COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

JOSEPH KELLY
TREASURER AND TAX COLLECTOR

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May 09, 2017

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

54 May 9, 2017

Lori Glasgow
LORI GLASGOW
EXECUTIVE OFFICER

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

Dear Supervisors:

ISSUANCE AND SALE OF
2017-18 TAX AND REVENUE ANTICIPATION NOTES
(ALL DISTRICTS) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector is requesting authorization to issue Tax and Revenue Anticipation Notes (TRANs) to meet the Fiscal Year 2017-18 cash flow needs of the County General Fund. This short-term borrowing program enables the County to manage the funding of its expenditure requirements and to reduce the need for internal borrowing. We are requesting a maximum authorization for the 2017-18 TRANs in an amount not to exceed $800,000,000.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2017-18 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $800,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2017-18 TRANs and the execution and delivery of all related financing documents. Each year since 1977, the County has issued tax-exempt TRANs in connection with its cash management program for the upcoming fiscal year. This short-term borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year. The proceeds generated from the issuance of TRANs are maintained in a separate fund by the Auditor-Controller and transferred on a periodic basis to meet the cash needs of the County General Fund. This process will reduce the County's need for internal borrowing during the upcoming fiscal year.

Due to the County's stable financial condition and improved cash flows, the requested maximum authorization for the 2017-18 TRANs will remain at an amount not to exceed $800,000,000 for the second consecutive year. As in prior years, the final par amount of the 2017-18 TRANs may be adjusted downward to reflect updated cash flow projections for Fiscal Year 2017-18, and to ensure compliance with Federal regulations for tax-exempt financings.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Strategy III.3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2017-18 TRANs will depend on market conditions on the date of the sale. The Resolution provides that the true interest cost of the TRANs shall not exceed three percent(3%). However, based on current market conditions the actual cost of borrowing is expected to be significantly lower and may result in a true interest cost of approximately one percent (1%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Based on current conditions in the municipal note market, the 2017-18 TRANs are expected to be sold as a single series of one-year fixed-rate notes maturing on June 29, 2018. However, the final structure of the TRANs will be determined at the time of pricing, which is currently scheduled for early June 2017. Proceeds from the sale of the 2017-18 TRANs are expected to be available to the County on July 3, 2017.

Consistent with the County's historical practice, the Treasurer and Tax Collector is recommending a negotiated sale of the 2017-18 TRANs. Based on the results of a competitive solicitation process, Citigroup Global Markets Inc. was selected as the lead senior managing underwriter, with Bank of America Merrill Lynch appointed to serve as the co-senior manager. Up to four co-managers will be added to the underwriting syndicate for the TRANs prior to the pricing date. Squire Patton Boggs LLP will serve as note counsel for this transaction.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The 2017-18 TRANs are issued as part of a cash management program, which has no direct impact on current services.

CONCLUSION

Upon approval of this Resolution, 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,

Joseph Kelly

Treasurer and Tax Collector

JK:JP:BS:pabPb/br
dltr2017-18trans

Enclosures

c: Chief Executive Officer
Auditor-Controller
County Counsel
Squire Patton Boggs LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA PROVIDING FOR THE ISSUANCE AND SALE OF 2017-18 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $800,000,000

WHEREAS, the County of Los Angeles (the **"County"**), a political subdivision of the State of California, requires funds for the purposes authorized by Section 53852 of the California Government Code; and

WHEREAS, the County may borrow money pursuant to Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended (the **"Act"**), for the purposes authorized by Section 53852 of the Act, such indebtedness to be represented by a note or notes of the County; and

WHEREAS, pursuant to the Act, such note or notes are to be issued pursuant to a resolution of the Board of Supervisors of the County (the **"Board"**) and may be issued from time to time as provided in such resolution; and

WHEREAS, the County has determined that it is necessary and in the best interests of the County to authorize the borrowing of an amount not to exceed $800,000,000 with respect to its fiscal year ending June 30, 2018 (**"Fiscal Year 2017-18"**), such indebtedness to be evidenced by the County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes authorized hereby (the **"2017-18 TRANs"**) in an aggregate principal amount not to exceed the amount stated above in anticipation of the receipt by or accrual to the County during such fiscal year of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County; and

WHEREAS, the terms and provisions of the 2017-18 TRANs shall be as set forth in this Resolution and in the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of the County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes, a form of which has been filed with the Board (such Financing Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the **"Financing Certificate"**); and

WHEREAS, the unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2017-18 that will be available for the payment of the 2017-18 TRANs and all other notes issued by the County under the Act in such fiscal year, and the interest thereon, are reasonably estimated to be in excess of $7,700,000,000; and

WHEREAS, there has been filed with the Board a form of Contract of Purchase, one or more of which are to be executed and delivered by the County and the initial purchasers of all or a portion of the 2017-18 TRANs as may be selected by the Treasurer (as defined herein) from time to time (each such Contract of Purchase, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a **"Contract of Purchase"**); and

WHEREAS, there has been filed with the Board a form of preliminary official statement to be used in connection with the offering and sale of the 2017-18 TRANs (such preliminary official statement, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a **"Preliminary Official Statement"**); and

WHEREAS, there has been filed with the Board a form of Continuing Disclosure Certificate to be executed and delivered by the County in connection with the issuance and sale of the 2017-18 TRANs (such Continuing Disclosure Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the **"Disclosure Certificate"**);

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

Section 1. The foregoing recitals are true and correct and the Board hereby so finds.

Section 2. The form of Financing Certificate, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. Subject to the provisions of Section 3 hereof, the Treasurer and Tax Collector of the County, and such other officer of the County as the Treasurer and Tax Collector may designate (collectively, the **"Treasurer"**), are, and each of them is, hereby authorized, and hereby directed, for and in the name of and on behalf of the County, to execute and deliver the Financing Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer is empowered to implement the fundamental policies established by this Resolution in a manner determined by the Treasurer to be in the best interests of the County, after giving consideration to each of the following with regard to the issuance of the 2017-18 TRANs: (i) market access; (ii) the costs to the County; and (iii) the generation of sufficient proceeds, as contemplated by this Resolution. Without limiting the foregoing, the Treasurer, subject to Section 3 hereof, may determine the maturity date or dates and amount or amounts for any and each respective series of the 2017-18 TRANs, and the Treasurer is hereby authorized to make conforming changes reflecting such maturity or maturities and amount or amounts to each of the documents approved by this Resolution, including establishing the dates and amounts of Unrestricted Revenues (as defined herein) to be set aside pursuant to Section 9 hereof under the Financing Certificate, as the Treasurer determines are necessary or appropriate. The terms and conditions as set forth (or incorporated by reference) in the Financing Certificate, together with the terms and conditions of the 2017-18 TRANs set forth in this Resolution, shall, upon the execution and delivery of the Financing Certificate, be the terms and conditions of such 2017-18 TRANs, as if all such terms and conditions were fully set forth in this Resolution.

Section 3. The 2017-18 TRANs are hereby authorized to be issued in one or more series in an aggregate principal amount not to exceed $800,000,000. The 2017-18 TRANs shall mature on any date or dates not later than 13 months from their date of issuance, in each case as shall be established by the Treasurer and set forth in the Financing Certificate.

Section 4. In consideration of the purchase and acceptance of any and all of the 2017-18 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the holders thereof (the "**Holders**"). The pledge made in, and the covenants and agreements to be performed by and on behalf of the County set forth in, this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2017-18 TRANs, regardless of the maturity or maturities of the separate series of 2017-18 TRANs, if any, shall be of equal rank without preference, priority or distinction of any of the 2017-18 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Section 5. The 2017-18 TRANs may be subject to redemption if so provided, and in the manner provided, in the Financing Certificate.

Section 6. The Treasurer is authorized to negotiate the sale of the 2017-18 TRANs issued under this Resolution from time to time at such prices (not to exceed the maximum interest rate permitted by law) as may be established by the Treasurer and set forth in one or more Contracts of Purchase between the County and the respective initial purchasers of all or a portion of the 2017-18 TRANs, substantially in the form submitted to and considered at this meeting of the Board and by this reference incorporated herein; *provided, however,* that (a) the price and the interest rates for 2017-18 TRANs of any series shall not result in a true interest cost (taking into consideration all applicable contracts entered into pursuant to Section 11 of this Resolution) to the County with respect to such series of 2017-18 TRANs that exceeds 3.00% per annum, and (b) the aggregate underwriters' discount (not including any original issue discount) from the principal amount of such series of 2017-18 TRANs issued shall not exceed 1.00% of the aggregate principal amount of such series of 2017-18 TRANs. The Treasurer is hereby authorized, and is hereby directed, for and in the name of and on behalf of the County, to execute and deliver each Contract of Purchase, substantially in the form on file with the Board, and any other documents required to be executed pursuant to each such Contract of Purchase, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of the Preliminary Official Statement, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. The Treasurer is hereby authorized to prepare and distribute, or cause to be prepared and distributed, one or more Preliminary Official Statements in substantially the form presented to this meeting, with such changes as the Treasurer or any of his respective designees may approve. The Treasurer and his respective designees are and each of them acting alone is hereby authorized, for and in the name of and on behalf of the County, to approve one or more final official statements for the 2017-18 TRANs (each, an **"Official Statement"**) authorized hereby, each in substantially the form of the respective Preliminary Official Statement, with such insertions and changes therein as the Treasurer or any of his respective designees may require or approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the delivery of such Official Statement or Official Statements. The Treasurer and any of his respective designees are hereby further authorized, for and in the name of and on behalf of the County, to execute and deliver a certificate or other instrument deeming each Preliminary Official Statement to be final as of its respective date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

Section 8. All or any portion of the 2017-18 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceed the cost thereof. The form, terms and conditions of each instrument providing such credit enhancement or liquidity support shall be as approved by the Treasurer.

Section 9. The Auditor-Controller of the County (the **"Auditor-Controller"**) is hereby directed to establish or cause to be established a "2017-18 TRANs Repayment Fund" (the **"2017-18 TRANs Repayment Fund"**) and any additional subaccounts therein that the Auditor-Controller deems necessary to effectuate the purposes of this Resolution.

The term **"Unrestricted Revenues"** shall mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2017-18 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. As provided in the Financing Certificate and in the Act, and subject to the provisions of this Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein, the County hereby pledges to the payment of the 2017-18 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (calculated based on the maximum authorization established hereunder of $800,000,000), as the Financing Certificate shall be completed as provided in this Resolution (the **"Pledged Revenues"**).

As provided in Section 53856 of the Act, the 2017-18 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. As security for the payment of the 2017-18 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2017-18 TRANs Repayment Fund, in trust for the registered owners of the 2017-18 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit in the 2017-18 TRANs Repayment Fund the Pledged Revenues. To the extent that any amounts actually received pursuant to the set-aside requirements set forth above (as shall be completed as provided in the Financing Certificate) are less than the amount designated for each such set-aside, then the amount of any deficiency in the 2017-18 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit into the 2017-18 TRANs Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the 2017-18 TRANs Repayment Fund are hereby pledged to the payment of the 2017-18 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2017-18 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2017-18 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2017-18 TRANs. Any amounts remaining in the 2017-18 TRANs Repayment Fund after repayment of all 2017-18 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

Section 10. The form of Disclosure Certificate on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver the Disclosure Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. Pursuant to Section 5922 of Chapter 12, Division 6, Title 1 of the California Government Code, as amended, the Board hereby authorizes the Treasurer, in connection with, or incidental to, the issuance or carrying of the 2017-18 TRANs, or the acquisition or carrying of any investment or program of investment by the County, to enter into any contracts, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cashflows or a series of payments, or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the Treasurer determines to be necessary or appropriate (with such terms and provisions as the Treasurer deems necessary or appropriate) to place the obligation or investment represented by such 2017-18 TRANs, such investment or program of investment, or such contract or contracts, in whole or in part, on the interest rate, cashflow or other basis determined by the Treasurer. The principal or notional amount with respect to any such contract entered into shall not exceed the greater of the aggregate principal amount of the 2017-18 TRANs or the amount of Pledged Revenues.

These contracts and arrangements shall be entered into with the parties, including without limitation the initial purchasers of any 2017-18 TRANs, selected by the means determined by the Treasurer, and shall contain the payment, security, default, remedy and other terms and conditions determined by the Treasurer, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. The form, terms and conditions of any such contract entered into shall be as approved by the Treasurer and consistent with the purposes of this Resolution and the Financing Certificate.

The Board hereby finds and determines that the contracts authorized by this Section are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the 2017-18 TRANs and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is entered into.

Section 12. Whenever any document or instrument, including without limitation any 2017-18 TRANs, any Contract of Purchase or the Financing Certificate, or any term, provision or condition thereof, is to be approved or established by an authorized officer of the County pursuant to this Resolution, such approval or establishment shall be conclusively evidenced by such authorized officer's execution of such document or instrument or the document or instrument containing such term, provision or condition.

Section 13. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and the Financing Certificate and necessary or appropriate to carry the same into effect and to carry out its purposes.

Section 14. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the 9th day of May, 2017, 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.

LORI GLASGOW
Executive Officer – Clerk of the Board of
Supervisors of the County of Los Angeles

By: Lachelle Smitherman
Deputy

Approved as to form:

MARY C. WICKHAM
County Counsel

By: ______________________
Deputy County Counsel

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF
COUNTY OF LOS ANGELES
2017-18 TAX AND REVENUE ANTICIPATION NOTES

Dated: July 3, 2017

$800,000,000
COUNTY OF LOS ANGELES
2017-18 TAX AND REVENUE ANTICIPATION NOTES

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FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS OF ISSUANCE AND SALE OF 2017-18 TAX AND REVENUE ANTICIPATION NOTES

In connection with the issuance and sale of the 2017-18 Tax and Revenue Anticipation Notes (the **"2017-18 TRANs"**) by the County of Los Angeles, California, the Treasurer and Tax Collector of the County of Los Angeles (the **"Treasurer"**) hereby certifies that the 2017-18 TRANs shall be issued on the following terms and conditions:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 101. Definitions. The following terms shall for all purposes of this Certificate have the following meanings:

"Act" shall mean Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended.

"Auditor-Controller" shall mean the Auditor-Controller of the County, and any other person designated by the Auditor-Controller to act on his behalf.

"Authorized Denominations" shall mean $5,000 or any integral multiple thereof.

"Authorized Newspapers" shall mean *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California, and in the Borough of Manhattan, City and State of New York.

"Board" shall mean the Board of Supervisors of the County.

"Business Day" shall mean any calendar day other than (i) a Saturday or Sunday; (ii) a day on which banking institutions are authorized or required by law to be closed for commercial banking purposes in either the State of New York or the State of California or in the state in which the Principal Office of the Paying Agent is located; or (iii) a day on which the New York Stock Exchange is closed.

"Certificate" shall mean this "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes," as from time to time amended or supplemented in accordance with the terms hereof.

"Chair" shall mean the Chair, Chairperson, Chairman or Mayor of the Board.

"Code" shall mean the Internal Revenue Code of 1986.

"Contract of Purchase" shall mean an agreement between the County and the Original Purchaser of all or a portion of the 2017-18 TRANs, together with any amendments thereto.

"County" shall mean the County of Los Angeles, California, its successors and assigns.

"DTC" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Event of Default" shall have the meaning assigned to such term in Section 503.

"Fiscal Year 2017-18" shall mean the County's fiscal year ending June 30, 2018.

"Fitch" shall mean Fitch Ratings, One State Street Plaza, New York, New York 10004, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Moody's or S&P) designated by the County.

"General Fund" shall mean the General Fund of the County.

"Holder" shall mean the Person in whose name any 2017-18 TRANs is registered on the Note Register.

"Maturity Date" shall mean any date or dates of maturity of the 2017-18 TRANs as set forth in the 2017-18 TRANs and Section 203 hereof.

"Maximum Interest Rate" shall mean the maximum interest rate allowed by law.

"Moody's" shall mean Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the County.

"Note Register" shall mean the registration books for the 2017-18 TRANs maintained by the Note Registrar pursuant to Section 302.

"Note Registrar" shall mean the Treasurer or any other Note Registrar appointed by the County pursuant to this Certificate.

"Official Statement" shall mean that certain Official Statement dated ________, 2017, relating to the 2017-18 TRANs, including any approved supplement or amendment thereto.

"Opinion of Bond Counsel" shall mean a written opinion of any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and political subdivisions thereof, and duly admitted to practice law before the highest court of any state of the United States of America.

"Original Purchaser" shall mean, collectively, the Persons who are the initial purchasers from the County of the 2017-18 TRANs upon the original issuance thereof.

"Outstanding," when used with reference to the 2017-18 TRANs, shall mean, as of any date, all of the 2017-18 TRANs theretofore or thereupon being issued under this Certificate except:

(i) 2017-18 TRANs cancelled on or prior to such date;

(ii) 2017-18 TRANs for which other 2017-18 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and

(iii) 2017-18 TRANs referred to in Section 305.

"Participant" shall mean an entity which is recognized as a participant by the Securities Depository in the book-entry system of maintaining records with respect to the 2017-18 TRANs.

"Paying Agent" shall mean the Treasurer, or any other Paying Agent appointed by the Auditor-Controller pursuant to the Resolution to perform the functions of a paying agent for the 2017-18 TRANs described herein.

"Payment Date" shall mean any date on which the Paying Agent transfers an amount equal to the principal of and interest then due on the 2017-18 TRANs to the Holders thereof.

"Permitted Investments" shall mean, to the extent permitted by law:

(i) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America,

(ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association ("FNMA"); (d) Federal Farm Credit Bank; (e) Government National Mortgage Association); (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes,

(iii) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's, S&P, or Fitch and "P-1," "A-1," "Fl" or better rating for the issuer's short-term debt as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,

(iv) The Los Angeles County Treasury Pool,

(v) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as “bankers’ acceptances,” having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with this Certificate. The institution must have a minimum short-term debt rating of “A-1,” “P-1,” or “F1” by S&P, Moody’s, or Fitch, respectively, and a long-term debt rating of no less than “A” by S&P, Moody’s, or Fitch,

(vi) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,

(vii) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the “A” category or better from S&P, Moody’s, or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with this Certificate,

(viii) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (ii) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer hereunder may not exceed $500,000,000, and

(ix) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least “AA” or “Aa2” by S&P or Moody’s, respectively.

Notwithstanding anything within this definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2017-18 TRANs, to the extent Pledged Revenue are invested in Permitted Investments described in paragraphs (iii), (v), (vii) or (ix), such investments must be rated by S&P at the respective S&P ratings described therein.

“Person” shall mean an individual, corporation, firm, limited liability company, association, partnership, trust or other legal entity, including a governmental entity or any agency or political subdivision thereof.

“Pledged Revenue” shall mean, as of any date, the Unrestricted Revenues required hereby to be deposited in the 2017-18 TRANs Repayment Fund on or prior to that date.

"Principal Office" shall mean (i) with respect to the Treasurer, the principal office of the Treasurer in Los Angeles, California, and (ii) with respect to any other Paying Agent, the principal corporate trust office of such Paying Agent.

"Rating Agency" shall mean Moody's, S&P, Fitch or any other nationally recognized securities rating agency designated by the County.

"Representation Letter" shall mean one or more letters of representation from the County to, or other instruments or agreements of the County with, a Securities Depository in which the County, among other things, makes certain representations to such Securities Depository with respect to the 2017-18 TRANs, the payment thereof and delivery of notices with respect thereto.

"Resolution" shall mean the "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2017-18 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000," adopted on [May 9, 2017], as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, 55 Water Street, New York, New York 10041, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the County.

"Securities Depository" shall mean DTC or any successor as Securities Depository for the 2017-18 TRANs appointed pursuant to Section 202.

"State" shall mean the State of California.

"Supplemental Certificate" shall mean any supplemental financing certificate amending or supplementing this Certificate in accordance with Article VII.

"Supplemental Resolution" shall mean any resolution amending the Resolution, adopted by the County in accordance with Article VII.

"Tax Certificate" shall mean the Tax Certificate, executed by the County on the date of issuance and delivery of the 2017-18 TRANs, as amended from time to time.

