are collected and made available to agencies like LAUSD primarily in December and April of each fiscal year. This causes temporary cash flow deficits until the property taxes are received. It is important to note that the cash flow deficits are NOT a sign of credit weakness; rather, the deficits are a result of the delay in receipt of property taxes until well into the fiscal year. In addition, in the upcoming fiscal year, the State is delaying the payment of the July apportionment until September, thereby creating a cash deficit in the early part of the fiscal year.

There are three cash management tools that could be used to address the temporary deficits: 1) internal borrowing from other District funds; the advantage of this approach is that it is easy to do, but the disadvantage is that it potentially disrupts the operations of such funds as the workers' comp, capital outlay, building funds and others and it means a loss of interest earnings on the borrowed funds; 2) a short-term line of credit with a commercial bank; the advantage of this approach is the ease of doing the transaction, but the disadvantages are the interest rate (which would be higher than the interest rate on a TRANs, discussed next) and the fact that banks do not always offer this product; and 3) issuance of a TRANs, the advantages of which are low interest rates and no net cost to the District, while the disadvantage is the significant amount of staff time needed to execute the transaction.

In the current market, the TRANs cost would be about 1.65%; a commercial bank line of credit would cost about 3.40%; and the loss of interest earnings on internally borrowed funds at the current L.A. County pool rate would be somewhat less than the latest 3.53% pool rate as of April 30, 2008, as interest rates have been falling since April.

Based on evaluation of the three financing alternatives over the years, the

District has found TRANs to be the most cost-effective approach. LAUSD has issued TRANs annually from Fiscal Year 1982-83 to 1985-86 and in every fiscal year since 1990-91 to fund timing differences between receipts and disbursements.

LAUSD's 2007-08 TRANs were issued in the amount of $600 million and are scheduled to be repaid on December 29, 2008.

The District has used a competitive sale method for its TRANs for several years. This approach has been very cost effective, as it takes advantage of competition among all of the major note underwriters in the municipal market. A competitive sale requires the transaction to be very "vanilla" without any aspects that could cause investor credit concerns. Due to the fact that the District's Fiscal Year 2006-07 audit is late, the District's Second Interim had a qualified certification, and the State budget situation is dire, Finance recommends that the TRANs be sold on a negotiated basis this year. This method of sale selects the underwriters ahead of time to assist the District in pre-marketing the TRANs and making sure the late audit, qualified certification and State budget situation are fully discussed by the District with the major TRANs investors. Finance is confident this approach will result in an orderly TRANs sale at a market rate of interest.

Finance is recommending issuance of the TRANs by the end of July. This will enable the District to finance the initial cash deficit caused by the State's delay of payment of the July apportionment until September.

The Chief Financial Officer recommends the following team of firms from the financial advisor, bond counsel and underwriter benches to execute the TRANs: Tamalpais Advisors, Inc. – Kelling, Northcross & Nobriga, as Financial Advisor; Sidley Austin LLP, as Bond and Tax Counsel; Hawkins Delafield & Wood LLP, as Disclosure Counsel; and Banc of America Securities LLC, Lehman Brothers, Morgan Stanley & Co. Incorporated and Samuel A. Ramirez & Co., Inc., as Underwriters.

Finally, the Chief Financial Officer recommends that the Board approve the Resolution and the forms of the Preliminary Official Statement and other legal documents that are needed in order to market the TRANs.

Committee Information: N.A.

Reporting Requirements and Benchmarks:	Staff will report back to the Board on any action taken, and on the results of the sale of the TRANs.
Accountable Staff:	Chief Financial Officer
Applicable Board Delegations:	N.A.
Superintendent's Comments:	None.
Miscellaneous Issues and Matters: ☐ **Desegregation Impact Statement attached** ☐ **Division of Accountability and Systemwide Performance** ■ **Informative**	None.

Respectfully submitted,

DAVID L. BREWER III
Superintendent of School

APPROVED & PRESENTED BY:

MEGAN K. REILLY
Chief Financial Officer

APPROVED BY:

DR. JAMES MORRIS
Chief of Staff

Attachment A
Resolution Authorizing Issuance of Not-To-Exceed
$950 Million of Tax and Revenue Anticipation Notes

RESOLUTION

RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $950,000,000 2008-2009 TAX AND REVENUE ANTICIPATION NOTES FOR SAID DISTRICT, APPROVING THE FORMS OF OFFICIAL STATEMENT, NOTICE OF SALE, NOTE PURCHASE AGREEMENT AND CONTINUING DISCLOSURE CERTIFICATE, REQUESTING THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY TO ISSUE SAID NOTES AND APPROVING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Sections 53850 et seq. of the Government Code of the State of California (the "Act") contained in Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof, entitled "Temporary Borrowing," on or after the first day of any Fiscal Year (being July 1), the Los Angeles Unified School District (the "District") may borrow money by issuing notes for any purpose for which the District is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the District; and