"2017-18 TRANs" shall mean all of the County's 2017-18 Tax and Revenue Anticipation Notes, issued in an aggregate principal amount of $800,000,000 and authorized pursuant to the Resolution.

"2017-18 TRANs Proceeds Fund" shall mean the 2017-18 TRANs Proceeds Fund as described in Section 401.

"2017-18 TRANs Repayment Fund" shall mean the 2017-18 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

"Treasurer" shall mean the Treasurer and Tax Collector of the County and any other person designated by the Treasurer to act on his behalf.

"Unrestricted Revenues" means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2017-18 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

Section 102. Other Definitional Provisions. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the feminine gender shall be deemed and construed to include correlative words of the masculine and neuter genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa. Headings of articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Unless otherwise indicated, all references herein to "Articles," "Sections" or other subdivisions are to the corresponding Articles, Sections or subdivisions of this Certificate; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Certificate as a whole and not to any particular Article, Section or subdivision hereof.

Section 103. Authority for Delivery of Certificate. This Certificate is executed and delivered pursuant to and in connection with the Resolution.

Section 104. Timing of Actions. Whenever in this Certificate there is designated a time of day at or by which a certain action must be taken, such time shall be local time in New York City, New York, except as otherwise specifically provided herein.

Section 105. Financing Certificate to Constitute Contract. In consideration of the purchase and acceptance of any and all of the 2017-18 TRANs to be issued hereunder by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2017-18 TRANs. The pledge made in this Certificate and the covenants and agreements herein set forth to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the 2017-18 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2017-18 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2017-18 TRANS

Section 201. Authorization, Form and Date of 2017-18 TRANs.

1. The 2017-18 TRANs in an aggregate principal amount of not to exceed $800,000,000 have been authorized to be issued in one or more series pursuant to the Resolution and are entitled to the benefit, protection and security thereof. The 2017-18 TRANs shall be issued in anticipation of the receipt by or accrual to the County during Fiscal Year 2017-18 of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County. Such notes shall be designated as and shall be distinguished from the notes and securities of all other issues of the County by the title "County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes."

2. As of the date hereof, the County has authorized the issuance of $800,000,000 aggregate principal amount of 2017-18 TRANs hereby designated the "2017-18 Tax and Revenue Anticipation Notes."

3. The 2017-18 TRANs shall be issued in fully registered form, without coupons and in Authorized Denominations; provided that the 2017-18 TRANs shall initially be issued in book-entry only form pursuant to Section 202. The County hereby certifies and recites that all acts, conditions and things required by the Act, the Resolution and this Certificate to exist, to have happened, and to have been performed precedent to and during the issuance of the 2017-18 TRANs do exist, have happened and have been performed in due time, form and manner, as required by the Act, the Resolution and this Certificate. The 2017-18 TRANs shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2017-18 TRANs.

4. Except as otherwise provided in a Representation Letter, at and after each Maturity Date of the 2017-18 TRANs, the principal of and interest then due on the 2017-18 TRANs shall be payable in lawful money of the United States of America upon surrender of the 2017-18 TRANs at the Principal Office of the Paying Agent. The 2017-18 TRANs so surrendered to the Paying Agent on any Business Day at or prior to 12:00 noon shall be paid in funds immediately available on such Business Day. The 2017-18 TRANs so surrendered to the Paying Agent on any Business Day after 12:00 noon shall be paid on the next succeeding Business Day in funds immediately available on such succeeding Business Day.

5. The 2017-18 TRANs shall not be subject to redemption prior to their respective Maturity Dates.

Section 202. Book-Entry Notes.

1. Subject to any limitation on maximum principal amount imposed by DTC, the 2017-18 TRANs shall be initially issued in the form of a single, separate fully registered note (which may be typewritten) in the full aggregate principal amount for each maturity of such 2017-18 TRANs, and upon initial issuance, the ownership of such 2017-18 TRANs shall be registered in the Note Register in the name of Cede & Co., as nominee of DTC, the initial

Securities Depository. Except as provided in paragraph 5 of this Section, all of the 2017-18 TRANs shall be registered in the Note Register in the name of Cede & Co., or such other nominee of DTC or any successor Securities Depository or the nominee thereof, as shall be specified pursuant to a Representation Letter.

2. With respect to 2017-18 TRANs registered in the Note Register in the name of the Securities Depository, or its 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 any such 2017-18 TRANs. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository, the nominee of the Securities Depository or any Participant with respect to any ownership interest in the 2017-18 TRANs, (b) the delivery to any Participant or any other Person, other than a Holder as shown in the Note Register, of any notice with respect to the 2017-18 TRANs or (c) the payment to any Participant or any other Person, other than a Holder as shown in the Note Register, of any amount with respect to principal of or interest on the 2017-18 TRANs. The County may treat and consider the Person in whose name any 2017-18 TRANs is registered in the Note Register as the Holder and absolute owner of such 2017-18 TRANs for the purpose of payment of principal and interest on such 2017-18 TRANs and for all other purposes whatsoever.

3. The Paying Agent shall pay all principal of and interest on the 2017-18 TRANs only to or upon the order of the respective Holders, as shown in the Note Register on the respective Maturity Dates thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the obligations with respect to the payment of principal of and interest on the 2017-18 TRANs under this Certificate and the 2017-18 TRANs to the extent of the sums so paid. Upon delivery by the Securities Depository to the Treasurer of written notice to the effect that the Securities Depository has determined to substitute a new nominee, the word "nominee" in this Certificate shall refer to such new nominee of the Securities Depository.

4. In order to qualify the 2017-18 TRANs for the Securities Depository's book-entry system, the Treasurer has been authorized to execute and deliver, or has executed and delivered, on behalf of the County to the Securities Depository a Blanket Letter of Representations regarding such matters as shall be necessary to so qualify such 2017-18 TRANs for deposit with the Securities Depository. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of paragraph 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the 2017-18 TRANs other than the Holders as shown in the Note Register. In addition to the execution and delivery of the Blanket Letter of Representations, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such 2017-18 TRANs for the Securities Depository's book-entry program.

5. In the event (a) the incumbent Securities Depository determines not to continue to act as Securities Depository for the 2017-18 TRANs or (b) the County determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate to the incumbent Securities Depository to that effect, then the County will discontinue the book-entry

system for the 2017-18 TRANs with the incumbent Securities Depository. If the County determines to replace the incumbent Securities Depository with another qualified Securities Depository, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver, subject to any limitation on maximum principal amount imposed by the successor Securities Depository, a new single, separate fully registered note (which may be typewritten) for the aggregate outstanding principal amount of the 2017-18 TRANs held by the incumbent Securities Depository, registered in the name of such successor or substitute qualified Securities Depository or its nominee, or make such other arrangement acceptable to the County and the successor Securities Depository as are not inconsistent with the terms of this Certificate. If the County fails to identify another qualified successor Securities Depository to replace the incumbent Securities Depository, then the 2017-18 TRANs shall no longer be restricted to being registered in the Note Register in the name of the Securities Depository or its nominee, but shall be registered in whatever name or names the Securities Depository or its nominee shall designate. In such event, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver to the Holders thereof, such 2017-18 TRANs as are necessary or desirable to carry out the transfers and exchanges provided in this Section and Section 302. All such 2017-18 TRANs shall be in fully registered form in the denominations authorized upon original issuance pursuant to Section 201.

6. Notwithstanding any other provision of this Certificate to the contrary, so long as any 2017-18 TRANs is registered in the name of the Securities Depository or its nominee, all notices and payments with respect to principal of and interest on such 2017-18 TRANs shall be given and made, respectively, as provided in a Representation Letter or as otherwise instructed by the Securities Depository.

Section 203. <u>Maturity Dates, Principal Amount of and Interest on the 2017-18 TRANs</u>. The 2017-18 TRANs shall be dated July 3, 2017. Interest shall be paid on each Maturity Date of the 2017-18 TRANs. The 2017-18 TRANs shall bear interest from their date of original issuance payable at their respective stated Maturity Dates and calculated at the rate or rates set forth below per annum, on the basis of a 360-day year comprised of twelve months of 30 days each. The 2017-18 TRANs shall mature on the dates and in the principal amounts and bear interest at the respective rates as set forth in the following schedule:

Maturity Date	Principal Amount	Interest Rate
June 29, 2018	$800,000,000	_.00%

ARTICLE III

GENERAL TERMS AND PROVISIONS OF 2017-18 TRANS

Section 301. <u>Execution of 2017-18 TRANs; Authentication</u>.

1. The 2017-18 TRANs shall be executed in the name of the County by the manual or facsimile signature of the Chair of the Board and the Executive Officer-Clerk of the Board, and the County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. No 2017-18 TRANs shall be entitled to any benefit under the Resolution or this Certificate or be valid or obligatory for any purpose, unless there appears on

such 2017-18 TRANs, a certificate of authentication substantially in the form provided for herein executed by the manual signature of the Paying Agent. Such certificate upon any 2017-18 TRANs shall be conclusive evidence, and the only evidence, that such 2017-18 TRANs has been duly issued, authenticated and delivered hereunder.

2. In case any one or more of the officers who shall have signed or sealed any of the 2017-18 TRANs shall cease to be such officer before the 2017-18 TRANs so signed and sealed shall have been issued, such 2017-18 TRANs so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2017-18 TRANs had not ceased to hold such offices. Any of the 2017-18 TRANs may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2017-18 TRANs shall be duly authorized to hold or shall hold the proper office in the County, although on the date borne by the 2017-18 TRANs such persons may not have been so authorized or have held such office.

Section 302. Negotiability, Transfer and Exchange.

1. The Note Registrar will keep at its Principal Office sufficient books for the registration of transfer and exchange of the 2017-18 TRANs, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2017-18 TRANs on such books as hereinafter provided.

2. Any 2017-18 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such 2017-18 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar. Whenever any 2017-18 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2017-18 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder requesting such transfer of all expenses incurred by the Note Registrar and the County in connection with such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

3. The County and the Paying Agent may deem and treat the Holder of any 2017-18 TRANs as the absolute owner of such 2017-18 TRANs, regardless of whether such 2017-18 TRANs shall be overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effective to satisfy and discharge the liability upon such 2017-18 TRANs to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary. The County agrees, to the extent permitted by law, to indemnify and hold each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Certificate, in so treating such Holder.

4. The 2017-18 TRANs shall not be exchangeable for other 2017-18 TRANs except as provided in Section 202, this Section and Section 303.

Section 303. <u>2017-18 TRANs Mutilated, Destroyed, Stolen or Lost</u>. In case any 2017-18 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2017-18 TRANs of like principal amount, denomination and tenor as the 2017-18 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2017-18 TRANs, or in lieu of and substitution for the 2017-18 TRANs destroyed, stolen or lost, upon the filing with the Paying Agent and the County of evidence satisfactory to the Paying Agent and the County that such 2017-18 TRANs have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Paying Agent and the County with indemnity satisfactory to the Paying Agent and the County and complying with such other reasonable regulations as the Paying Agent and the County may prescribe and paying such expenses as the Paying Agent and the County may incur. All 2017-18 TRANs so surrendered shall be cancelled. Any such substitute 2017-18 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2017-18 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2017-18 TRANs shall be equally secured by and entitled to equal and proportionate benefits with all other 2017-18 TRANs issued under the Resolution and this Certificate in any moneys or securities held by the County or the Paying Agent for the benefit of the Holders of the 2017-18 TRANs.

Section 304. <u>Cancellation</u>. All 2017-18 TRANs which at or after maturity are surrendered to the Paying Agent for the collection of the principal thereof and interest thereon shall be cancelled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent shall deliver to the County a certificate specifying the cancellation of such 2017-18 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

Section 305. <u>2017-18 TRANs Held by County</u>. If the County shall become the Holder of any 2017-18 TRANs, such 2017-18 TRANs shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation; provided, however, that the County shall not be deemed to be the Holder of any 2017-18 TRANs held by it in a fiduciary capacity.

ARTICLE IV

ESTABLISHMENT OF 2017-18 TRANS PROCEEDS FUND AND REPAYMENT FUND AND APPLICATION THEREOF

Section 401. <u>Use of Proceeds of 2017-18 TRANs</u>.

1. The Auditor-Controller is hereby directed to establish the "2017-18 TRANs Proceeds Fund." The proceeds of the sale of the 2017-18 TRANs upon original issuance shall be deposited in said 2017-18 TRANs Proceeds Fund. The County shall make disbursements from the 2017-18 TRANs Proceeds Fund to pay current Fiscal Year 2017-18 expenditures and to discharge other obligations or indebtedness of the County in accordance with Section 53852 of the Act and the instructions and agreements set forth in the Tax Certificate. Amounts on hand in the 2017-18 TRANs Proceeds Fund shall be accounted for separately from the other funds of the County and shall be invested so as to be available for the aforementioned disbursements. The

Auditor-Controller shall keep a written record of all investments and investment earnings (including any investment of earnings) of amounts in the 2017-18 TRANs Proceeds Fund, as well as a written record of disbursements from the 2017-18 TRANs Proceeds Fund.

2. Without limiting the generality of paragraph 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2017-18 TRANs out of moneys in the 2017-18 TRANs Proceeds Fund or any account in the General Fund of the County.

Section 402. Payment and Security for the 2017-18 TRANs. Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the "2017-18 TRANs Repayment Fund" and to establish any subaccounts within the 2017-18 TRANs Repayment Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. As provided in the Act, and subject to the provisions of the Resolution and this Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein and herein, the County hereby pledges to the payment of the 2017-18 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) the first [$000,000,000] Unrestricted Revenues to be received by the County on and after [December 20, 2017];

(b) the first [$000,000,000] Unrestricted Revenues to be received by the County on and after [January 1, 2018]; and

(c) (1) the first [$000,000,000] Unrestricted Revenues to be received by the County on and after [April 1, 2018]; plus (2) an amount equal to the interest that will accrue on the 2017-18 TRANs.

As provided in Section 53856 of the Act, the 2017-18 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. As security for the payment of the 2017-18 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2017-18 TRANs Repayment Fund, in trust for the registered owners of the 2017-18 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit in the 2017-18 TRANs Repayment Fund the Pledged Revenues. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the 2017-18 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit into the 2017-18 TRANs Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the 2017-18 TRANs Repayment Fund are hereby pledged to the payment of the 2017-18 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2017-18 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2017-18 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2017-18 TRANs. Any amounts remaining in the 2017-18 TRANs Repayment Fund after repayment of all 2017-18 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

ARTICLE V

CERTAIN COVENANTS; EVENTS OF DEFAULT AND REMEDIES

Section 501. General Covenants and Representations. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of the Act, the Resolution and this Certificate.

1. Upon the date of issuance of the 2017-18 TRANs, all conditions, acts and things required of the County by the Act, the Resolution and this Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the 2017-18 TRANs, shall exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2017-18 TRANs, together with all other indebtedness of the County, shall be within every applicable debt and other limit prescribed by the laws of the State.

2. The County shall not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2017-18 in an amount which, when added to the interest payable thereon, shall exceed 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said Fiscal Year, such principal and interest may be disregarded in computing said limit.

3. The County shall provide, in a timely manner, notice to each Rating Agency that is then providing a rating for the 2017-18 TRANs of the following events:

   (a) the substitution or appointment of a successor Paying Agent; and

   (b) any material amendments to the Resolution, this Certificate, the 2017-18 TRANs or the Official Statement.

Section 502. Covenants Relating to the Code. The County shall do the following with respect to the 2017-18 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on the 2017-18 TRANs from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the 2017-18 TRANs

proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

2. Notwithstanding any other provisions of this Certificate to the contrary, so long as necessary to maintain the exclusion from gross income of interest on the 2017-18 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2017-18 TRANs and the interest thereon.

3. Notwithstanding any other provision of this Certificate to the contrary, upon the County's failure to observe or refusal to comply with the covenants contained in this Section, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under this Certificate.

Section 503. Events of Default and Remedies. The following shall be Events of Default under the Resolution and this Certificate and the term "Event of Default" whenever used in this Certificate shall mean any one or more of the following:

(a) the County fails to make any payment of the principal of, or interest on, any 2017-18 TRANs when and as the same shall become due and payable;

(b) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, this Certificate or the 2017-18 TRANs and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10% in principal amount of the 2017-18 TRANs Outstanding; or

(c) the County shall file a petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2017-18 TRANs and their legal representatives, shall be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants herein and in the Act. Nothing herein shall preclude an individual Holder from enforcing his or her rights to payment of principal of or interest on the 2017-18 TRANs.

ARTICLE VI

PAYING AGENT

Section 601. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Certificate or of any 2017-18 TRANs or as to the security afforded by the Resolution or this Certificate, and the Paying Agent shall incur no liability in respect thereof.

Section 602. Evidence on Which Paying Agent May Act.

1. In case at any time it shall be necessary or desirable for the Paying Agent to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as Paying Agent, and in any case in which this Certificate provides for permitting or taking any action, it may rely upon any notice, resolution, request, consent, order, waiver, statement, certificate, report, opinion, bond or other paper or document to be furnished to it under the provisions of this Certificate, and any such instrument shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, acting reasonably and in good faith, by reason of the supposed existence of such fact.

2. The Paying Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Certificate, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Certificate or at the sole cost and expense of the County with the prior written consent of the County, and when determined necessary in the reasonable discretion of the Paying Agent, as the case may be, upon the written opinion of any attorney (who may be an attorney for the County or an employee of the County) believed by the Paying Agent, to be qualified in relation to the subject matter.

Section 603. Compensation.

1. The County shall pay to the Paying Agent from time to time such compensation as may be agreed upon in writing by the County and the Paying Agent for all services rendered under this Certificate.

2. To the extent permitted by law and approved by the Treasurer, the County may indemnify the Paying Agent and hold it harmless, against any loss, liability or reasonable expense (including the costs and expenses of its counsel and of investigating and defending against any claim of liability) arising out of or in connection with its acting as Paying Agent under this Certificate; *provided, however,* that the Paying Agent shall not be indemnified for or held harmless against any such loss, liability or expense resulting from its negligence, willful misconduct or bad faith. The provision of this paragraph 2 shall remain in full force and effect notwithstanding the resignation or removal of the Paying Agent or the termination of this Certificate.

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the 2017-18 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the

making, when due, of any payment required at the respective Maturity Dates of the 2017-18 TRANs.

Section 604. Ownership of the 2017-18 TRANs Permitted. Subject to Section 305, the Paying Agent may become the Holder of any 2017-18 TRANs.

Section 605. Resignation or Removal of Paying Agent and Appointment of Successor. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Certificate by giving at least 60 days' prior written notice to the County. The Paying Agent may be removed at any time with or without cause by an instrument filed with the Paying Agent and signed by the County. A successor Paying Agent may be appointed by the County and shall be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Certificate. For purposes of this Section, a commercial bank with trust powers or a trust company shall be deemed to have capital and surplus aggregating at least $100,000,000 if it is a wholly-owned subsidiary of a corporation having capital and surplus aggregating at least $100,000,000 and such corporation provides a written guaranty, in form and substance satisfactory to the County, of the performance by the bank or trust company of its obligations as Paying Agent hereunder. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it to its successor. In no event shall the resignation or removal of the Paying Agent become effective prior to the assumption of the resigning or removed Paying Agent's duties and obligations by a successor Paying Agent.

Section 606. References to Paying Agent. References in this Article VI to a Paying Agent shall be deemed to be references to any Paying Agent other than the Treasurer.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

Section 701. Supplemental Resolutions and Certificates Effective Without Consent of Holders. A Supplemental Resolution of the County may be adopted, or a Supplemental Certificate may be executed, for any one or more of the following purposes, which, without the requirement of consent of Holders, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the County in the Resolution or this Certificate, as the case may be, other covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or this Certificate as theretofore in effect;

(b) to add to the limitations and restrictions in the Resolution or this Certificate as the case may be, other limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or this Certificate as theretofore in effect;

(c) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution or this Certificate, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution or this Certificate;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or this Certificate, as the case may be, as theretofore in effect;

(e) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect as required to maintain a rating for the 2017-18 TRANs, or any portion thereof, from any Rating Agency; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

(f) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders.

Section 702. Supplemental Certificate. Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2017-18 TRANs under this Certificate, in any particular, may be made by a Supplemental Certificate and with the written consent of the Holders of at least a majority in principal amount of the 2017-18 TRANs Outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any 2017-18 TRANs remain Outstanding, the consent of the Holders shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2017-18 TRANs or of the then applicable interest rate thereon or a reduction in the principal amount thereof, or shall change the dates or amounts of the pledges set forth in Section 402, or shall reduce the percentage of Holders required to approve any such Supplemental Certificate, without the consent of all of the Holders of affected 2017-18 TRANs nor shall any such supplement or amendment change or modify any of the rights or obligations of any Paying Agent, if applicable, without its written consent thereto. The County shall provide the Rating Agencies notice of any Supplemental Certificate or Supplemental Resolution.

ARTICLE VIII

MISCELLANEOUS

Section 801. Moneys Held in Trust for One Year. Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the

2017-18 TRANs that remain unclaimed for a period of one year after the date when such 2017-18 TRANs have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such 2017-18 TRANs became due and payable, shall be repaid to the County, as its absolute property and free from trust, and the Holders shall thereafter look only to the County for the payment of such 2017-18 TRANs from lawfully available funds; provided, however, that before any such payment is made to the County, the County shall create (and shall thereafter maintain until payment of all of the 2017-18 TRANs) a record of the amount so repaid, and the County shall cause to be published at least twice, at any interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

IN WITNESS WHEREOF, I have set my hand onto this Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2017-18 Tax and Revenue Anticipation Notes on this 3rd day of July, 2017.

COUNTY OF LOS ANGELES, CALIFORNIA

By: ____________________________________

JOSEPH KELLY
Treasurer and Tax Collector

[Signature Page to Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes]

EXHIBIT I

[FORM OF 2017-18 TRANS]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
2017-18 TAX AND REVENUE ANTICIPATION NOTE

Interest Rate	Dated Date	Maturity Date	CUSIP Number
_.00%	July 3, 2017	June 30, 2018	_________

Registered Owner: Cede & Co.

Principal Amount: _______ HUNDRED MILLION DOLLARS

The County of Los Angeles, a political subdivision of the State of California (herein called the **"County"**), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner hereof, or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this note at the Principal Office of the Treasurer and Tax Collector of the County, as Paying Agent (the **"Paying Agent"**), or at the Principal Office of any successor Paying Agent, in lawful money of the United States of America, the Principal Amount specified above, together with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above. Interest on this Note shall accrue from the Dated Date set forth above and shall be computed on the basis of a 360-day year comprised of 12 months of 30 days each payable at maturity.

This Note is one of a duly authorized issue of notes of the County designated as its "County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (herein called the **"Notes"**), issued in an aggregate principal amount of $800,000,000 under and in full compliance with the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code being Sections 53850 to 53858, inclusive, as amended (the **"Act"**) and under and pursuant to the resolution of the Board of Supervisors of the County, adopted [May 9, 2017], entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2017-18 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (such resolution, as the same may be amended or supplemented from time to time, is herein called the "Resolution"), and is issued on the terms and conditions set forth in the Financing Certificate, dated July 3, 2017, entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (such Certificate, as the same may be amended or supplemented from time to time, is herein called the "Certificate"). Capitalized terms used and not otherwise defined shall have the meanings given such terms in the Certificate. Copies of the Resolution and the Certificate are on file at the office of the Executive Officer-Clerk of the Board of Supervisors, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof, to the Certificate and any and all supplements thereto and modifications and amendments thereof, and to the Act is made for a complete statement of such terms and conditions.

Subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2017-18. In accordance with California law, the Notes are payable solely from taxes, income, revenue, cash receipts and other moneys of the County attributable to Fiscal Year 2017-18, and, to the extent not paid from taxes, income, revenue, cash receipts and other moneys of the County pledged for the repayment thereof, shall be paid with the interest thereon from other moneys of the County lawfully available therefor.

This Note is transferable, as provided in the Certificate, only upon a register to be kept for that purpose at the office of the Note Registrar by the Registered Owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Note together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the Registered Owner or such owner's duly authorized attorney, and thereupon a new fully registered note or notes of the same series, maturity and aggregate Principal Amount will be issued to the transferee in exchange therefor as provided in the Certificate upon payment of the charges therein prescribed. The County and the Note Registrar shall treat the person in whose name this Note is registered as the absolute owner hereof for all purposes whether or not this Note shall be overdue, and the County and the Note Registrar shall not be affected by any notice to the contrary.

The Notes may not be exchanged for other Notes except as provided in the Certificate.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution and the Certificate, or any supplemental resolution amending the Resolution and the Certificate, may be amended by the County; provided, however, that no such amendment shall permit a change in the terms of maturity, the principal of any Note or of the then prevailing interest thereon or a reduction in the principal amount thereof without the consent of the owners of such Notes or shall reduce the percentage of Notes the consent of the owners of which is required to effect any such amendment or change the dates or amounts of the pledges set forth in the Resolution.

It is hereby certified and recited that all conditions, acts and things required by the Act, the Resolution and the Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the Notes, do exist, have happened and have been performed, in due time, form and manner, as required by the Act, the Resolution and the Certificate, and that the Notes, together with all other indebtedness of the County, are within every debt and other limit prescribed by the laws of the State of California.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the Note Registrar for registration of transfer or exchange or to the Paying Agent for payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company 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.

IN WITNESS WHEREOF, THE COUNTY OF LOS ANGELES has caused this Note to be signed in its name and on its behalf by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Executive Officer-Clerk of the Board of Supervisors and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, as of the Dated Date set forth above.

(SEAL)

COUNTY OF LOS ANGELES

By: ___________________________________

MARK RIDLEY-THOMAS
Chairman

By: ___________________________________

LORI GLASGOW
Executive Officer-Clerk of
the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes delivered pursuant to the within-mentioned Resolution.

DATED: July 3, 2017

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

By: ___________________________________

JOSEPH KELLY
Treasurer and Tax Collector

[FORM OF ASSIGNMENT]

For value received ______________________________ hereby sell(s), assign(s) and transfer(s) unto __________________________ the within Note and hereby irrevocably constitute(s) and appoint(s) __________________________ attorney, to transfer the same on the Note Register of the Paying Agent, with full power of substitution in the premises.

Dated: _____________________

Signature of Registered Owners: ___

Signature Guaranteed by: ___

Note: The signature on this Assignment must correspond with the name as written on the face of the within note in every particular, without alteration or enlargement or any change whatsoever and must be guaranteed by a commercial bank, trust company, or a member firm of the New York Stock Exchange.

HDW Draft – 4/24/17

[Principal Amount]
COUNTY OF LOS ANGELES
2017-18 TAX AND REVENUE ANTICIPATION NOTES

CONTRACT OF PURCHASE

[Sale Date]

Board of Supervisors
County of Los Angeles
Los Angeles, California

Honorable Members of the Board of Supervisors:

The undersigned, Citigroup Global Markets Inc. (the "Representative"), on behalf of itself and the underwriters appointed by the County of Los Angeles (the "County") and listed on Appendix I hereto (the Representative and such other underwriters being collectively referred to herein as the "Underwriters"), offers to enter into this Contract of Purchase (the "Contract of Purchase") with the County which, upon the County's written acceptance of this offer, will be binding upon the County and upon the Underwriters. This offer is made subject to the County's written acceptance hereof on or before 5:00 p.m., Los Angeles time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the County at any time prior to the acceptance hereof by the County.

SECTION 1. Purchase and Sale of the Notes. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County's $[Principal Amount] in aggregate principal amount of 2017-18 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on [May 9, 2017], and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution") and subject to the terms and conditions set forth in the Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (the "Financing Certificate").

The Notes shall be dated July 3, 2017, mature on June 29, 2018 and bear interest at ___% per annum, with a yield of ___%.

The purchase price for the Notes shall be $____________ (representing the principal amount of the Notes of $[Principal Amount].00, plus original issue premium of $________, less Underwriters' discount of $___________).

The Preliminary Official Statement of the County, dated [POS Date], including the cover page and Appendices thereto, relating to the Notes (together with any documents incorporated therein by reference and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, the "Preliminary Official Statement"), as amended to conform to the terms of this Contract of Purchase and exclusive of such changes and amendments subsequent to the date hereof as may be mutually agreed to in accordance with Section 4(b)(iii) hereof is hereinafter called the "Official Statement."

In connection with the issuance of the Notes, the County is also executing a Disclosure Certificate, dated July 3, 2017 (the "Disclosure Certificate").

SECTION 2. The Notes and the Official Statement.

(a) The Notes shall be as described in the Financing Certificate and shall be issued and secured under and pursuant to the provisions of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act") and the Resolution.

(b) On or prior to the date of mailing or electronic distribution of the Preliminary Official Statement by the Underwriters, the County shall have delivered to the Representative a certificate pursuant to which the Treasurer or his authorized representative certifies on behalf of the County that such Preliminary Official Statement is deemed final by the County as of the date thereof, except for the omission of such information which is permitted to be excluded by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

(c) Unless otherwise notified in writing by the Representative, the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of Closing (as hereinafter defined).

SECTION 3. Sale to Underwriters; Certain Agreements of the Underwriters.

(a) It shall be a condition to the County's obligations to sell and deliver the Notes to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Notes that the entire aggregate principal amount of the Notes shall be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all the Notes at prices not in excess of the initial offering prices or yields set forth on the cover page of the Official Statement, plus interest accrued thereon (if any) from the date of the Notes. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Notes.

(b) The Underwriters agree as follows:

(i) To file, on or before the date of Closing, a copy of the Official Statement, including any supplements thereto, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system; and

(ii) to take any and all other actions necessary to comply with rules of the U.S. Securities and Exchange Commission and Municipal Securities Rulemaking Board which are applicable to the Underwriters governing the offering, sale and delivery of the Notes to the ultimate purchasers.

SECTION 4. Use of Documents; Certain Covenants and Agreements of the County.

(a) The County authorizes the use by the Underwriters of the Resolution, the Financing Certificate and the Official Statement, including any supplements or amendments thereto, and the information therein contained in connection with the public offering and sale of the Notes. The County ratifies and confirms the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Notes;

(b) The County covenants and agrees:

(i) To cause to be made available to the Underwriters such quantities of the Official Statement (in a "designated electronic format" (as defined in MSRB Rule G-32)) as the Underwriters may request for use in connection with the offering and sale of the Notes, without charge, within seven (7) business days of the date hereof and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Representative, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing; provided, however, that in the event that the date of Closing is less than seven (7) business days after the date hereof the failure of the County to comply with this clause (i) due to any circumstance outside of the control of the County shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the Notes;

(ii) To apply the proceeds from the sale of the Notes as provided in the Resolution and the Financing Certificate, subject to all of the terms and provisions of the Resolution and the Financing Certificate, and not knowingly to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Notes, in that the County agrees to comply with the provisions of the Tax Certificate executed by the County at the time of delivery of the Notes;

(iii) If, after the date of this Contract of Purchase and until the earlier of (A) twenty-five (25) days after the "end of the underwriting period" (as defined in Rule l5c2-12) or (B) ninety (90) days after the Closing, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in the opinion of the County or the Representative so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with applicable law, to notify the Representative (and for the purposes of this clause (iii) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement as so amended and supplemented is delivered to a purchaser, not misleading or so that the Official Statement as so amended and supplemented will comply with all applicable laws;

(iv) To furnish such information and execute such instruments and take such action in cooperation with the Representative as the Representative may reasonably request (A) to (a) qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (b) determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Notes; provided, however, that the County will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state;

(v) To advise the Representative immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; and

(vi) To furnish to the Representative, from time to time, any additional information as the Representative may reasonably request.

SECTION 5. Representations and Warranties of the County. The County represents and warrants to each of the Underwriters, as of the date hereof, as follows:

(a) The County is a political subdivision duly created and validly existing under the Constitution and the laws of the State of California (the "State"), and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into this Contract of Purchase, to execute the Certificate and to adopt the Resolution, (ii) to sell, issue and deliver the Notes to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Contract of Purchase, the Resolution, the Certificate, the Disclosure Certificate and the Official Statement; and the County has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Resolution as they pertain to such transactions;

(b) By all necessary official action of the County prior to or concurrently with the acceptance hereof, the County has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Notes, this Contract of Purchase, the Resolution, the Certificate, the Disclosure Certificate and the consummation by it of all other transactions contemplated by the Official Statement, the Resolution, the Certificate, the Disclosure Certificate and this Contract of Purchase; the Resolution, the Certificate, the Disclosure Certificate and this Contract of Purchase, assuming due authorization, execution and delivery by the other parties thereto, constitute, or will constitute at Closing, legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of general principles of equity if equitable remedies are sought; the Notes, when issued, authenticated and delivered to the Underwriters in accordance with the Resolution, the Certificate and this Contract of Purchase will constitute legal, valid and binding general obligations of the County entitled to the benefits of, and payable from sources specified in, the Resolution and the Certificate and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of the general principles of equity if equitable remedies are sought; upon the issuance, authentication and delivery of the Notes, the Resolution will provide, for the benefit of the registered owners from time to time of the Notes, the legal, valid and binding pledge of and lien on the Pledged Moneys (as defined in the

Certificate) it purports to create, subject only to the provisions of the Resolution and the Certificate permitting the application thereof on the terms and conditions set forth in the Resolution and the Certificate;

(c) To the best knowledge of the County, the County is not in material breach of or default under any loan agreement, indenture, bond or note, or other instrument evidencing any indebtedness or other material financial obligation of the County to which the County is a party, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the County under any such instrument; and the execution and delivery of the Notes, the Financing Certificate and this Contract of Purchase and the adoption of the Resolution and compliance with the provisions on the County's part contained therein, will not in any material respect conflict with or constitute a breach or default under any State constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, ordinance, resolution, agreement or other instrument to which the County is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as provided by the Notes, the Financing Certificates and the Resolution;

(d) All authorizations, approvals, licenses, permits, consents and orders of any State governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under, this Contract of Purchase, the Resolution, the Financing Certificate and the Notes have been duly obtained, except for such approvals, consents and orders as are stated in the Official Statement as yet to be obtained or as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes;

(e) The Notes conform to the description thereof contained in the Official Statement under the caption "THE NOTES," the Resolution and the Financing Certificate conform to the descriptions thereof contained in the Official Statement under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and the proceeds of the sale of the Notes will be applied generally as described in the Official Statement under the caption "THE NOTES - Purpose of Issue";

(f) To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed, or threatened against the County, affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Notes or the pledge of and lien on the Pledged Moneys of the County pursuant to the Resolution or in any way contesting or affecting the validity or enforceability of the Notes, the Resolution, this Contract of Purchase and the Financing Certificate, or contesting the exclusion from gross income of interest on the Notes for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereof, or contesting the powers of the County or any authority for the issuance of the Notes, the adoption of the Resolution or the execution and delivery of this Contract of Purchase and the Financing Certificate, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Notes, the Resolution, the Financing Certificate or this Contract of Purchase;

(g) As of the date thereof, the Preliminary Official Statement (excluding any information relating to The Depository Trust Company, New York, New York ("DTC") and information under the caption "UNDERWRITING") 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;

(h) At the time of the County's acceptance hereof and (unless an event occurs of the nature described in clause (iii) of Section 4(b) above) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any 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) If the Official Statement is supplemented or amended pursuant to clause (iii) of Section 4(b) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any 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;

(j) The financial statements of, and other financial information regarding, the County in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth and (i) except as noted under the heading "Notes to the Basic Financial Statements" in Appendix B to the Official Statement, the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information with respect to the County has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Official Statement; and

(k) The County has not failed to comply in the last five years, in any material respect, with any continuing disclosure undertaking entered into pursuant to Rule 15c2-12.

SECTION 6. Closing.

(a) At 8:00 a.m., Los Angeles time, on July 3, 2017, or at such other time and date as shall have been mutually agreed upon by the County and the Representative, the County will, subject to the terms and conditions hereof, deliver the Notes to the Representative duly executed and authenticated, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof by Federal Reserve wire of immediately available funds payable to the order of the County. Such delivery of and payment for the Notes is referred to herein as the "Closing."

(b) Delivery of the Notes shall be made at, or, in accordance with the operating procedures thereof through, DTC. The Notes shall be delivered in fully registered form, without coupons, bearing CUSIP number(s) and registered in the name of Cede & Co. and shall be made available to the Representative at least one (1) business day before the Closing for purposes of inspection. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the Underwriters to accept delivery of and pay for the Notes on the date of Closing in accordance with the terms of this Contract of Purchase.

SECTION 7. Closing Conditions. The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of the Closing, the Resolution and the Financing Certificate shall be in full force and effect and shall not have been amended, modified or supplemented; and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative in accordance with Section 4(b)(iii) hereof;

(c) At the time of the Closing, all official action of the County relating to this Contract of Purchase, the Resolution, the Financing Certificate and the Notes, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Representative shall have received, in appropriate form, evidence thereof;

(d) At the time of the Closing, there shall not have occurred any material change to the condition, financial or otherwise, or in the earnings or operations of the County, nor shall the Board of Supervisors or the Legislature of the State of California have taken official action that would prospectively result in a change in the condition, financial or otherwise, or in the earnings or operations of the County from that set forth in the Official Statement that shall have a material and adverse effect and that makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement; and

(e) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(i) The Official Statement, and each supplement or amendment, if any, thereto;

(ii) A certified copy of the Resolution and an original of the Financing Certificate, each having been duly adopted by the Board of Supervisors or executed by the County and as being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative acting in good faith;

(iii) An approving opinion, dated the date of Closing, of Squire Patton Boggs (US) LLP, Bond Counsel, addressed to the County and on which the Underwriters may rely, substantially in the form attached to the Official Statement as Appendix C;

(iv) A supplemental opinion of Bond Counsel, addressed to the County and the Representative, dated the date of Closing, in substantially the form of Exhibit B hereto;

(v) An opinion, dated the date of Closing, of County Counsel, as counsel to the County and addressed to the Representative, in substantially the form of Exhibit C hereto;

(vi) An opinion, dated the date of Closing, of Hawkins Delafield & Wood LLP, counsel for the Underwriters, addressed to the Representative, in substantially the form of Exhibit D hereto;

(vii) Evidence satisfactory to the Underwriters that the Notes shall have been rated not less than "___" by Moody's Investors Service ("Moody's"), "___" by Standard & Poor's, a Standard & Poor's Ratings Service ("S&P"), and "___" by Fitch Ratings ("Fitch"), and that none of such ratings has been revoked, suspended or downgraded;

(viii) A Tax Exemption Certificate of the County, in form satisfactory to Bond Counsel, signed by an authorized officer or designee of the County;

(ix) A certificate of the County in substantially the form of Exhibit A hereto;

(x) Evidence that the federal tax information return Form 8038-G has been prepared;

(xi) Evidence of required filings with the California Debt and Investment Advisory Commission;

(xii) Executed copies of the Disclosure Certificate;

(xiii) a preliminary Blue Sky Survey and final Blue Sky Memorandum with respect to the Notes; and

(xiv) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel, the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the County.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract of Purchase shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 9 hereof shall continue in full force and effect.

SECTION 8. Termination. The Representative shall have the right to terminate in its reasonable judgment the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes by notifying the County of its election to do so if, after the execution hereof and prior to the Closing, any one of the following shall occur:

(a) legislation shall be enacted by the Congress of the United States or favorably reported out for passage to either House of Congress by any committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on or evidenced by obligations of the general character of the Notes, which, in the opinion of Bond Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest is intended to be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the U.S. Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of the Financing Certificate under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Notes, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the County, its property or income, its notes or bonds (including the Notes) or the interest thereon, which in the reasonable judgment of the Representative [materially and adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes];

(d) (i) trading of any securities representing direct obligations of the County shall have been suspended on any exchange or in any over-the-counter market, or (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Notes shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred any outbreak or escalation of major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, in the reasonable judgment of the Representative, [materially and adversely affects the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes];

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Notes by any of Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Service ("S&P") or Fitch Ratings ("Fitch"); or

(f) the New York Stock Exchange or other national securities exchange, or any governmental authority shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in the Notes; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the case any of the events specified in clauses (i) or (ii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement, including any supplements or amendments thereto; or

(g) the purchase of and payment for the Notes by the Underwriters, or the resale of the Notes by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(h) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters or pertaining to DTC) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the County refuses a reasonable request to supplement the Official Statement to supply such statement or information or the effect of the amendment to the Official Statement is to materially and adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes.