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

WHEREAS, the County Superintendent of Schools of the County of Los Angeles (the "County Superintendent of Schools") has jurisdiction over the District, and this Board of Education (the "District Board"), being the governing board of the District, hereby requests the borrowing of not to exceed $950,000,000 through the issuance by the County of Los Angeles (the "County") of the Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes (the "Notes"), in one or more series, in the name of the District at a true interest cost not to exceed 5% per series; and

WHEREAS, such Notes shall not be issued later than January 15, 2009; and

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

WHEREAS, the District Board has deemed it necessary and desirable to authorize the sale of the Notes by a negotiated sale, if determined by the Chief Financial Officer, the Deputy Chief Financial Officer (or the Interim Deputy Chief Financial Officer, if applicable) or the Controller (or the Interim Controller, if applicable) to be in the best interest of the District, pursuant to a Note Purchase Agreement with the underwriters designated therein, or by a

competitive sale pursuant to a Notice of Sale, with such Notes to be sold to the winning bidders pursuant to a Certificate of Award (together, the "Notice of Sale"); and

WHEREAS, such Notes, as required by federal tax restrictions, shall be payable not later than thirteen months after their respective dates of issue, and such Notes shall be payable only from revenue received or accrued during or attributable to Fiscal Year 2008-2009; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys of the District, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and this Resolution specifies that certain unrestricted revenue which will be received by the District for the General Fund of the District during or attributable to Fiscal Year 2008-2009 is pledged for the payment of the Notes; and

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

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

WHEREAS, the District Board has found and determined that said $950,000,000 maximum aggregate principal amount of Notes to be issued by the County in Fiscal Year 2008-2009, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the then uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

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

NOW, THEREFORE, the District Board hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof; Paying Agent. The District Board hereby requests the County Board to issue in the name of the District, an amount not to exceed $950,000,000 aggregate principal amount of Notes in one or more series under Sections 53850 et seq. of the Act, designated "Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes" (with such additional or other series designations as may

be authorized herein) (the "Notes"); to be numbered from 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in denominations of $5,000, or integral multiples thereof, as determined by the Chief Financial Officer of the District (the "CFO") or her designee after conferring with the Treasurer and Tax Collector of the County (the "Treasurer") based on the winning bid(s) for such Notes (if the Notes are determined to be sold pursuant to a competitive sale) or the proposed coupon and yield (if the Notes are determined to be sold pursuant to a negotiated sale); to be dated the date of delivery thereof, but in no case later than January 15, 2009; to mature (without option of prior redemption) not later than 396 days from said date of delivery (or 390 days computed on a 30-day month/360-day year basis), or if such date is not a day on which banks in the States of New York or California are open for business, on the last business day prior to such date; and to bear interest, payable at maturity (or in the case of a term to maturity greater than one year, (i) on a date no later than one year from the date of issuance of each respective series of Notes by check or wire mailed to the registered owners thereof and (ii) on the date of maturity (as described below)) at a single or multiple rates of interest as shall be determined at the time of sale of a series of Notes, but not in excess of the legal maximum interest rate of 12.00% per annum per series and not in excess of a true interest cost of 5.00% per series, computed on a 30-day month/360 day year basis. The Notes may be issued in one or more series as determined by the CFO or her designee, provided that subsequent series of the Notes shall not be issued if such issuance shall cause a reduction in the ratings from Moody's or S&P on any outstanding series of the Notes and the maturity date for such series shall not be earlier than that of any previously issued series. The principal of the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the principal office of the Treasurer which is hereby designated to be the paying agent on the Notes (in such capacity the "Paying Agent") or such other paying agent as the County and District may designate. Interest shall be payable upon surrender as described in the preceding sentence except as otherwise provided in this Section 1. The District Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

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

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

Section 4. Payment of Notes.

(A) Source of Payment. The aggregate principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during or attributable to Fiscal Year 2008-2009 and which are available therefor. The Notes shall be a general obligation of the District, and to the

extent the Notes are not paid from the Pledged Revenues, as defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

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

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

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

(C) Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that it will not request the Treasurer to make temporary transfers of funds in the custody of the Treasurer to meet any obligations of the District during the 2008-2009 Fiscal Year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California (the "State Constitution") or any other legal authority, unless the full amount of Pledged Revenues shall have been deposited into the Repayment Account.