SECTION 9. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the County shall pay, any expenses incident to the performance of the County's obligations hereunder, including, but not limited to (i) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement; (ii) the cost of preparation and printing of the Notes; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of any other experts, consultants or advisers retained by the County; and (v) the fees, if any, for ratings.

(b) The Underwriters shall pay (i) the fees and disbursements of counsel retained by the Representative, including such costs related to the preparation and printing of this Contract of Purchase and the reasonable cost of preparation and printing or duplication of any Blue Sky Survey relating to the Notes; (ii) costs related to on-line securities platforms, CUSIP subscription and DTC fees; (iii) out-of-pocket and miscellaneous costs of the Representative, (iv) all advertising expenses in connection with the public offering of the Notes; (v) all expenses incurred in qualifying the Notes for sale under state securities laws; and (vi) all other expenses incurred by them in connection with the public offering of the Notes. Certain expenses of the Underwriters may be included in the expense component of the Underwriters' discount.

(c) Even if this Contract of Purchase shall be terminated by the Underwriters because of any failure or refusal on the part of the County to comply with the terms or to fulfill any of the conditions of this Contract of Purchase, or if for any reason the County shall be unable to perform its obligations under this Contract of Purchase, the County will not reimburse the Underwriters for expenses incurred in connection with the authorization and marketing of the Notes.

SECTION 10. Notices. Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to County of Los Angeles, Office of the Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Citigroup Global Markets Inc., 444 South Flower St, Los Angeles, California 90071, Attention: Christopher Mukai.

SECTION 11. Parties in Interest. This Contract of Purchase shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. Any remedy which the Underwriters may have at law or in equity by reason of the breach of any representation or warranty of the County made herein shall not expire upon, nor be limited by, (i) delivery of and payment for the Notes pursuant to this Contract of Purchase, (ii) any investigations made by or on behalf of any of the Underwriters or (iii) termination of this Contract of Purchase; provided, however, that such representations and warranties are made only as of the date of this Contract of Purchase and as of the date of the Closing and are not continuing.

SECTION 12. Effectiveness. This Contract of Purchase shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

SECTION 13. Choice of Law. This Contract of Purchase shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in such State.

SECTION 14. Fiduciary Duty. The County acknowledges and agrees that the purchase and sale of the Notes pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters and the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Contract of Purchase, and are not acting as the agents, fiduciaries, financial advisors or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisors in connection with the matters contemplated by this Contract of Purchase irrespective of whether the Underwriters or their affiliates have provided other product and services or are currently providing other products or services to the County. In connection with the purchase and sale of the Notes, the County has consulted its own advisors to the extent it deems appropriate.

SECTION 15. Entire Agreement. This Contract of Purchase, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Contract of Purchase) that relate to the offering of the Notes, represents the entire agreement between the County and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Notes.

SECTION 16. Representative Capacity. Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Contract of Purchase may be exercised by the Representative on behalf of the Underwriters, and the County shall be entitled to rely upon any request, notice or statement by the Representative as if the same shall have been given or made by the Underwriters. The Representative represents that it has been duly authorized by the Underwriters to execute this Contract of Purchase and to act hereunder on their behalf and to take such action as it may deem advisable in respect of all matters pertaining to this Contract of Purchase.

SECTION 17. Severability. If any provision of this Contract of Purchase shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract of Purchase invalid, inoperative or unenforceable to any extent whatever.

SECTION 18. Business Day. For purposes of this Contract of Purchase, "business day" means a day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

SECTION 19. Section Headings. Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.

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SECTION 20. Counterparts. This Contract of Purchase may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.,
on behalf of itself and the other Underwriters
set forth on Appendix I hereof

By: ____
Authorized Representative

AGREED AND ACCEPTED:

This ___day of June, 2017

COUNTY OF LOS ANGELES

By:_____________________________________
Joseph Kelly
Treasurer and Tax Collector

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: ____________________________________
Deputy County Counsel

APPENDIX I

UNDERWRITERS

Citigroup Global Markets Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
[Co-Managers to Come]

EXHIBIT A

FORM OF CERTIFICATE OF THE COUNTY

I, Joseph Kelly, Treasurer and Tax Collector of the County of Los Angeles, California (the "County"), do hereby certify as follows:

(i) I am a duly qualified and acting representative of the County and as such am familiar with the facts herein certified and am authorized and qualified to certify the same;

(ii) I am acting on behalf of the County solely in my official capacity, and not in any personal capacity whatsoever;

(iii) All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Contract of Purchase relating to the Notes, dated [Sale Date] (the "Contract of Purchase"), by and between the County and Citigroup Global Markets Inc., as Representative of the Underwriters named therein;

(iv) To the best of my knowledge, the County's Official Statement dated [Sale Date] (together with all appendices thereto, any documents incorporated therein by reference, and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, but excluding any information relating to The Depository Trust Company, New York, New York and information under the caption "UNDERWRITING", the "Official Statement"), delivered pursuant to the Contract of Purchase, as of its date and as of the date hereof does 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;

(v) The Notes, together with interest thereon, will be payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrued to the County during Fiscal Year 2017-18 that will be available for the payment of the Notes. Pursuant to the Resolution adopted by the Board of Supervisors of the County on [May 9, 2017] (the "Resolution") authorizing the issuance and sale of the Notes, the County has pledged as security for the Notes unrestricted taxes, income, revenue, cash receipts and other moneys totaling the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, subject only to the provisions of the Resolution and the "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (the "Financing Certificate"). The amount of taxes, income, revenue, cash receipts and other moneys so pledged to secure the payment of the Notes is specified in the Resolution. Pursuant to the Act, the Resolution creates a valid pledge of and lien on the taxes, income, revenue, cash receipts and other moneys specified therein to pay the Notes and the interest thereon. The Notes are by statute general obligations of the County and, to the extent not paid from the Pledged Moneys (as defined in the Financing Certificate), shall be paid from any other moneys of the County attributable to Fiscal Year 2017-18 and lawfully available therefor;

(vi) The County has complied in all respects with the Act and has complied with and satisfied all the agreements and conditions on its part to be complied with or satisfied at or prior to the date of Closing pursuant to the Contract of Purchase, the Financing Certificate and the Resolution; and

(vii) To the best of my knowledge, since the date of the Official Statement, there has been no material adverse change in the condition, financial or otherwise, of the County.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of July, 2017.

COUNTY OF LOS ANGELES

By:____

Joseph Kelly
Treasurer and Tax Collector

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

July 3, 2017

Citigroup Global Markets Inc.,
as Representative of the Underwriters
Los Angeles, California

County of Los Angeles
2017-18 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This letter is addressed to you, pursuant to Section 7(e)(iv) of the Contract of Purchase, dated [Sale Date] (the "Contract of Purchase"), by and between Citigroup Global Markets Inc. (the "Representative"), on behalf of itself, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and ________________________ (collectively, the "Underwriters") and the County of Los Angeles (the "County"), providing for the purchase of $[Principal Amount] aggregate principal amount of the County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on [May 9, 2017] (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes, dated July 3, 2017, executed by the County (the "Financing Certificate"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Financing Certificate.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel to the County concerning the validity of the Notes and certain other matters, dated the date hereof and addressed to the County. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the County, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate, the Contract of Purchase, an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Contract of Purchase and its enforceability, may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained therein. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated [Sale Date], relating to the Notes (the "Official Statement"), or other offering material relating to the Notes and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Contract of Purchase has been duly executed and delivered by, and constitutes a valid and binding agreement of, the County.

3. The statements contained in the Official Statement under the captions "THE NOTES," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and "TAX MATTERS," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Notes, the Resolution and the Financing Certificate, and the form and content of the Bond Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel to the County. No attorney-client relationship has existed or exists between our firm and you in connection with the Notes or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as underwriters of the Notes, is solely for your benefit as such underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Notes or by any other party to whom it is not specifically addressed.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE COUNTY

July 3, 2017

Citigroup Global Markets Inc.,
as Representative of the Underwriters
Los Angeles, California

Re: [Principal Amount] County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This opinion is rendered by us as counsel to the County of Los Angeles (the "County") in accordance with the requirements of Section 7(e)(v) of the Contract of Purchase dated [Sale Date] (the "Contract of Purchase"), by and between the County and Citigroup Global Markets Inc., on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the "Underwriters") relating to the Notes, with respect to $[Principal Amount] aggregate principal amount of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes (the "Notes").

The Notes are issued pursuant to a resolution of the Board of Supervisors of the County adopted on [May 9, 2017] entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution") and the document entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes," (as referred to in the Resolution, the "Financing Certificate").

In rendering this opinion, we have examined the Resolution, the Financing Certificate, the Contract of Purchase and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with regard to the laws of the State of California (the "State"), we are of the opinion that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State, and has taken all action required to be taken by it to authorize the issuance and delivery of the Notes. The County has full legal right, power and authority to conduct its business, to execute and deliver the Contract of Purchase and the Financing Certificate, to adopt the Resolution, to issue and deliver the Notes to the Underwriters (as named and defined in the Contract of Purchase), and to perform all of its obligations under, and to carry out and effectuate the transactions contemplated by, the Resolution, the Financing Certificate, the Notes and the Contract of Purchase. No authorization, consent, approval, order, filing, registration, qualification, election or referendum, of or by any State person, organization, court or governmental agency or public body whatsoever, which has not been obtained or made, is required for such issuance, execution, delivery or performance or the consummation of the other transactions effected or contemplated in or by the Contract of Purchase or the Financing Certificate by the County, except for such actions may be

necessary to be taken to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of any state or jurisdiction of the United States, as to which no opinion is expressed.

2. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase, the Financing Certificate, the Resolution and the Notes, and the delivery of the Official Statement of the County dated [Sale Date] relating to the Notes, by the County have been duly authorized, and the issuance of the Notes, the execution, delivery and performance of the Contract of Purchase, the Financing Certificate, the Resolution and the Notes, and compliance with the provisions thereof (a) do not in any material respect conflict with or constitute on the part of the County a violation of or default under the Constitution of the State or any existing State law, charter, ordinance, regulation, decree, order or resolution and do not in any material respect conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject, and (b) do not result in the creation or imposition of any lien or encumbrance, other than as created by the Resolution and the Financing Certificate.

3. The County has duly authorized the consummation by it of all transactions contemplated by the Contract of Purchase and the Financing Certificate.

4. The Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect.

5. Each of the Contract of Purchase and the Financing Certificate was duly authorized, executed and delivered by the County and the Contract of Purchase (assuming due authorization, execution and delivery by the Representative), the Financing Certificate, the Resolution and the Notes constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms.

6. To the best of our knowledge, no action, suit, proceeding, inquiry or investigation is pending in which service of process has been completed or threatened against the County: (a) seeking to restrain 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 County pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes, the Contract of Purchase, the Financing Certificate or the Resolution, or contesting the powers of the County or its authority with respect to the Notes, the Resolution, the Financing Certificate or the Contract of Purchase; or (b) in which a final adverse decision could (i) materially adversely affect the consummation of the transactions contemplated by the Contract of Purchase, the Financing Certificate or the Resolution, or (ii) declare the Contract of Purchase or the Financing Certificate to be invalid or unenforceable in whole or material part.

With respect to the opinions we have expressed, the enforceability of the rights and obligations under the Contract of Purchase, the Resolution, the Financing Certificate and the Notes may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, by the application of equitable principles, if equitable remedies are sought, and by limitations on legal remedies imposed in actions against counties in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the Contract of Purchase, the Resolution, the Financing Certificate or the Notes.

Very truly yours,

By: ___________________________________
MARY C. WICKHAM
County Counsel

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

July 3, 2017

Citigroup Global Markets Inc.
Los Angeles, California
as representative of the Underwriters named in
the Contract of Purchase referred to herein

Ladies and Gentlemen:

In connection with the execution and delivery of the County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes (the "Notes"), which are being delivered to you as representatives of the underwriters (the "Underwriters") today pursuant to the Contract of Purchase dated [Sale Date] (the "Contract of Purchase"), by and between you and the County of Los Angeles (the "County"), we, in our representation of the Underwriters, have examined and relied upon the following:

(a) A resolution adopted by the Board of Supervisors of the County on [May 9, 2017] and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution");

(b) The Financing Certificate of the Treasurer and Tax Collector of the County entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (the "Financing Certificate");

(c) Executed copies of the opinions of Squire Patton Boggs (US) LLP ("Bond Counsel") delivered to you pursuant to the Contract of Purchase;

(d) An executed copy of the opinion of the County Counsel, delivered to you pursuant to the Contract of Purchase;

(e) An executed copy of the Official Statement related to the Notes, dated [Sale Date] (the "Official Statement"); and

(f) Executed copies of the Financing Certificates and other opinions of counsel delivered pursuant to the Contract of Purchase.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, instruments or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of, the Official Statement and the issuance and sale of the Notes, and such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in personal and telephone conferences with your representatives, representatives of the County and Bond Counsel during which the contents of the Official Statement and related matters were discussed and reviewed.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of and take no responsibility for any of the statements made in the Official Statement. We have also assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine. Also, the statements in the following paragraph, in so far as they relate to the statements in the Official Statement under the caption "Continuing Disclosure", are made in reliance upon a report prepared by a third party provider and a review of certain nonconforming items filed or not filed by the County as set forth in such report, and without independent inquiry by us regarding information on file with the Electronic Municipal Market Access System and without independent review of the continuing disclosure undertakings of the County.

On the basis of the information developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law and the experience we have gained through our practice thereunder, we are of the opinion, subject to the limitations expressed herein, that as of the date hereof, we have no reason to believe that the Official Statement as of its date contained an untrue statement of a material fact or omitted 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 (other than the information under the captions "Tax Matters" and "Book-Entry Only System," and any financial, demographic, economic and statistical information contained in the Official Statement, including as set forth in Appendix A – "The County of Los Angeles Information Statement," as to all of which we express no opinion) or that the Official Statement as of the date hereof (except as aforesaid) contains an 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.

In addition, we are of the opinion that the Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

This letter is solely for your benefit as Underwriters and it is not to be used, circulated, quoted or otherwise referred to for any purpose other than the offering of the securities covered by the Official Statement and may not be relied upon without our express written permission, except that references may be made to it in the Contract of Purchase or in any list of closing documents pertaining to the delivery of the Notes.

Very truly yours,

HDW Draft – 4/24/17
NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Notes is exempt from State of California personal income taxes. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax as a result of the inclusion of that interest in the calculation of a corporation's adjusted current earnings for purposes of the corporate alternative minimum tax. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$[Principal Amount]*
COUNTY OF LOS ANGELES
2017-18 Tax and Revenue Anticipation Notes
___% Priced to Yield ____%
CUSIP† No. 544657___

Dated: July 3, 2017 **Due: June 29, 2018**

The County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes (the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the fixed rate per annum specified above and will be priced as set forth above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Pursuant to the herein described Financing Certificate, the County may elect on the date of pricing to issue the Notes in multiple series, with different maturity dates, interest rates, yields and CUSIP numbers.

The Notes are being issued to provide moneys to help meet Fiscal Year 2017-18 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on [May 9, 2017] (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. In accordance with California law, the Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2017-18 that will be available for the payment of the Notes. The Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2017-18. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes. See "THE NOTES – Security for the Notes" herein.

The Notes are not subject to redemption prior to maturity.

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

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Squire Patton Boggs (US) LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by County Counsel and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 3, 2017.

Citigroup **Bank of America Merrill Lynch**

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* Preliminary, subject to change.
† Copyright, 2017. American Bankers Association.

Dated: June __, 2017.

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES

2017-18 TAX AND REVENUE ANTICIPATION NOTES

BOARD OF SUPERVISORS

Mark Ridley-Thomas
First District, Chairman

Hilda L. Solis
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Lori Glasgow
Executive Officer-Clerk
Board of Supervisors

COUNTY OFFICIALS

Sachi A. Hamai
Chief Executive Officer

Mary C. Wickham
County Counsel

Joseph Kelly
Treasurer and Tax Collector

John Naimo
Auditor-Controller

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor’s. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the applicable Notes. Neither the County nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Notes or as included herein. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions.

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COUNTY OF LOS ANGELES

CALIFORNIA

OFFICIAL STATEMENT

$[Principal Amount][*]
COUNTY OF LOS ANGELES
2017-18 Tax and Revenue Anticipation Notes

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $[Principal Amount][*] in aggregate principal amount of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes (the "Notes"). The Notes will be issued as fixed rate notes bearing interest at the rate and maturing on the date set forth on the cover page of this Official Statement. Pursuant to the herein described Financing Certificate, the County may elect on the date of pricing to issue the Notes in multiple series, with different maturity dates, interest rates, yields and CUSIP numbers. Issuance of the Notes will provide moneys to help meet Fiscal Year 2017-18 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on [May 9, 2017] and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. Pursuant to California law, the Notes and the interest thereon will be general obligations of the County payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2017-18 that will be available for the payment of the Notes as specified in the Resolution and the Financing Certificate. See "THE NOTES – Security for the Notes." The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

[*] Preliminary, subject to change.

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program's inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $800,000,000 aggregate principal amount of its 2017-18 Tax and Revenue Anticipation Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. See "THE NOTES – Security for the Notes," "– Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program."

THE NOTES

General

The Notes will be issued in the aggregate principal amount of $[Principal Amount][*]. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated July 3, 2017, and will mature on the date set forth on the cover page of this Official Statement. Pursuant to the Financing Certificate, the County may elect on the date of pricing to issue the Notes in multiple series, with different maturity dates, interest rates, yields and CUSIP numbers. The Notes are not subject to redemption prior to their maturity.

The Notes will be issued in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate set forth on the cover page hereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately

[*] Preliminary, subject to change.

available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

The Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2017-18 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *County Pooled Surplus Investments*."

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and, subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and conditions set forth therein, will be secured by a pledge of "Pledged Revenues," which means, as of any date, the Unrestricted Revenues required by the Resolution and the Financing Certificate to be deposited in the 2017-18 TRANs Repayment Fund on or prior to that date. "Unrestricted Revenues" means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2017-18 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

Pursuant to the Resolution and the Financing Certificate, the County pledges to the payment of the 2017-18 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) the first $__________* Unrestricted Revenues to be received by the County on and after December 20, 2017;

(b) the first $_________* Unrestricted Revenues to be received by the County on and after January 1, 2018; and

(c) (1) the first $__________* Unrestricted Revenues to be received by the County on and after April 1, 2018, plus (2) an amount equal to the interest that will accrue on the 2017-18 TRANs.

As provided in Section 53856 of the Act, 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 County from, the Pledged Revenues. See "THE NOTES – Available Sources of Payment." As security for the payment of the Notes, the County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the Notes Repayment Fund (the "Repayment Fund"), in trust for the registered owners of the Notes, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the

* Preliminary, subject to change.

Resolution and the Financing Certificate to deposit in the Notes Repayment Fund the Pledged Revenues. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit into the Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the Repayment Fund are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (herein defined); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. Any amounts remaining in the Repayment Fund after repayment of all Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments.”

As more particularly described under the heading “THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow,” the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of Payment for the Notes

The Notes, in accordance with State law, are general obligations of the County, and to the extent not paid from the Pledged Revenues shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Notes. Pursuant to the Act, no obligations, including the Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of such principal and interest. See “THE NOTES – Security for the Notes.”

The County estimates that the total Unrestricted Revenues to be available for payment of the principal of and interest on the Notes, including the Pledged Revenues, will be in excess of $8.2 billion, as indicated in the table below. Except for Pledged Revenues, the Unrestricted Revenues will be expended during the course of Fiscal Year 2017-18, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled “County of Los Angeles Borrowable Resources – Fiscal Year 2017-18” on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2017-18. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County’s 2017-18 Budget, when adopted, the County’s actual revenues and expenditures, and actions by the State of California which could materially impact the County’s expenses and revenues.

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2017-18 (1)
(In Thousands)

SOURCES:	AMOUNT
Property Taxes	$5,019,855
Other Taxes	220,548
Homeowner's Exemptions	58,950
Motor Vehicle (VLF) Realignment	187,034
Fines, Forfeitures and Penalties	137,866
Licenses, Permits and Franchises	232,165
Charges for Current Services	19,244
Investment and Rental Income	1,614,457
Other Revenue and Tobacco Settlement	661,557
Total:	$8,151,675
Less amount pledged for payment of the Notes:(2)	
Net total in excess of Pledged Revenues:	$

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2017-18. Information subject to change to reflect the impact of any revisions to the 2017-18 State Budget and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT".

(2) Based on $[Principal Amount]* aggregate principal amount of Notes, including the interest thereon.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2017-18 State Budget (the "2017-18 State Budget") will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2017-18 State Budget on the County's financial outlook. In the event the 2017-18 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2017-18 State Budget. The Governor released his proposed fiscal year 2017-18 State budget (the "2017-18 Proposed State Budget") on January 10, 2017. The 2017-18 Proposed State Budget estimates that total resources available in fiscal year 2016-17 will be approximately $123.8 billion (including a prior year balance of $5.0 billion) and total expenditures will be approximately $122.8 billion. The 2017-18 Proposed State Budget projects total resources available for fiscal year 2017-18 will be $125.1 billion, which includes prior year balance of $1.0 billion. The 2017-18 Proposed State Budget projects total expenditures for fiscal year 2017-18 of $122.5 billion, consisting of non-Proposition 98 expenditures of $71.2 billion and Proposition 98 expenditures of the projected $2.5 billion, the 2017-18 Proposed State Budget proposes to allocate $980 million to the Reserve for Liquidation of Encumbrances and $1.6 billion of such fund balance to the State's Special Fund for

* Preliminary, subject to change.

Economic Uncertainties. Among other things, the Governor also proposes various expenditure reductions to address a project fiscal year 2016-17 deficit of $2 billion.

May Revision to the 2017-18 Proposed State Budget. [To come.]

LAO Overview of the May Revision. [To come.]

Impact of Fiscal Year 2017-18 State Budget on the County. The Proposed 2017-18 State Budget and May Revision are not expected to result in a [reduction in State funding for County programs and services]. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2017-18 State Budget" attached hereto. [To be updated.]

Additional Information. The Governor may release additional details of the proposals or updates to the Governor's Proposed 2017-18 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2017-18 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury (so called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $800,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2016-17 and due June 30, 2017), all notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund therefor, separate from the General Fund, to repay the outstanding 2016-17 tax and revenue anticipation notes due on June 30, 2017. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consist primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these "monies in transit" and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2012-13 through 2016-17" and "County of Los Angeles Borrowable Resources – Fiscal Year 2017-18" for the County's historical and projected borrowable resources for purposes of Intrafund Borrowing.

The following tables set forth for fiscal years 2012-13 through 2016-17 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2012-12 THROUGH 2016-17
(In Thousands)[1]

	2012-13	2013-14	2014-15	2015-16	2016-17
July	$1,346,913	$1,194,935	$1,301,521	$1,901,844	$2,266,486
August	830,197	844,344	994,697	1,626,863	1,529,884
September	332,888	177,920	563,608	1,254,727	914,444
October	39,289	43,694	215,745	868,460	900,177
November	(267,888)	(16,816)	(20,557)	414,234	516,313
December	378,664	358,844	231,055	1,022,814	949,817
January	291,248	797,772	600,670	1,299,857	1,543,600
February	270,061	689,240	552,198	1,409,218	1,583,092
March	(302,319)	(6,076)	335,074	1,080,343	1,247,138
April	208,117	396,747	426,895	1,162,078	1,427,040[2]
May	806,070	1,074,220	1,079,020	1,399,968	1,883,664[2]
June	892,775	1,025,985	1,653,166	2,162,672	1,334,005[2]

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment funds relating to the short-term notes. Certain monthly periods reflect negative cash balances, which are covered by borrowable resources available to the County. See "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

(2) Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2012-12 THROUGH 2016-17
(In Thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17
July	$1,525,334	$1,090,942	$1,308,097	$1,482,119	$1,552,284
August	1,123,337	1,085,015	1,274,023	1,434,015	1,392,220
September	1,186,943	1,163,158	1,284,744	1,437,263	1,441,265
October	1,635,585	1,637,393	1,849,733	1,928,495	1,933,090
November	2,933,305	3,185,516	3,428,812	3,519,705	3,540,138
December	5,174,854	5,582,245	5,869,491	6,016,212	6,515,207
January	3,150,261	3,225,772	3,794,349	4,180,918	4,333,084
February	1,997,817	2,164,412	2,526,797	2,825,906	2,881,611
March	2,090,997	2,359,184	2,587,441	2,968,208	3,013,899
April	4,504,208	4,903,834	5,392,739	5,910,220	5,786,754[1]
May	2,781,891	2,863,076	3,163,075	3,521,695	3,291,179[1]
June	1,127,721	1,262,316	1,472,289	1,503,541	1,447,891[1]

(1) Estimated.

The Auditor-Controller submits to the Board of Supervisors monthly reports that set forth summary cash flow and borrowable resources information, including actual cash flow amounts for the County's General Fund through the preceding month, projected cash flows for the County's General Fund through the end of the applicable fiscal year and monthly borrowable resources average daily balances. The monthly cash flow reports are available through the County's Investor Information website at http://ttc.lacounty.gov/Proptax/Investor.htm. Such information is not incorporated herein by this reference.

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2017-18 based on the 2017-18 Recommended Budget adopted by the Board of Supervisors on April 18, 2017 (the "2017-18 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2017-18 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2017-18. Although the County believes its Fiscal Year 2017-18 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 25 of 26 years, and has done so by an average of more than $500 million. For June 30, 2017, the County projects that its cash balance will be $___ million greater than the original May 2016 forecast of $___ million, ending the current fiscal year at a positive $____ million. There can be no assurances that actual results for Fiscal Year 2017-18 will not materially differ from the projections.

[2017-18 projected cash flow to come.]

[2017-18 projected average daily balances to come.]

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the Notes. The pledge made in the Resolution and the Financing Certificate and the covenants and agreements set forth therein to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the Notes all of which shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to its Fiscal Year 2017-18 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Code (herein defined) necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the Notes proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

Notwithstanding any other provision of the Financing Certificate to the contrary, upon the County's failure to observe or refusal to comply with the foregoing tax covenants, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under the Financing Certificate.

Negotiability, Transfer and Exchange of the Notes

The Holders of the Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Note Registrar, in accordance with the Financing Certificate.

The County and the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Permitted Investments

Moneys on deposit in the Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate ("Permitted Investments"), as more fully described below:

(1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association; (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's, a Standard & Poor's Financial Services LLC business ("S&P"), or Fitch Ratings ("Fitch") and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt, as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(4) The Los Angeles County Treasury Pool (the "County Treasury Pool").

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1," "P-1," or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other nationally recognized securities rating agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a

parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $500,000,000.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the Notes, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9) above, such investments must be rated by S&P at the respective S&P ratings described therein.

Repayment Fund Held by the Treasurer

Under the Resolution and the Financing Certificate, the County shall transfer to the Treasurer for deposit in the Repayment Fund the Pledged Revenues as set forth in the Financing Certificate. The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. The Pledged Revenues shall be used to pay the Notes and the interest thereon when the same shall become due and payable and may not be used for any other purpose; provided that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the Repayment Fund after repayment of all the Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any designee may direct.

Supplemental Financing Certificate and Supplemental Resolution

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any particular Notes remain Outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Notes or of the interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE NOTES - Security for the Notes," without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a "Supplemental Resolution") may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add to the covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing

Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to obtain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an "Event of Default" under the Resolution and the Financing Certificate:

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in aggregate principal amount of the outstanding Notes; or

(3) the County shall file petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders of the Notes, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of and interest on such Holder's Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from legally available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date may be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Notes and these funds will be held a segregated account to be established and maintained by the County for the benefit of the owners of the Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the owners of the Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the owners could "trace" the funds from the Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so "trace" the pledged amounts.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Notes is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations (the "Regulations") under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The County has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Under the Code and Regulations, if the County does not spend all of the proceeds of the Notes within six months after issuance (determined as provided in the Code and Regulations), the County must rebate to the federal government its arbitrage profits, if any, in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The County expects to spend all of the proceeds of the Notes within six months of issuance. If, however, it fails to do so, the County has covenanted to provide for and to set aside any required rebate payment from moneys attributable to Fiscal Year 2017-18. The California Constitution generally prohibits the County from incurring obligations payable from moneys other than moneys attributable to the fiscal year in which such obligations are incurred. Accordingly, if, after the end of the Fiscal Year 2017-18, it is determined that the County's calculations of expenditures of Note proceeds or of rebatable arbitrage profits, if any, were incorrect and that the moneys attributable to Fiscal Year 2017-18 that were set aside were insufficient to meet the recalculated rebate requirement, it is unclear whether the County could be compelled to pay the difference from the moneys attributable to the then current fiscal year. If the amount required to be rebated to the federal government as recalculated is not paid, then it may be determined that, retroactive to the issuance of the Notes, the interest on the Notes is not excluded from gross income for federal income tax purposes. Bond Counsel has assumed that the representations and covenants of the County in the Resolution and in the County's Tax Compliance Certificate concerning the investment and use of Note proceeds and the rebate to the federal government of certain earnings thereon, to the extent required, from legally available moneys, are true and correct and that the County will comply with such covenants (including the covenant that rebate payments due the federal government, if any, will be timely made).

Interest on the Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. In addition, interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Notes should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Notes ("Discount Notes") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Note. The issue price of a Discount Note is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Note (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Note. The amount of OID that accrues each year to a corporate owner of a Discount Note is included in the calculation of the corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. A purchaser of a Discount Note in the initial public offering at the price for that Discount Note stated on the cover of this Official Statement who holds that Discount Note to maturity will realize no gain or loss upon the retirement of that Discount Note.

Certain of the Notes ("Premium Notes") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes note premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that note premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering at the price for that Premium Note stated on the cover of this Official Statement who holds that Premium Note to maturity (or, in the case of a callable Premium Note, to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Discount and Premium Notes should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or note premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes and as to other federal tax consequences and the treatment of OID and note premium for purposes of state and local taxes on, or based on, income.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Squire Patton Boggs (US) LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in APPENDIX C hereto. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed on for the County by County Counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Notes are legal investments for commercial banks in the State, and under the California Government Code, the Notes are eligible to secure deposits of public moneys in the State.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2016, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 15, 2016.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "___," "___" and "___" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel to that effect will be furnished at the time of issuance of the Notes.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. The aggregate amount of the uninsured liabilities of the County which may result from all suits and claims will not, in the opinion of the County Counsel, materially impair the County's ability to repay the Notes. Note 18 of "Notes to the Basic Financial Statements" included in APPENDIX B sets forth this liability as of June 30, 2016. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

FINANCIAL ADVISOR

Public Resources Advisory Group has served as Financial Advisor to the County in connection with the issuance of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

UNDERWRITING

The Notes are being purchased for reoffering by Citigroup Global Markets Inc., as representative of itself, Merrill Lynch, Pierce, Fenner & Smith Incorporated and ______________ (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $____________ (representing the principal amount of the Notes, plus original issue premium of $___________, less Underwriters' discount of $____________). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

Citigroup Global Markets Inc. has provided the following for inclusion in this Official Statement: Citigroup Global Markets Inc., an underwriter of the Notes, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the Notes.

[Additional Distribution Agreements]

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Appropriate County officials, acting in their official capacity, have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. An appropriate County official will execute a certificate to such effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

CONTINUING DISCLOSURE

The County has agreed in a Disclosure Certificate to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The notice events applicable to the Notes include: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (4) modifications to rights of Noteholders, if material and (5) rating changes.

The County's underlying rating was upgraded by S&P from "A+" to "AA-" in October 2012 in connection with the issuance of its Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds ") and disclosed in the Official Statement for the Series 2012 Bonds. The County did not file an event notice for the rating changes assigned to the County's other General Fund obligations. In addition, the County did not file notices of certain rating changes on bonds insured by a financial guaranty insurance company. The County has since filed notices setting forth the current ratings on each of its obligations.

In addition, the County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Holder of a Note may obtain a copy of any such report, as available, from the County. Such reports are not incorporated by this reference.

Additional information regarding this Official Statement and copies of the Resolution and the Financing Certificate may be obtained by contacting:

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-8359

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,083 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of nearly 10.1 million in 2016, the County is the most populous of the 58 counties in California and has a larger population than 41 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

COUNTY GOVERNMENT

The County is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving a maximum of three consecutive terms commencing as of December 2002.

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance, which was designed to improve the operational efficiency of County governance. The new governance structure delegated additional responsibilities for the administration of the County to the Chief Executive Office (the "CEO"), including the oversight, evaluation and recommendation for appointment and removal of specific department heads and County officers. The five departments that continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. In May 2011, the Board of Supervisors further revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

Over the last several years, the County has experienced significant changes to its elected leadership, senior management personnel and governance structure. In December 2014, the previous Supervisors for the First District and the Third District reached their term limits, with their successors elected by voters in the November 2014 election. The current Supervisors for the First and Third Districts commenced their first terms on December 1, 2014. In November 2014, voters also elected a new Assessor and a new Sheriff. Other key management changes to County departments include appointments by the Board of Supervisors of a new Auditor-Controller in October 2014, a new Treasurer and Tax Collector in January 2015, a new CEO in October 2015, and a new County Counsel in July 2015. In November 2016, voters elected new Supervisors to the Fourth District and the Fifth District, replacing the previous Supervisors who had reached their term limits. The new Supervisors for the First and Third Districts commenced their first terms on December 5, 2016.

On July 7, 2015, the Board of Supervisors approved recommendations by the CEO to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance, and to establish a new governance structure. Under the new governance structure, all non-elected department heads report directly to the Board of Supervisors, and all Deputy CEO positions were eliminated. County departments continue to report to the CEO for day-to-day operations, and for administrative and budget matters. The CEO continues to function as the Board of Supervisor's agent to manage countywide policy objectives and departmental performance management. The new governance structure is designed to streamline County governance by improving communications with County departments, which will facilitate more effective decision making and greater responsiveness to the Board of Supervisors' policy objectives.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan was designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided to the unincorporated areas, or at a higher level of service that a city may choose.

Over one million people live in the unincorporated areas of the County. For the residents of these areas, the County Board of Supervisors functions as their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily related to social services and health care, are required to be maintained at certain minimum levels of service, which can limit the County's flexibility in providing theseservices.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol abuse prevention, and various other treatment programs. These services are provided at County facilities and through a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services ("DHS") is a major provider of health care professionals throughout California.

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 14 major dams, 162 debris basins, estimated 120,000 catch basins, 42 sediment placement sites, and over 3,357 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily inmate population (ADIP) of approximately 17,900 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 5.3 million registered voters and maintains approximately 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 18 major regional parks, 162 local and community regional parks, 29 public swimming pools, over 350 miles of horse and hiking trails, and 20 golf courses. The County also maintains botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, providing County residents with a valuable educational resource.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 88.2% of the County workforce is represented by sixty-one (61) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which has twenty-four (24) collective bargaining units that represent 56.8% of County employees; the Coalition of County Unions ("CCU"), which includes twenty-five (25) collective bargaining units representing 23.5% of County employees; and the Independent Unions (the "Independent Unions"), which encompass twelve (12) collective bargaining units representing 7.9% of County employees. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division is responsible for negotiating sixty-one (61) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

The Board of Supervisors has approved Memoranda of Understanding ("MOUs") with all of its collective bargaining units covering wages, salaries and fringe benefits. A summary of the current MOUs in effect for County employees is provided below.

On September 29, 2015, the Board of Supervisors approved successor agreements to five (5) MOUs covering wages and work rules for the collective bargaining units representing Deputy Probation Officers, Supervising Peace Officers, Public Defender Investigators, Beach Lifeguards and Supervising Beach Lifeguards. The five MOUs have three-year terms, with the MOUs for the Beach Lifeguards and Supervising Beach Lifeguards expiring on December 31, 2017, and the MOUs for Deputy Probation Officers, Supervising Peace Officers and Public Defender Investigators expiring on January 31, 2018. All five units received a 10% cost of living increase over the term of the agreements.

On November 13, 2015, the Board of Supervisors approved successor agreements to ten (10) MOUs covering wages and work rules for the collective bargaining units representing Peace Officers, Fire Fighters, Supervisory Fire Fighters, Criminalists/Forensic ID Specialists, Custody Assistants, Coroner Investigators, Supervising Coroner Investigators, Probation Directors, Supervising Child Support Officers and Assistant Deputy District Attorneys. The MOUs for these units also have three-year terms, which will expire on December 31, 2017 (Fire Fighters; Supervisory Fire Fighters), January 31, 2018 (Peace Officers, Criminalists/Forensic ID Specialists, Custody Assistants, Coroner Investigators, Supervising Coroner Investigators, Probation Directors) and September 30, 2018 (Supervising Child Support Officers and Assistant Deputy District Attorneys). Each bargaining unit received a 10% cost of living increase over the term of the agreements.

On December 8, 2015, the Board of Supervisors approved successor agreements to three (3) MOUs covering wages and work rules for the collective bargaining units representing Automotive and Equipment Maintenance, Agricultural Inspectors, Child Support Attorneys and the twenty-four (24) collective bargaining units representing SEIU Local 721. Also approved on the same date was an MOU covering fringe benefits for SEIU Local 721 members. All of the MOUs have a three-year term expiring on September 30, 2018, with each unit receiving a 10% cost of living increase over the term of the agreements.

On January 5, 2016, the Board of Supervisors approved successor agreements to the Fringe Benefit MOU for employees represented by the CCU. The MOU has a three-year term expiring on September 30, 2018.

On January 26, 2016, the Board of Supervisors approved successor agreements to eleven (11) MOUs covering wages and work rules for the collective bargaining units representing Appraisers, Supervising Appraisers, Pharmacists, Health Investigative & Support Services, Plant Operating Engineers, Professional Engineers, Supervising Professional Engineers, Engineering Technicians, Supervising Engineering Technicians, Psychiatric Social Workers and Supervising Psychiatric Social Workers. All of the MOUs have a three-year term expiring on September 30, 2018, with each unit receiving a 10% cost of living increase over the term of the agreements.

On February 23, 2016, the Board of Supervisors approved successor agreements to three (3) MOUs covering wages and work rules for the collective bargaining units representing Mental Health Psychiatrists/Dentists, Fire Specialists and Supervising Fire Specialists. All of the MOUs have a three-year term expiring on September 30, 2018 with each unit receiving a 10% cost of living increase over the term of the agreements.

On April 12, 2016, the Board of Supervisors approved successor agreements to two (2) MOUs covering wages and work rules for the collective bargaining units representing Physicians and Interns and Residents . Each of these MOUs has a three-year term expiring on September 30, 2018 with each unit receiving a 10% cost of living increase over the term of the agreements.

On November 15, 2016, the Board of Supervisors approved successor agreements to two (2) MOUs covering wages and work rules for the collective bargaining units representing Building Trades and Skilled Craftsmen and Supervisory Building and Construction Trades and Operating Engineers. Each of these MOUs has a three-year term expiring on September 30, 2018 with each unit receiving a 10% cost of living increase over the term of the agreements.

The new SEIU Local 721 and the CCU fringe benefit agreements include provisions to change the cafeteria plan contributions and subsidies for temporary and part-time employees, additional annual vacation leave of up to 40 hours after 24 years or more of service, an additional paid holiday in recognition of Cesar Chavez' birthday, a change in eligibility for sick personal leave for rehired retirees, and an expansion of bereavement leave provisions (SEIU Local 721 Fringe Benefit MOU only).

Non-represented employees also received the 10% cost of living increase that was agreed to with SEIU, CCU and the Independent Unions.

As the result of reopener language related to specific MOU provisions, the County is currently re-negotiating the MOUs with Building Trades & Skilled Craftsmen in regard to the compensation rate for apprentices and with SEIU Local 721 in regard to compensation rates for Nurse Practitioners.

The County has received national recognition as one of the best large employers in the nation. In 2016, the County was ranked number 39 on the Forbes Magazine ("Forbes") list of the 500 Best Large Employers in America. Of the 500 employers on the Forbes list, the County was the highest rated county government and the fourth highest rated government entity.

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for employees of the County, the Los Angeles Superior Court and four minor participating agencies. The Superior Court and the other four non-County agencies account for approximately 4.9% of LACERA's membership.

LACERA is governed by the Board of Retirement, which is responsible for the administration of the Retirement Fund, the retiree healthcare program, and the review and processing of disability retirement applications. The Board of Retirement is comprised of four positions appointed by the Board of Supervisors, two positions elected by general LACERA members, two positions (one active and one alternate) elected by LACERA safety members and two positions (one active and one alternate) elected by retired LACERA members. The County Treasurer and Tax Collector is required by law to serve as an ex-officio member of the Board of Retirement.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified as "general" employees. County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C, D & G), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through G) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2016 was 170,885,, consisting of 72,545 active vested members, 22,899 active non-vested members, 61,914 retired members and 13,527 terminated vested (deferred) members. Of the 95,444 active members (vested and non-vested), 82,916 are general members in General Plans A through G, and 12,528 are safety members in Safety Plans A through C.

Of the 61,914 retired members, 50,034 are general members in General Plans A through E, and 11,880 are safety members in Safety Plans A, B and C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2016, approximately 56% of active general members were enrolled in General Plan D, and over 90% of all active safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

2012 State Pension Reform

On September 12, 2012, the Governor signed AB 340 into law, which established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans, effective January 1, 2013. For new employees hired on or after January 1, 2013, PEPRA includes pension caps, equal sharing of pension costs, changes to retirement age, and three-year final compensation provisions. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the County Employees Retirement Law of 1937, LACERA is required to comply with the provisions of PEPRA.

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. Based on the June 30, 2016 Actuarial Valuation (the "2016 Actuarial Valuation"), the total employer contribution rate for new employees hired on and after January 1, 2013 is 19.55% for General Plan G and 25.24% for Public Safety Plan C. The new employer contribution rates are lower than the comparative rates of 19.68% for General Plan D participants and 26.27% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions for members who retire at age 61 or older. For Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions beginning at age 50. Overall, the implementation of General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

Contributions

Employers and members contribute to LACERA based on rates recommended by the independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments of LACERA (the "Board of Investments") and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates. The annual contribution rates are based on the results of investments and various other factors set forth in the actuarial valuations and investigations of experience, which are described below.

Investment Policy

The Board of Investments has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's independent actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts annual valuations to assess changes in the Retirement Fund's portfolio.

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in response to changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. However, unlike other local governments in California, the County did not agree to major increases in pension benefits as part of its 2002 Agreement. The 2002 Agreement, which expired in July 2010, provided for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability ("AAL") minus the actuarial value of the assets of LACERA at a particular valuation date.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, then the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans was reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman. The two most significant changes in the 2009 Funding Policy are described as follows:

- Asset Smoothing Period: The smoothing period to account for asset gains and losses increased from three years to five years. This initially resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL) and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- Amortization Period: The UAAL is amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, (the "2010 Investigation of Experience"), Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment returns, and other minor changes to the demographic assumptions.

In October 2011, based on the 2010 Investigation of Experience, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return were adjusted to 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively.

In December 2013, Milliman released the 2013 Investigation of Experience for Retirement Benefit Assumptions (the "2013 Investigation of Experience"). The 2013 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the June 30, 2013 Actuarial Valuation (the "2013 Actuarial Valuation"). The key changes to the actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.5% to 7.25%; reductions in the assumed rates for wage growth and price inflation from 3.75% and 3.25% to 3.5% and 3.0%, respectively; and a reduction in the mortality rate (increase in life expectancy) for all retirees. In December 2013, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions to be used in the 2013 Actuarial Valuation, with the exception of the assumed rate of return, which remained unchanged at 7.5%.

In December 2016, Milliman released the 2016 Investigation of Experience for Retirement Benefit Assumptions (the "2016 Investigation of Experience"). The 2016 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the June 30, 2016 Actuarial Valuation (the "2016 Actuarial Valuation"). The key changes to the actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.5% to 7.25%; reductions in the assumed rates for wage growth and price inflation from 3.50% and 3.00% to 3.25% and 2.75%, respectively; and a reduction in the mortality rate (increase in life expectancy) for all retirees. In December 2016, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions to be used in the 2016 Actuarial Valuation, although the impact on the employer contribution rate will be phased in over a three-year period beginning in Fiscal Year 2017-18.

UAAL and Deferred Investment Returns

For the June 30, 2015 Actuarial Valuation (the "2015 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 4.3%, which was lower than the 7.50% assumed rate of return. As a result of the weaker than assumed investment performance, the market value of Retirement Fund Assets increased by $1.096 billion or 2.3% to $48.818 billion as of June 30, 2015. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.674 billion or 8.4% from $43.645 billion to $47.328 billion as of June 30, 2015. The 2015 Actuarial Valuation reported that the AAL increased by $1.877 billion to $56.819 billion, but the UAAL decreased by $1.797 billion to $9.490 billion from June 30, 2014 to June 30, 2015.

Due to the recognition of significant deferred actuarial investment gains, which more than offset the weaker than assumed investment performance, the Funded Ratio increased from 79.5% to 83.3% as of June 30, 2015.

The 2015 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2016. The County's required contribution rate will decrease from 19.33% to 17.77% of covered payroll in Fiscal Year 2016-17. The decrease in the contribution rate is comprised of a decrease in the funding requirement to finance the UAAL over 30 years from 10.04% to 8.49%, and a decrease in the normal cost contribution rate from 9.29% to 9.28%.

The 2015 Actuarial Valuation did not include $980 million of net deferred investment gains that will be partially recognized and available to offset any future actuarial investment losses over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 85.0% as of June 30, 2015, and the required County contribution rate would have been 16.97% for Fiscal Year 2016-17.

For the June 30, 2016 Actuarial Valuation (the "2016 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 1.1%, which was significantly lower than the 7.25% assumed rate of return. As a result of the weaker than assumed investment performance, the market value of Retirement Fund Assets decreased by $971 million or 2.0% to $47.847 billion as of June 30, 2016. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $2.030 billion or 4.3% from $47.328 billion to $49.358 billion as of June 30, 2016. The 2016 Actuarial Valuation reported that the AAL increased significantly by $5.380 billion to $62.199 billion, and the UAAL increased by $3.350 billion to $12.841 billion from June 30, 2015 to June 30, 2016.

After reaching a cyclical high of 94.5%, prior to the economic downturn, the Funded Ratio declined steadily from June 30, 2008 to June 30, 2013. The steady decline in the Funded Ratio over the five-year period was primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses in Fiscal Years 2008-09 and 2011-12 (especially the losses in Fiscal Year 2008-09). The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 were fully accounted for in the valuation of the Retirement Fund as of June 30, 2013. The increase in the Funded Ratio to 83.30% as of June 30, 2015, represented the second consecutive year of improved funding for the Retirement Fund since June 30, 2007. The Funded Ratio as of June 30, 2016 decreased to 79.35% from the prior year, primarily due to actuarial investment losses in Fiscal Years 2015 and 2016.

The 2016 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2017. The County's required contribution rate will increase from 17.77% to 19.70% of covered payroll in Fiscal Year 2017-18 after partial phase-in of the new actuarial assumption changes. The increase in the contribution rate is comprised of an increase in the funding requirement to finance the UAAL over 30 years from 8.49% to 11.24%, and an increase in the normal cost contribution rate from 9.28% to 9.97%. If the actuarial assumption changes recommended by Milliman were fully recognized in Fiscal Year 2017-18, the employer contribution rate would be 21.21%.

The 2016 Actuarial Valuation does not include $2.012 billion of net deferred investment losses that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 76.1% as of June 30, 2016, and the required County contribution rate would have been 22.79% for Fiscal Year 2017-18.

[As of March 31, 2016, LACERA reported a -0.9% fiscal year to date return on Retirement Fund assets, which is significantly below the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of March 31, 2016 were 26.0% domestic equity, 22.6% international equity, 24.0% fixed income, 12.4% real estate, 9.5% private equity, 1.7% commodities, 2.4% hedge funds and 1.4% cash.] **(TO BE UPDATED)**

An eight-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior eight years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-11.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual actuarially required contribution to LACERA. In Fiscal Years 2014-15 and 2015-16, the County's total contributions to the Retirement Fund were $1.430 billion and $1,384 billion, respectively. In Fiscal Year 2016-17, the County's required contribution payments are projected to decrease by over $48 million to $1.336 billion. For Fiscal Year 2017-18, the County is estimating retirement contribution payments to LACERA of $1,512 billion, which would represent a 13.2% or $175.7 million increase from Fiscal Year 2016-17.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2018 is presented in Table 3 ("County Pension Related Payments") on page A-11.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") was $470.71 million as of June 30, 2012. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of a trust to help address the County's substantial liability related to other post-employment benefits ("OPEB"). As of June 30, 2016, the remaining balance in the County Contribution Credit Reserve was $21.891 million, all of which is attributable to the Los Angeles County Superior Court.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2015, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2015 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would have increased from 19.70% to 20.19% for Fiscal Year 2017-18, and the Funded Ratio would have decreased from 79.4% to 78.4% as of June 30, 2016. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $35 million in Fiscal Year 2017-18.

Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the previous pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County. GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 was implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and expanded the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, has replaced the requirements of GASB

Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 has been implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 does not materially affect the existing process for calculating the UAAL, it requires the County to recognize its proportionate share of LACERA's Net Pension Liability directly on the Statement of Net Position (government-wide balance sheet). The new requirement to recognize a liability in the financial statements represents a significant and material change from the previous standards, which only required the disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional reporting requirements, which have expanded the pension-related note disclosures and supplementary information requirements.

The new GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund pension benefits. For the Fiscal Year ended June 30, 2016 the County reported a Net Pension Liability of $7.448 billion.

Postemployment Health Care Benefits

LACERA administers a health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. The Board of Retirement reserves the right to amend or revise the medical plans and programs under the retiree health program at any time. County payments for postemployment benefits are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

In Fiscal Years 2014-15 and 2015-16, total payments from the County to LACERA for OPEB were $450.2 million and $507.7, respectively. In Fiscal Year 2016-17, payments to LACERA for OPEB are projected to increase by $21.8 million or 4.3% to $529.5 million. For Fiscal Year 2017-18, the County is projecting $558.3 million in OPEB payments to LACERA, which would represent a 5.4% or $28.8 million increase from Fiscal Year 2016-17.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") had previously issued two statements that address financial reporting requirements for OPEB, which is defined to include many post- retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 43"), established financial reporting standards for OPEBs in a manner similar to the standards that were previously in effect for pension benefits. GASB 43 was focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for all annual reporting periods beginning with the Fiscal Year ended June 30, 2008.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), established financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 was focused on the County's financial statements, and related note disclosures. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County implemented the requirements of GASB 45 in its financial reporting process. The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. GASB 45 did not require the funding of any OPEB liability related to the implementation of this reporting standard.

In June 2015, GASB issued Statement No. 74 and Statement No. 75, which will replace the existing OPEB accounting and reporting requirements for entities that administer OPEB plans (LACERA) and employers (the County).

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaces the requirements of GASB Statement No. 43 and is focused on the OPEB plan administrator (LACERA). GASB 74 will be implemented with the issuance of LACERA's Fiscal Year 2016-2017 financial statements and will expand the OPEB-related note disclosures and supplementary information contained therein.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of GASB Statement No. 45 and is focused on employers (the County) providing defined OPEB benefits. GASB 75 will be implemented with the issuance of the County's Fiscal Year 2017-2018 financial statements. Although GASB 75 is not expected to materially affect the existing process which computes the County's UAAL, it will require the County to recognize the full amount of net OPEB liabilities directly on the Statement of Net Position (government-wide balance sheet). The net OPEB liability is the difference between the total OPEB liability (the present value of projected OPEB benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay OPEB benefits. There are also new requirements which will expand the existing OPEB-related note disclosures and supplementary information.

The new requirement to recognize the full amount of net OPEB liabilities in the financial statements is a substantive and material change to the existing standards. Current accounting standards only require recognition of OPEB liabilities to the extent that OPEB funding is less than the actuarially determined amount. As of June 30, 2016, the County's Statement of Net Position recognized $13.109 billion of OPEB liabilities. The new GASB OPEB standards are only applicable to accounting and reporting for OPEB benefits in the County's financial statements. Accordingly, there is no impact on the County's existing statutory obligations and policies to fund the OPEB benefits.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

In June 2015, Milliman released the County's fourth OPEB actuarial valuation report ("the 2014 OPEB Valuation") as of July 1, 2014. In the 2014 OPEB Valuation, Milliman reported an AAL of $28.547 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $27.288 billion, which represents a 6.0% increase from the 2012 OPEB Valuation. The OPEB ARC as of July 1, 2014 is estimated to be $2.152 billion, which represents 31.82% of the County's payroll costs and a 1.2% increase from the 2012 OPEB Valuation. The increase in the County's OPEB liability from 2012 to 2014 was the result of several offsetting factors, with the most significant factors being a reduction in the discount rate from 4.35% to 3.75% and lower than expected increases in health insurance premiums.

For the Fiscal Year ended June 30, 2016, the County reported an OPEB ARC of $2.192 billion, which represents a $14,861 or 0.07% increase from June 30, 2015. The OPEB ARC was partially offset by $507.7 million in County "pay as you go" contributions, which resulted in an increase in the net OPEB obligation of $1.575 billion in Fiscal Year 2015-16. The net OPEB obligation of $13,109 billion as of June 30, 2016 represents a 13.6% increase from the $11.535 billion obligation reported as of June 30, 2015. The "pay as you go" County contribution represents 23.1% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2014-15.

Funding for Other Postemployment Benefits

In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve for the initial funding of the OPEB Trust.

On June 22, 2015, the Board of Supervisors approved a multi-year plan to begin pre-funding the County's unfunded OPEB liability. The plan requires the County to begin the process to fully fund the OPEB ARC by incrementally increasing the annual contribution to the OPEB Trust. For Fiscal Year 2016-17, the County is projecting a contribution to the OPEB Trust in the amount of $61.175 million, which will be funded by a $25.0 million Net County Cost ("NCC") contribution from the General Fund and $36.175 million of subvention revenue received from Federal, State and other local government entities. In future fiscal years, the County expects to incrementally increase its OPEB funding by approximately $60 million per year, including an annual $25 million increase in the NCC contribution from the General Fund and a $35 million annual increase funded by subvention revenue. For Fiscal Year 2017-18, the County is projecting a deposit to the OPEB Trust in the amount of $120.833 million. Based on the 2014 OPEB Valuation, the County will need to increase its annual OPEB contribution to more than $1.9 billion from the current $529 million pay-as-you-go funding amount in order to fully fund the OPEB ARC on an annual basis. Given current projections for the funding plan, the OPEB ARC would be fully funded by Fiscal Year 2027-28.

In January 2016, LACERA transferred $50 million to the OPEB Trust from an excess retiree health premium reserve account. The transaction was initiated by LACERA, and is un-related to the County's multi-year funding plan for the OPEB Trust. As of June 30, 2016, the balance of the OPEB Trust was $560.8 million.

The County reached an agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who begin County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will still apply to the new tier. The agreement will not affect current retirees or current employees hired prior to July 1, 2014. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement was approved by the Board of Retirement and by the Board of Supervisors in June 2014.

On April 30, 2014, the California Supreme Court declined to consider an appeal by a retired City of San Diego employee regarding changes to retirement healthcare benefits. The Supreme Court's denial of the appeal effectively upholds an appellate court ruling affirming the city's ability to modify non-vested retiree healthcare benefits, and further establishes a difference between the treatment of retiree healthcare benefits and pension benefits under State law. Public pension benefits in California have much stronger legal protection, and reform options are generally limited to lowering benefit formulas for future employees only. In contrast, California municipalities can reduce OPEB benefits provided that State collective bargaining laws are followed and that benefits were not established as vested contractual rights. The Supreme Court action is expected to provide California public entities with future budgetary flexibility to manage or change their OPEB liabilities.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long-term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

The County has determined that the liability related to long-term disability benefits is an additional OPEB obligation, which is reported as a component of the OPEB ARC in the CAFR. Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare actuarial valuations of the long-term disability portion of its DBP as of (the “2013 LTD Valuation”) and July 1, 2015 (the "2015 LTD Valuation"). In the 2015 LTD Valuation, the AAL for the County’s long-term DBP was $1.090 million, which represents a 15.3% increase from the $946 million AAL reported in the 2013 LTD Valuation. Based on the 2015 LTD Valuation, the June 30, 2015 net OPEB obligation of $11.535 billion includes $271.8 million for long-term disability benefits. As of June 30, 2016, the County’s net OPEB obligation of $13,109 billion includes $324.5 million for long-term disability benefits.

In Fiscal Years 2014-15 and 2015-16, the County made total DBP payments of $39.9 million and $37.3 million, respectively. For Fiscal Year 2016-17, the County is estimating total DBP payments of $38.4 million. For Fiscal Year 2017-18, the County is projecting total DBP payments in the amount of $41.3 million. The annual “pay-as-you-go” DBP payments are accounted for as an offset to the OPEB obligation in the County’s financial statements.

FEDERAL AUDIT

In February 2016, the Internal Revenue Service (“IRS”) initiated a compliance examination of the County’s Tax Year 2014 payroll tax returns and Form 1099 submissions. During the examination, the IRS expanded the scope to include Tax Year 2015. The examination concluded in April 2017 and consisted of a comprehensive review of County salaries, employee benefits, and payments to vendors to determine compliance with federal tax laws and regulations. The IRS identified some minor compliance issues, including the County's underpayment of certain federal employment taxes and penalties related to Form 1099 submissions. These issues were nearly offset by other findings, which concluded the County overpaid the amount of federal employment taxes owed. The net amount owed by the County to the IRS, for both Tax Years examined, was $601.47.

LITIGATION (TO BE UPDATED BY COUNTY COUNSEL)

[The County is a party to numerous cases. The following are summaries of the most significant pending legal proceedings, as reported by the Office of the County Counsel. A further discussion of legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs (“ALADS”) and the Los Angeles County Professional Peace Officers Association (the “PPOA”). In 2010, the County was able to successfully defeat the “class certification” in the PPOA lawsuit based on a recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act (“FLSA”) as long as the officers have the option and ability to don and doff their uniform and gear off of the employer’s premises. Following the *Bamonte* decision, both ALADS and PPOA filed “class action grievances” under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County’s motion with regard to most of the plaintiffs’ claims in the two remaining collective actions and granted the County’s motion to decertify the collective classes, which resulted in the dismissal of all of the “opt-in” plaintiffs. Following the Federal court’s ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County’s liability exposure. The County filed a State court action challenging the proposed proceedings involving the class grievances. The State court granted the County’s petition for writ of mandate, essentially precluding the cases from proceeding as class grievances. The balance of the State litigation is still in the early stages of the legal process.

Public Safety Cases

Two lawsuits were filed against the County in 2011 and another in 2013, related to allegations that each of the plaintiffs had been falsely convicted of murder and served over twenty years in prison. The Courts subsequently ordered new trials based on new evidence. In regard to the 2011 lawsuits, one case was re-tried and the plaintiff was acquitted, and in the other case, the District Attorney decided not to retry the plaintiff. In regard to the 2013 lawsuit, the District Attorney has not yet decided if the original case will be retried. The potential liability exposure to the County is estimated to be $15 million for both lawsuits.