(D) Deposit of Pledged Revenues in Repayment Account. The District shall request the Treasurer to deposit on each Pledge Date with the Paying Agent the Pledged Revenues in cash or in investment securities of the type the District is permitted to invest in under applicable California law (or as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(1) of the Government Code of the State of California) that have a market value or a maturity value on a maturity date no later than the respective maturity date of each series of the Notes equal to the amount required to be deposited on such date. The District hereby agrees that if there have been insufficient unrestricted revenues received by the Treasurer on behalf of the District, by the third business day prior to any Pledge Date, to permit the deposit into the Repayment Account (defined below) of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then

the amount of any deficiency in the Repayment Account shall be satisfied and made up, but only to the extent permitted by law, from any other moneys of the District available for the payment of the principal of the Notes and the interest thereon (the "Other Pledged Moneys"), when and as such Pledged Revenues and Other Pledged Moneys are received by the Treasurer, on behalf of the District, or directly by the District. Other Pledged Moneys shall be deposited to each Repayment Account on a pro rata basis.

The Pledged Revenues and Other Pledged Moneys shall be held by the Paying Agent in a special account for each series of Notes, designated as the "Los Angeles Unified School District 2008-2009 Tax and Revenue Anticipation Notes, Series ___, Repayment Account" (collectively, the "Repayment Account") and applied as provided in this Resolution. Any moneys placed in the Repayment Account shall be for the benefit of the holders of the related series of Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at the respective maturity date for each series of Notes with interest to such maturity date, the moneys in the Repayment Account shall be applied only for the purposes for which the Repayment Account is created.

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

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

Section 5. Execution of Notes. The District hereby requests the Mayor of the Board of Supervisors, the Executive Officer-Clerk of the County Board and the Treasurer to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby requested to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby requested to cause the blank spaces thereof to be filled in as

may be appropriate. The Notes shall not be valid unless and until the authenticating agent selected by the District and the Treasurer shall have manually authenticated such Notes.

Section 6. Sale of Notes. The distribution of the Official Statement, the Notice of Sale and the Notice of Intention, or the Note Purchase Agreement, as applicable, are approved in connection with the offering and sale of the Notes. The actions of the Financial Advisor (as hereinafter defined), on behalf of the District, in distributing the Official Statement and the Notice of Sale, or the Note Purchase Agreement, as applicable, to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Notes therein offered for sale, are hereby approved. The Notes shall be sold at a competitive sale and under conditions set forth in the Notice of Sale substantially in the form on file with the Executive Officer and hereby approved, or by a negotiated sale pursuant to the Note Purchase Agreement in the form on file with the Executive Officer and hereby approved, if determined by the Chief Financial Officer, the Deputy Chief Financial Officer (or the Interim Deputy Chief Financial Officer, if applicable) or the Controller (the "Controller") (or the Interim Controller, if applicable) to be in the best interest of the District.

The CFO, the Deputy Chief Financial Officer (or the Interim Deputy Chief Financial Officer, if applicable), the Controller (or the Interim Controller, if applicable), or any other officer authorized by the CFO or Controller (or the Interim Controller, if applicable) (an "Authorized Officer" or "Authorized Officers") are hereby authorized and directed on behalf of the District to cause the sale of the Notes through a competitive sale, and to execute the Notice of Sale, with such changes as such Authorized Officer shall deem necessary or desirable to implement the sale of the Notes consistent with the terms of this resolution. Such execution shall constitute conclusive evidence of the approval by the District of the Notice of Sale in the form finally executed. The Treasurer or any authorized deputy or delegate of the Treasurer, in consultation with an Authorized Officer, is hereby directed to accept the highest responsible bids for the Notes producing the lowest true interest cost to the District; provided, that (i) the true interest cost for any series of Notes shall not be in excess of 5.00% per series; (ii) the aggregate price to be received for any series of Notes shall not be less than 100% of the aggregate principal amount thereof; and (iii) the Notes shall otherwise conform to the limitations specified herein. In the event two or more bids setting forth identical true interest costs are received, the first bid submitted, as determined by reference to the time displayed on the electronic bidding site, shall be deemed to be the winning bid. The CFO may, in his discretion, reject any and all bids and waive any irregularity or informality in any bid. The Treasurer, in consultation with the CFO, shall award the Notes or reject all bids not later than 26 hours after the expiration of the time prescribed for the receipt of proposals unless such time of award is waived by the successful bidder(s). The County Board is hereby requested to cause the Notice of Sale to be approved on behalf of the County, subject to such changes or revisions therein as may be acceptable to the District and to the County Board.