On December 16, 2014, the Board of Supervisors entered into a settlement agreement in the *Rosas v. Baca, et al.* lawsuit. *Rosas v. Baca, et al* was a Federal court class action lawsuit filed by the American Civil Liberties Union alleging a pattern and practice of excessive use of force in the County jails. Under the terms of the agreement, the Sheriff Department will implement various reforms recommended by the court-appointed *Rosas* Monitors. The settlement agreement requires that the Sheriff Department comply with various recommendations by specific target dates. The County continues to make progress toward compliance with these recommendations.

On June 4, 2014, the U.S. Department of Justice (the “DOJ”) issued a public report alleging that systemic deficiencies related to suicide prevention and mental health care existed in the County jails, and that those deficiencies violated inmates' constitutional rights. The Sheriff's Department ("Department") and the Department of Mental Health ("DMH") have reached a proposed settlement with the DOJ concerning the DOJ's allegations that the County and Department are violating inmates' constitutional rights with respect to mental health services and suicide prevention in the County's jails ("Jails") as well as DOJ's concerns about the use of excessive force in the Jails. At this time, the cost of compliance for both this DOJ matter, and *Rosas* is still being evaluated.

Health and Social Services Cases

In February, 2014, Sutherland Health Care Solutions, a County contract provider that provides claim and billing services to the Department of Health Services was the victim of a commercial burglary in which a number of desktop computers were stolen. The burglary resulted in the breach of approximately 338,000 individual patient accounts. Four separate class action lawsuits were originally filed against the County and Sutherland Health Care Solutions: *A. Doe v. Sutherland Healthcare Solutions, et al., Harasim et al., v. County of Los Angeles, et al., Rogers, et al., v. Sutherland Healthcare Solutions, Inc. et al, and Kamon, et al, v. Sutherland Healthcare Solutions, Inc. et.al*. The Harasim plaintiff voluntarily dismissed its case, reducing the number of pending cases to three, which have been consolidated. Under the State's California Medical Information Act, the plaintiff can assert both nominal and actual damages, as well as seek attorney fees. While the plaintiffs may also assert punitive damages, the County would not be subject to payment on such claims. Nominal damages and attorney fees could exceed $700 million. Should the State exercise regulatory damages and civil penalties, those amounts could be $2,500 for each violation. The litigation is in the discovery stage. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

In September 2015, Antelope Valley Hospital ("AVH"), a non-County public hospital which voluntarily contracts with the County as a participant in the County's trauma hospital network, sued the County alleging that AVH is experiencing significant financial difficulties as the result of the County failing to properly allocate certain local parcel tax funds, commonly known as "Measure B", or "trauma tax" funds to AVH. The County collects approximately $275 million annually pursuant to Measure B, which was a voter-approved initiative, and allocates those funds between the County's directly operated trauma hospitals and a network of 12 non-County trauma hospitals. Measure B funds are to be used for trauma services, emergency medical services and bioterrorism response, and the initiative does not specify how the funds are to be allocated. AVH is pursuing a writ, injunctive and declaratory relief as well as a claim for unspecified damages. The writ petition is set for hearing in early summer, 2016, and should be dispositive of all claims. However, should AVH be permitted to pursue its remaining claims, the County expects AVH will seek in excess of $50 million in damages.

Property Tax Cases

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et al.,* the school district alleged that the Auditor-Controller improperly calculated statutory pass through payments related to the Educational Revenue Augmentation Fund ("ERAF") that were payable to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's petition for review was denied by the California Supreme Court. On remand in January 2012, the trial court issued a decision in favor of the County regarding calculation of the statutory payments, which temporarily reduced the County's exposure. On September 7, 2012, LAUSD appealed the trial court's ruling. On June 26, 2013, the Court of Appeal reversed the trial court ruling and sided with LAUSD, holding that the statutory payments to LAUSD should have included a higher share of the ERAF revenue diverted by the "Triple Flip" and Vehicle License Fee swap legislation. The California Supreme Court denied the County's petition for review in October 2013. The Court of Appeal's decisions have resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. Three other districts, Los Angeles Community College District, Montebello Unified School District, and Long Beach Unified School District, subsequently filed lawsuits with the same allegations litigated by LAUSD. The three cases were stayed until August 14, 2014 to allow for a settlement of all litigation concerning this issue. The estimated County General Fund exposure from the lawsuits by the three districts is $18 million. The estimated County General Fund exposure from the LAUSD lawsuit is $52 million. The total estimated County exposure (including separate agencies governed by the same County officials) is $80 million. The County has reserved $80 million for the expected resolution of these lawsuits. A partial settlement of the lawsuit is currently being negotiated. The next status conference is scheduled for June 24, 2016.

Other Litigation

In March, 2008, a lawsuit entitled Natural Resources Defense Council, Inc., et al., v. County of Los Angeles, et al., was filed against the County and the Los Angeles County Flood Control District (the "LACFCD") under the citizen suit provision of the Federal Clean Water Act. The plaintiffs sought injunctive relief, civil penalties and attorneys' fees for alleged violations of water quality standards contained in a municipal stormwater permit. The case was bifurcated to first determine liability and then remedies. The District Court found that the County and the LACFCD had violated water quality standards in the ocean near Malibu, California. A partial summary judgment was granted to the County and LACFCD on all other claims, which plaintiffs appealed to the Ninth Circuit. After multiple appellate proceedings, the Ninth Circuit partially overturned the District Court's ruling, finding the County and LACFCD liable for water quality violations on two out of four watershed claims, and remanded the case to the District Court for further proceedings on the three total claims for which the County and LACFCD have been found to be liable.

The District Court dismissed plaintiffs' prayer for injunctive relief as moot, determined that the County is liable for 224 violations and the LACFCD for 274 violations, and set a trial date to determine an appropriate award of civil penalties and attorneys' fees. The maximum civil penalty that can be awarded for each violation ranges from $27,500 to $37,500 depending on the date of the violation. The County estimates the maximum award of statutory penalties to be approximately $7.6 million for the County and approximately $9.2 million for the LACFCD, but that penalties would likely be significantly lower due to mitigating factors. The plaintiffs will also be entitled to substantial attorneys' fees. The plaintiffs claim the current amount of their attorneys' fees exceeds $6 million, but the County and the LACFCD are disputing that amount. The plaintiffs have filed a notice of appeal of the dismissal of the request for injunctive relief and the District Court has stayed further trial proceedings pending resolution of the appeal. Any award against the County will be paid from the County General Fund, and any award against the LACFCD will be paid from a separate fund attributable to the LACFCD.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.]

TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO

(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%
06/30/2012	38,306,756	39,039,364	50,809,425	11,770,061	76.83%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%
06/30/2015	48,818,350	47,328,270	56,819,215	9,490,945	83.30%
06/30/2016	47,846,694	49,357,847	62,199,214	12,841,367	79.35%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2016.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2008-09	30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.8%	69.9%
2010-11	39,452,011	20.4%	79.4%
2011-12	38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%
2013-14	47,722,277	16.8%	86.0%
2014-15	48,818,350	4.3%	85.0%
2015-16	47,846,694	1.1%	76.1%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2016.

TABLE 3: COUNTY PENSION AND OPEB PAYMENTS
(in thousands)

	Payments to LACERA					
Fiscal Year	Retirement Func	OPEB (PAYGO)	OPEB (Prefund)	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2010-11	898,803	406,937	0	372,130	1,677,870	8.6%
2011-12	1,026,867	424,030	0	0	1,450,897	-13.5%
2012-13	1,118,514	441,062	0	0	1,559,576	7.5%
2013-14	1,262,754	446,979	0	0	1,709,733	9.6%
2014-15	1,430,462	450,202	0	0	1,880,664	10.0%
2015-16	1,383,897	507,698	22,687	0	1,914,282	1.8%
2016-17	1,336,243 *	529,490 *	61,145 *	0	1,926,878	0.7%
2017-18	1,511,973 *	558,291 *	120,833 *	0	2,191,097	13.7%

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County CAFRs and County of Los Angeles Chief Executive Office.
* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. The CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the State budget, and other projected revenue and expenditure trends. Expanding on this forecast, the CEO prepares a target County budget for the ensuing fiscal year, and projected resources are tentatively allocated to the various County programs and services.

The CEO normally presents the Recommended County Budget to the Board of Supervisors in April. The Board of Supervisors is required to adopt a Recommended Budget no later than June 30th. If a final County Budget is not adopted by June 30th, the appropriations approved in the Recommended Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors is required to adopt the Final County Budget by October 2nd of each year.

Throughout the remainder of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes are often subject to change that may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of eight fund groups through which the County's resources are allocated and controlled. These groups include the General Fund and Hospital Enterprise Fund (which represents the General County Budget), Special Revenue Funds, Capital Project Special Funds, Special District Funds, Other Enterprise Funds, Internal Services Fund, and Agency Fund.

The General County Budget accounts for approximately 77.7% of the 2017-18 Recommended Budget and appropriates funding for programs that are provided on a mostly county-wide basis *(e.g.*, health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis *(e.g.*, law enforcement, planning and engineering).

Special Revenue Funds represent approximately 11.1% of the 2017-18 Recommended Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County plan to prevent and combat homelessness.

Capital Project Special Funds account for approximately 1.2% of the 2017-18 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 7.6% of the 2017-18 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.4% of the 2017-18 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "Full Cash Value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. Full Cash Value is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

The Full Cash Value is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2016-17 is $22,168,221,209. The 2016-17 Final Adopted Budget included proceeds from taxes of $8,235,779,667, which is substantially below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California.

Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;
- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;
- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and
- ensured that voters may reduce or repeal local taxes, assessments, or fees through the initiative process.

An Appellate Court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, and fees through the initiative process, regardless of the date such charges were imposed. SB 919, the Proposition Omnibus Implementation Act, was enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions to comply with Proposition 218. SB 919 states that the initiative power provided for in Proposition 218 shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repealed State laws that were in conflict with the measure, unless they were approved again by two-thirds of each house of the State Legislature.

In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund.

Future Initiatives

Propositions 13, 62, 218, 1A 2004 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting County revenues or the County's ability to expend revenues.

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-XX of this Appendix A, $4.757 billion of the $23.324 billion 2017-18 Recommended General County Budget is received from the Federal government and $6.148 billion is funded by the State. The remaining $12.419 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 47% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

On March 16, 2017, President Trump released his "America First" budget blueprint, which outlines his Federal Fiscal Year (FFY) 2018 discretionary spending plan, and a $30 billion FFY 2017 supplemental appropriations request for the Departments of Defense and Homeland Security. The President's FFY 2018 budget blueprint neither covers mandatory spending, such as Social Security, Medicare, and Medicaid, nor revenues. Instead, it only presents broadly described discretionary spending proposals for Federal departments and major agencies without specifying proposed funding levels for individual programs and activities. The America First budget blueprint calls for a $54 billion increase in FFY 2018 discretionary defense spending that would be offset by a corresponding reduction of $54 billion in non-defense spending.

If the America First budget blueprint were to be enacted, the County would suffer a major reduction in Federal funding as the result of a 16.2% reduction for the Department of Health and Human Services (HHS) and a 13.2% cut for the Department of Housing and Urban Development (HUD), which are the two departments through which the County receives most of its discretionary Federal funding. The America First budget blueprint would also eliminate funding for a number of programs through which the County receives funding, including the Community Development Block Grant, HOME Investment Partnership Program, Community Services Block Grant, and the State Criminal Alien Assistance Program, and other important programs. However, since the President lacks line-item veto authority, he has far less influence over the Federal Budget than the Governor has over the State Budget. Furthermore, Republicans are eight votes short of the 60-vote Senate super-majority needed to pass appropriations legislation without support from Democrats who would oppose major non-defense discretionary spending cuts.

President Trump is not expected to release his detailed proposed FFY 2018 Budget until May 2017, which will be after Congress finalizes the FFY 2017 appropriations. Federal programs and operations currently are temporarily funded under a Continuing Resolution through April 28, 2017.

STATE BUDGET PROCESS

Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 recession and subsequent recovery, and the most recent economic downturn that started in 2008. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election, the State has experienced significant improvement to its budget stability and overall financial condition. The State's budgetary decisions in response to the changing economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (the "1991-92 Realignment Program") that removed State funding for certain health and welfare programs, and provided counties with additional flexibility to administer such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect certain 1991-92 Realignment Program health care funding to social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange. The impact of the AB 85 legislation to the County is discussed in further detail in the Health Services Budget section

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which authorized a constitutional amendment prohibiting the Legislature from removing AB 109 funding.

The Fiscal Year 2017-18 Proposed State Budget (the "2017-18 Proposed State Budget") estimated base AB 109 funding at $1.221 billion. The California State Association of Counties (CSAC) submitted a recommendation to the State for a long-term funding distribution formula among the counties. Based on this funding formula, the County expects to receive approximately $410.5 million in Fiscal Year 2017-18, which will provide funding for all County AB 109 programs. In addition, the County Board of Supervisors has authorized the use of AB 109 reserves, accumulated from prior-year unused AB 109 funding, to fund pilot programs designed to reduce recidivism and long-term incarceration costs among inmates with mental health illness and substance abuse disorders.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations without incurring any additional debt.
- Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes", are to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453 million in Fiscal Year 2009-10. In Fiscal Years 2014-15 and 2015-16, the County General Fund received $151.1 million and

$144.3 million of residual taxes, respectively. The budgeted and estimated residual tax revenue for Fiscal Year 2016-17 is $171.4 million, while the 2017-18 Recommended Budget includes a projected $186.0 million of residual tax revenue for the General Fund.

The County's direct involvement in redevelopment activities was limited to unincorporated areas of the County and to a small number of projects. The successor agency for these activities is the County's Community Development Commission. The dissolution of County related projects is not expected to have a material impact, if any, to the financial condition of the County.

2016-17 STATE BUDGET

On June 27, 2016, Governor Brown signed the Fiscal Year 2016-17 State Budget Act (the "2016-17 State Budget Act"), which projected a beginning fund balance surplus from Fiscal Year 2015-16 of $4.874 billion, total revenues and transfers of $120.310 billion, total expenditures of $122.468 billion, and a year-end surplus of $2.716 billion for Fiscal Year 2016-17. Of the projected year-end surplus, $966 million will be allocated to the Reserve for Liquidation of Encumbrances and $1.750 billion will be deposited to the Special Fund for Economic Uncertainties. The 2016-17 State Budget Act provides for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $6.714 billion. The total revenues and transfers of $120.310 billion represent a $5.277 billion, or 4.6% increase from the Fiscal Year 2015-16 State Budget Act, and reflects the continued improvement in the financial condition of the State.

The 2016-17 State Budget Act and related legislation included an agreement to adopt the "No Place Like Home" proposal which securitizes Proposition 63 Mental Health Services Act revenue to provide $2.0 billion in funding to finance permanent supportive housing for homeless persons with mental illness; repeal of the CalWORKs Maximum Family Grant Rule; rate increases for child care providers, and the direction of an additional $2.0 billion to the State's Rainy Day Fund, as proposed by the Governor.

The County will not experience a loss of funding or program reductions from any of the provisions in the FY 2016-17 State Budget Act. On the contrary, the 2016-17 State Budget Act included a number of County-supported proposals which are favorable to County programs and the residents they serve.

2017-18 STATE BUDGET

On January 10, 2017, Governor Brown released his Fiscal Year 2017-18 Proposed State Budget (the "Proposed State Budget"), The Proposed State Budget projects a beginning fund balance surplus from Fiscal Year 2016-17 of $1.027 billion, total revenues and transfers of $124.027 billion, total expenditures of $122.520 billion, and a year-end surplus of $2.534 billion for Fiscal Year 2017-18. Of the projected year-end surplus, $980 million would be allocated to the Reserve for Liquidation of Encumbrances and $1.554 billion would be deposited to the Special Fund for Economic Uncertainties. In accordance with the 2014-15 State Budget Act, the Proposed State Budget continued to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $7.869 billion.

The Proposed State Budget indicates that revenues are below the amounts forecasted in the 2016-17 State Budget Act, and is projecting budget shortfalls of $1.5 billion in Fiscal Year 2016-17 and $1.7 billion in Fiscal Year 2017-18, with future deficits of $1.0 billion to $2 billion annually without corrective action. The Proposed State Budget includes $3.2 billion in corrective actions to close the budget shortfall and rebuild the State's operating reserve. Although the Proposed State Budget continues to reflect existing Federal and State law, it references future uncertainty for the Medi-Cal Program related to proposals to repeal and replace the Affordable Care Act and to limit Medicaid funding with caps or block grants.

The corrective actions in the Proposed State Budget include a proposal to eliminate the Coordinated Care Initiative (CCI) and In-home Support Services (IHSS) Maintenance of Effort (MOE), which would result in State General Fund savings in Fiscal Year 2017-18 of $626.2 million. The elimination of CCI and the IHSS MOE would have a significant negative impact on the County, resulting in additional County costs of approximately $220 million in Fiscal Year 2017-18. These costs are projected to increase to over $500.0 million by FY 2020-21, as the IHSS population grows, and State-imposed actions, such as the statewide minimum wage increase to $15 per hour, paid sick leave benefits, restoration of IHSS service hours, and overtime pay for IHSS providers, become effective. As directed by the Board, the County is working with stakeholders to strongly oppose the elimination of the IHSS MOE and to mitigate any negative impact to counties if it is ultimately eliminated.

The Proposed State Budget includes a number of items related to public safety programs that are of interest to the County, including an increase in the statewide base allocation funding for the AB 109 Program from $1.16 billion in Fiscal Year 2016-17 to $1.22 billion in Fiscal Year 2017-18. The County is expected to receive an estimated $379.6 million of AB 109 base allocation funds in Fiscal Year 2017-18.

RECENT COUNTY BUDGETS

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. As a result of the previous economic downturn, which started to impact the budget in Fiscal Year 2008-09, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn had a significant impact on the Net County Cost (NCC) budget gap, which reached a peak of $491.6 million in Fiscal Year 2010-11. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues).

In order to manage the budget gaps, the County used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. The County eliminated 2,735 budgeted positions from Fiscal Year 2009-10 to Fiscal Year 2011-12, and the County's employee labor groups agreed to zero cost-of-living adjustments and no salary increases for a five-year period beginning in Fiscal Year 2008-09. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

Property Tax Revenue

Property tax revenue represents the largest source of ongoing discretionary revenue for the County. The reliability of property tax revenue is due in large part to Proposition 13, which helps insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that is not reflected on the property tax rolls, which helped to offset a significant decrease in property values during the most recent economic downturn.

To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.51% and 1.87% in Fiscal Year 2009-10 and 2010-11, respectively. After the economic downturn, and with the ongoing recovery in the real estate market, the County has experienced six consecutive years of steady growth in assessed valuation, with increases in the Net Local Roll of 1.36%, 2.20%, 4.66%, 5.47%, 6.13% and 5.58% in Fiscal Years 2011-12 through 2016-17, respectively.

For Fiscal Year 2016-17, the Assessor reported a Net Local Roll of $1.336 trillion, which represents an increase of 5.58% or $70.6 billion from Fiscal Year 2015-16. The Fiscal Year 2016-17 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the sixth consecutive year of growth in assessed valuation. The largest factors contributing to the increase in assessed valuation in Fiscal Year 2016-17 are transfers in ownership ($39.3 billion), and an increase in the consumer price index ($17.4 billion).

For the Fiscal Year 2016-17 tax roll, the Assessor estimates that approximately 11.4% of all single-family residential parcels, 12.0% of all residential income parcels and 14.8% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

Based on preliminary estimates, the County is currently projecting a 5.79% increase in the Fiscal Year 2017-18 Assessment Roll. The County Assessor is scheduled to release the official forecast for the Assessment Roll in May 2017, and release the final Assessment Roll in July 2017.

With the downturn in the real estate market that started in 2007, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor initiated a review of the 552,000 parcels to determine if the reductions in assessed value were still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 402,000 parcels to their Proposition 13 base year value, with 150,000 parcels still eligible for potential restorations in value.

FISCAL YEAR 2016-17 FINAL ADOPTED BUDGET

The Fiscal Year 2016-17 Final Adopted Budget (the " 2016-17 Final Adopted Budget") was approved by the Board of Supervisors on September 27, 2016. The 2016-17 Final Adopted Budget appropriates $29.883 billion, which reflects a 1.688 billion or 6.0% increase in total funding requirements from the Fiscal Year 2015-16 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $22.991 billion, which represents a $1.262 billion or 5.8% increase from the Fiscal Year 2015-16 Final Adopted Budget. The 2016-17 Final Adopted Budget appropriates $6.892 billion for Special Funds/District, reflecting a $426 million or 6.6% increase from the Fiscal Year 2015-16 Final Adopted Budget.

The primary changes to the NCC component of the 2016-17 Final Adopted Budget are outlined in the following table.

Fiscal Year 2016-17 NCC Budget Changes

Public Assistance Changes	$ 15,515,000
Unavoidable Cost Increases	
Health Insurance Subsidy	16,656,000
Employee Salaries	95,227,000
Prefund Retiree Healthcare Benefits	15,000,000
Various Cost Changes	6,754,000
Program Changes	
Public Social Services - CalFresh Match Waiver	7,173,000
Other Public Social Services Program Changes	2,134,000
Public Works - Stormwater	8,906,000
Other Community & Municipal Services Changes	4,232,000
Health Services Program Changes	8,434,000
Correctional Mental Health Services	11,208,000
Other Public Safety Program Changes	22,328,000
Affordable Housing	5,000,000
Legacy Systems	2,593,000
Countywide Economic Development Initiatives	2,800,000
All Other Program Changes	59,509,000
Fiscal Policies	
Appropriation for Contingency	11,456,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**299,925,000**
Revenue Changes	
Property Taxes	232,762,000
Property Taxes - CRA Dissolution Residual	31,400,000
Public Safety Sales Tax	15,233,000
Various Revenue/Funding Changes	20,530,000
Total Locally Generated Revenues	**299,925,000**
Total Projected Budget Gap	$ -

Public Assistance Changes

The 2016-17 Final Adopted Budget reflects a $15.5 million increase in funding for a variety of public assistance programs that the County administers.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of previously approved increases in salaries and employee benefits. The current labor agreements provide for a 10% increase over three (3) years, beginning in Fiscal Year 2015-16.

Prefund Retiree Healthcare Benefits – The 2016-17 Final Adopted Budget appropriates $61.175 million in pre-funding contribution to the OPEB Trust Fund. This appropriation is comprised of $25 million in NCC and $36.2 million in projected subvention revenue received from Federal, State and other local government entities. This is the second year of a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

The 2016-17 Final Adopted Budget includes $134.3 million of adjustments to various programs in the 2015-16 Final Adopted Budget, including increases for public safety, social services and health and mental health services.

Fiscal Policies

The County budget policy (the "Budget Policy") requires the establishment of a Rainy Day Fund as a hedge against future economic uncertainties, with a target funding amount equivalent to 10% of ongoing locally generated revenues. The current balance of the Rainy Day Fund is $381.5 million, which is approximately 6.6% of discretionary revenues.

On September 30, 2014, the County updated the Budget Policy to require that between 5% to 10% of new ongoing discretionary revenues be set aside during the budget process in the Appropriation for Contingency as a hedge against unforeseen budget issues that may occur during any fiscal year. As part of the 2016-17 Final Adopted Budget, $27.4 million was set aside in the Appropriation for Contingency, which reflects 10% of discretionary revenues. In addition, the revised Budget Policy requires that $5.0 million be allocated annually for deferred maintenance needs as part of the Recommended Budget.

Revenue Changes

As the local economy continues to improve, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2016-17. The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. Based on the 5.58% increase in the Net Local Roll, the 2016-17 Final Adopted Budget includes a $232.8 million increase in property tax revenues. The 2016-17 Final Adopted Budget also includes a $31.4 million increase in the property tax residual from the dissolution of redevelopment agencies.

Based on current trends and a survey of local economic forecasts, the County assumed a 4% growth factor in its overall statewide sales tax projection for the 2016-17 Final Adopted Budget. Based on the 4% growth rate, the County is projecting a $15.2 million increase in Proposition 172 Sales Tax in Fiscal Year 2016-17.

FISCAL YEAR 2017-18 RECOMMENDED BUDGET

The Fiscal Year 2017-18 Recommended Budget (the "2017-18 Recommended Budget") was approved by the Board of Supervisors on April 18, 2017. The 2017-18 Recommended Budget appropriates $30.020 billion, which reflects a $137 million or 0.5% increase in total funding requirements from the 2016-17 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $23.324 billion, which represents a $333 million or 1.4% increase from the 2016-17 Final Adopted Budget. The 2017-18 Recommended Budget appropriates $6.696 billion for Special Funds/District, reflecting a $196 million or 2.8% decrease from the Fiscal Year 2016-17 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2017-18 Recommended Budget are outlined in the following table.

Fiscal Year 2017-18 NCC Budget Changes

Public Assistance Changes	$ 17,193,000
Unavoidable Cost Increases	
Health Insurance Subsidy	38,464,000
Pension Costs	32,066,000
Employee Salaries	93,633,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Cost Changes	14,088,000
Program Changes	
Correctional Mental Health Services	9,968,000
Juvenile Indigent Defense	4,107,000
Data Center	13,271,000
Women and Girls Initiative	1,115,000
Affordable Housing and Economic Development	5,200,000
Other Public Safety Programs	4,735,000
Health Services Program Changes	4,013,000
Correctional Treatment Facility Debt Service	17,200,000
Other Debt Service	2,826,000
All Other Program Changes	8,316,000
Fiscal Policies	
Appropriation for Contingency	1,104,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**297,299,000**
Revenue Changes	
Property Taxes	268,220,000
Property Taxes - CRA Dissolution Residual	14,555,000
Public Safety Sales Tax	13,996,000
Various Revenue Changes	528,000
Total Locally Generated Revenues	**297,299,000**
Total Projected Budget Gap	$ -

Public Assistance Change

The increase in funding for Public Assistance in the 2017-18 Recommended Budget is primarily related to a $16.9 million increase in the In-Home Supportive Services Program (the "IHSS Program). In addition to funding increases to the IHSS Program, the County is expecting a $6.0 million increase in a variety of other Public Assistance programs. The costs increases for Public Assistance are partially offset by an expected $5.7 million decrease in General Relief.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of previously approved increases in salaries and employee benefits. The current labor agreements provide for a 10% increase over three (3) years, beginning in 2015-16.

Prefund Retiree Healthcare Benefits – The 2017-18 Recommended Budget appropriates $120.883 million in pre-funding contributions to the OPEB Trust Fund. This appropriation is comprised of $50.0 million in NCC and $70.9 million in projected subvention revenue received from Federal, State and other local government entities. This is the third year of a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

The 2017-18 Recommended Budget includes $70.8 million of adjustments to various programs in the 2016-17 Final Adopted Budget, including increases for public safety, social services and health and mental services.

Fiscal Policies

In accordance with the Budget Policy, the current balance of the Rainy Day Fund is $381.5 million, which is approximately 6.3% of discretionary revenues. As part of the 2017-18 Recommended Budget, $1.1 million was added to Appropriation for Contingencies, raising the amount to $28.5 million, which reflects 10% of new discretionary revenues. The 2017-18 Recommended Budget also includes a $5 million allocation for deferred maintenance needs.

Revenue Changes

As the local economy continues to improve, the County's primary revenue sources are expected to experience continued growth in Fiscal Year 2017-18. The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. Based on the 5.79% projected growth in the Assessment Roll, he 2017-18 Recommended Budget includes a $268.2 million increase in property tax revenues. The 2017-18 Recommended Budget also includes a $14.6 million increase in the property tax residual from the dissolution of redevelopment agencies.

Based on current trends and a survey of local economic forecasts, the County has assumed a 3.5% growth factor in its overall statewide sales tax projection for the 2017-18 Recommended Budget. Based on the 3.5% growth rate, the County is projecting a $14.0 million increase in Proposition 172 Sales Tax in 2017-18.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, eleven community health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,000 physician residents on an annual basis.

As a safety net provider, the County is the medical provider of last resort for indigent County residents. Historically, the cost of providing health services exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which resulted in an ongoing structural deficit for DHS.

DHS has been able to cover its structural deficits by developing new revenue sources, implementing operational efficiencies and hiring freezes, and using one-time reserve funds.

DHS' fiscal outlook has improved from prior years, primarily due to new revenues that were part of the previous five-year Section 1115 Hospital Financing Waiver (the "Waiver"), which became effective in November 2010, and the implementation of the Affordable Care Act (the "ACA"), effective January 1, 2014. As a result of the ACA implementation, DHS has experienced a significant reduction in the number of uninsured patients, providing an overall fiscal benefit. Since the ACA has resulted in an expanded revenue base for DHS, the budgetary pressures on DHS have been significantly reduced. Furthermore, as explained below, Assembly Bill (AB) 85 establishes a sum certain for the maintenance of effort ("MOE") requirement for the County's contribution to DHS, as well as providing additional revenue sources.

New Section 1115 Hospital Financing Waiver

On December 30, 2015, the Federal Centers for Medicaid and Medicare Services (CMS) approved Medi-Cal 2020 – a five year renewal of the Waiver, which could provide the State with over $6.2 billion in new Federal funding.

The renewed Waiver features new programs that are designed to improve care for the State's Medi-Cal and remaining uninsured patients, and may result in additional Federal funding for the County over the five-year term of the new Waiver. The primary features of the new Waiver include:

- Public Hospital Redesign and Incentives in Medi-Cal (PRIME) is a pay-for-performance delivery system transformation and alignment program.
- Global Payment Program is a payment reform program for services provided to uninsured patients in California's Public Health Care system.
- Whole Person Care is a series of pilot programs designed to provide more integrated care to the highest-risk and most vulnerable patients. The pilot programs are chosen based on a competitive application process. The Department has been awarded the maximum amount of $90.0 million annually over the 5-year Waiver term.

Affordable Care Act

The ACA provided the framework for the prior Waiver by allowing an early implementation of some of the law's coverage expansion provisions, which resulted in early enrollment for many uninsured DHS patients. The ACA's Medicaid Coverage Expansion ("MCE") program provides Medi-Cal coverage for citizens or legal residents who are uninsured adults (ages 19-64) with incomes at or below 138% of the Federal poverty level. As the ACA became effective on January 1, 2014, the early enrollees were automatically transitioned to coverage under the MCE program. The MCE program has significantly improved DHS' payer mix and provided additional revenues as previously uninsured patients have transitioned to Medi-Cal coverage.

Assembly Bill 85

Based on the implementation of the ACA and the expected reduction in the number of uninsured patients, the State proposed a restructuring of its relationship to the counties in terms of the State's funding of health care and human services programs that have been in place since the 1991-92 Realignment Program. Negotiations between the State and the counties regarding the State's proposed reductions ultimately resulted in the enactment of AB 85 (amended by SB 98). This legislation details the methodology that will be used to determine the amount of realignment revenue that will be "redirected" from the County's Realignment Revenue Health Subaccount to the County's Family Support Subaccount, which benefits social services programs. The County was able to negotiate its own agreement with the State and a formula that is different than that of the other counties in the State.

The County's unique formula takes into account the entire DHS budget and includes cost caps, revenue requirements, specific sharing ratios, and a County MOE. A mathematical formula is used to determine whether there are "excess" funds available for "redirection" of 1991-92 Realignment Program revenue back to the State. The amount of revenue redirection will be reconciled to the formula two years after the close of each respective fiscal year. If there are "excess" funds resulting from the formula calculation, the sharing ratio for the excess amount of health care realignment revenue will be 80% State and 20% County.

As a result of AB 85, the State originally redirected $87.5 million of 1991-92 Realignment Program revenue from the County for Fiscal Year 2013-14. Upon completion of the reconciliation, it was determined that the redirection amount for Fiscal Year 2013-14 should have been zero and all $87.5 million was returned to DHS. The projected redirection amounts for Fiscal Year 2014-15 and Fiscal Year 2015-16 are $365.5 million, and $80.6 million, respectively. For Fiscal Year 2016-17, the amount of projected redirection is zero.

In addition, AB 85 established an MOE funding requirement for an annual County General Fund contribution based on Fiscal Year 2012-13 funding levels, with increases to the MOE of one percent each subsequent fiscal year. The initial MOE funding requirement for Fiscal Year 2013-14 was $323.0 million. The MOE funding requirement for Fiscal Year 2017-18 is $339.5 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2017-18 NCC contribution to DHS is $755.5 million, as shown in the chart below. The NCC contribution to DHS is comprised of multiple components, including the AB 85 MOE, other General Fund resources for specific programs, VLF Realignment Revenue, and Tobacco Settlement Revenue. Due to the improvement in DHS' revenue streams as noted previously, the pressure on the County General Fund has stabilized due to the fixed AB 85 MOE. Furthermore, the additional funding from the County General Fund for DHS programs related to the homeless and correctional health services represent strategic investments by the Board of Supervisors and transfers from other County departments, and are not related to cost increases as the result of budgetary pressures from DHS' operations.

DHS NCC Contribution
FY 2017-18 Recommended Budget
($ in millions)

	Amount
County General Fund - AB 85 MOE	$ 339.5
County General Fund - Specific Programs (A)	97.0
Vehicle License Fees Realignment	283.3
Tobacco Settlement Revenue	58.8
Transfers to Other Budget Unit (B)	(23.1)
Total	$ 755.5

(A) Includes funding for Board initiatives, such as homeless services and correctional health services.

(B) Includes the transfer for the In-Home Supportive Services Provider Health Care Plan.

General Fund Advances and Cash Flow

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund provides cash advances to each of the Hospital Funds to provide for the net cash flow requirements of County hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in order to provide the Hospital Funds with a minimal daily cash position of approximately $10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. The Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of February 28, 2017, the balance of General Fund cash advances to the Hospital Funds was $649.5 million.

In addition to the funding sources described above, the County's General Fund has also provides cash advances to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. The last audit completed by the State was for Fiscal Year 2014-15. As of April 5, 2017, the total estimated receivable balance is $113.2 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable since it is not currently available to fund the County's budgetary requirements. The CBRC receivable balance for Fiscal Year 2017-18 will be determined during the fiscal year-end closing process.

DHS Reserve Funds

In Fiscal Year 2015-16, DHS closed the year with a fund balance of $407.0 million, and is expected to close Fiscal Year 2016-17 with a fund balance of $534.8 million. The remaining fund balance is available to fund DHS operations in the future, as needed.

Managed Care Rule

On April 25, 2016, CMS released the final version of a revised rule governing Medicaid Managed Care (the "Managed Care Rule"). Given that most individuals with full scope Medicaid in California are in managed care, the Managed Care Rule will impact how Medicaid programs are operated and financed in the County. DHS has been working with the State on a proposal to conform the directed payments and pass-through provisions of California's Medicaid program to the new requirements. The State is expected to submit the proposal to CMS in the near future. The financial impact on DHS will not be known until CMS responds to California's proposal.

Los Angeles County Health Agency

In August 2015, the Board of Supervisors approved the establishment of the Los Angeles County Health Agency (the "Health Agency") to integrate the operations of DHS and the Departments of Mental Health (DMH) and Public Health (DPH) into a single unified healthcare agency. The consolidation of health service delivery is a major priority for the Board of Supervisors under the new County governance structure, and the new Health Agency is expected to streamline the delivery of integrated healthcare services to the most vulnerable populations across the County. The new Health Agency is expected to result in future additional revenue from Medi-Cal reimbursements, a more efficient use of the County's healthcare facilities, increased use of information technology to facilitate integrated service delivery, and greater County influence over State and Federal health policy issues.

Martin Luther King Jr. Hospital

The County-operated Martin Luther King, Jr. Hospital (the "MLK Hospital") was closed in 2007 and converted to a Multi-Service Ambulatory Care Center. Since the closing of the previous MLK Hospital, the County and the University of California (the "UC") established an independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. A seven-member MLK Hospital Board of Directors was appointed by the County and the UC in August 2010 to oversee MLK-LA Healthcare, the new 501(c)(3) private, non-profit MLK Hospital. The new 131-bed MLK Hospital will serve as a safety-net community hospital providing services to a high volume of Medi-Cal and uninsured patients from the surrounding community. The MLK Hospital completed licensing activities and began treating patients in July 2015.

To assist with the opening of the MLK Hospital, the County provided MLK-LA with $50.0 million of coordination start-up funds, $39.1 million of grant funding, and $82 million of long-term loan funding, which includes a 30-year loan in the amount of $50 million, a 10-year revolving line of credit in the amount of $20 million, and a 2-year loan in the amount of $12 million. On January 5, 2016, the Board of Supervisors approved an additional short-term revolving loan in the amount of $40 million to assist MLK-LA with post-hospital opening expenses. The short-term revolving loan of $40 million has been repaid. In addition, DHS has committed to make ongoing annual payments of $18.0 million for indigent care support, and $50.0 million of intergovernmental transfers for the benefit of the new MLK Hospital.

For use of the County-owned hospital facility, MLK-LA will make annual lease payments to the County in the amount of $18.0 million. The County initially financed the construction of the MLK Hospital with $284.3 million of short-term lease-revenue notes. The County refinanced the MLK Hospital and redeemed the short-term notes with proceeds from the issuance of long-term lease-revenue bonds in March 2016.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. While the County's share of the State settlement was initially expected to average approximately $100 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County has fluctuated significantly from year to year. Factors that impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represented the initial year for the payment of debt service on the Tobacco Bonds. The proceeds from the sale of the Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above. The use of this fixed percentage of TSRs as security for the repayment of the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, previous actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments were withheld or made under protest. In March 2013, an arbitrated settlement among certain MSA participants (including California), which included a new method for calculating future payment adjustments, resolved the status of the disputed payments from 2003 to 2012. However, given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2016-17, the County received $64.5 million in TSRs from the participating manufacturers. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds. [As of June 30, 2015, the County has received approximately $1.600 billion in TSRs and accrued interest, with approximately $1.554 billion of the collected proceeds disbursed, and $46.2 million remaining in reserves and available for future appropriations. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that will help improve the operational efficiency of the health system.]

BUDGET TABLES

The 2017-18 Recommended Budget is supported by $5.317 billion in property tax revenue, $4.757 billion in Federal funding, $6.148 billion in State funding, $275 million in cancelled obligated fund balance, $1.509 billion in Fund Balance and $5.318 billion from other funding sources. The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2017-18 Recommended Budget with the 2016-17 Final Adopted Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16	Final 2016-17	Recommended 2017-18
General Fund	$ 16,750,817	$ 17,206,258	$ 17,782,636	$ 18,532,749	$ 19,589,641	$ 20,018,575
Hospital Enterprise Fund	2,592,117	2,803,170	3,165,359	3,195,948	3,401,444	3,305,342
Total General County Budget	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,991,085**	**$ 23,323,917**

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources

	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16	Final 2016-17	Recommended 2017-18
Requirements						
Social Services	$ 5,572,820	$ 5,846,911	$ 6,206,407	$ 6,446,374	$ 6,859,438	$ 7,021,850
Health	5,952,459	6,208,232	6,373,399	6,590,413	7,135,235	7,355,005
Justice	4,985,441	5,146,062	5,442,540	5,674,407	5,973,130	6,085,078
Other	2,832,214	2,808,223	2,925,649	3,017,503	3,023,282	2,861,984
Total	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,991,085**	**$ 23,323,917**
Revenue Sources						
Property Taxes	$ 3,814,906	$ 4,177,683	$ 4,467,240	$ 4,765,596	$ 5,031,658	$ 5,316,946
State Assistance	5,168,427	5,024,219	5,366,757	5,542,998	5,965,914	6,147,845
Federal Assistance	5,008,928	4,342,123	4,184,128	4,236,481	4,499,196	4,757,