In the event that the CFO or the Controller (or the Interim Controller, if applicable) determine a negotiated sale of the Notes is in the best interest of the District, an Authorized Officer is hereby authorized and directed on behalf of the District to execute the Note Purchase Agreement, with such changes as such Authorized Officer shall deem necessary or desirable to implement the negotiated sale of the Notes consistent with the terms of this resolution. Such

execution shall constitute conclusive evidence of the approval by the District of the Note Purchase Agreement in the form finally executed.

Section 7. Authorization of Preliminary Official Statement and Official Statement. The form of preliminary official statement (the "Preliminary Official Statement") relating to the Notes on file with the Executive Officer of the Board of Education is hereby deemed approved. Tamalpais Advisors, Inc. - Kelling, Northcross & Nobriga, A Joint Venture, the Financial Advisor to the District in connection with the Notes (the "Financial Advisor") is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in purchasing such Notes. Each Authorized Officer, acting singly, is hereby authorized to certify on behalf of the District, that the Preliminary 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, as amended (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Official Statement in substantially said form (the "Official Statement"), with such changes as each Authorized Officer, acting singly, may approve (including all information previously permitted to have been omitted by Rule 15c2-12), which approval shall be conclusively evidenced by execution by such Authorized Officer of the Official Statement and delivery thereof to the underwriters of the Notes within 7 business days of the sale of the Notes, is hereby approved.

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

Section 9. Delivery of Notes. The proper officers of the County are hereby requested to deliver the Notes to the purchasers of the Notes. All actions heretofore taken by the officers and agents of the District Board with respect to the Notes are hereby approved, confirmed and ratified, and the officers of the District Board are hereby authorized and directed to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

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

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

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

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

Section 14. Tax Covenants. The District covenants that it will make no use of the proceeds of the Notes or any other amounts that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end so long as any of the Notes are outstanding, the District and all of its officers having custody or control of such proceeds agree to comply with all requirements of said Section 148 and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Notes and certain other amounts and the rebate of a portion of the investment earnings on certain amounts, including proceeds of the Notes, if required, to the federal government. The District further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the covenants contained in this Section 13, the District agrees to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of the Notes (the "Tax Certificate"). The District covenants that it will take no action that would cause the interest on the Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes.

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

PASSED AND ADOPTED by the Board of Education of the Los Angeles Unified School District this ____ day of _____, 2008, by the following vote:

AYES:
NOES:
ABSENT:

President, Board of Education
Los Angeles Unified School District

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

EXHIBIT A

FORM OF NOTE

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

LOS ANGELES UNIFIED SCHOOL DISTRICT,
2008-2009 TAX AND REVENUE ANTICIPATION NOTE
SERIES ___

Dated:

Registered Owner: _____ $_____
CUSIP No.: _____

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

_____ DOLLARS ($_____)

in immediately available funds in lawful money of the United States of America, on _____, 2007, together with interest thereon at the rate of

_____ (PERCENT _____%)

per annum in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on the maturity date [or, in case of a term to maturity greater than one year, on a date no later than one year from the date of issuance of this Note and on the maturity date]. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable only upon surrender of this Note as the same shall fall due; [provided, however, any interest due prior to maturity shall be payable on _____, 2009 to the person in whose name the note is registered on _____ 15, 2009 by wire or check mailed to such registered owner].

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

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

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes, Series __ (the "Notes") in the aggregate principal amount of _____ ($_____), all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on _____, 2008 (the "County Resolution") and a Resolution of the Board of Education of the District duly passed and adopted on _____, 2008 (the "District Resolution") under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the District Resolution.

The principal amount of the Notes and any additional notes which may be issued, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2008-2009. As security for the payment of the principal of and interest on the Notes and any additional notes which may be issued the District has pledged an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009, an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009, an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009, and an amount equal to _____ percent (___%) of the principal amount of the Notes and any such additional notes from the unrestricted revenues received by the District on or before _____, 2009, plus an amount sufficient to pay interest on the Notes and any such additional notes and any deficiency in the amount required to be deposited during any prior period, from the unrestricted revenues of the District to be received in the month ending June 30, 2009 (pledged amounts being hereinafter called "Pledged Revenues"); and the principal of the Notes and any such additional notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the

Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

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

IN WITNESS WHEREOF, the County of Los Angeles has caused this Note to be executed by the Mayor of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors and the Treasurer and Tax Collector by their manual or facsimile signature this _____ day of _____, 2008

COUNTY OF LOS ANGELES

By: _____
Mayor of the Board of Supervisors

(SEAL)

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

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned District Resolution and is one of the Los Angeles Unified School District, 2008-2009 Tax and Revenue Anticipation Notes, Series __.

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

By: _____
Name:
Title: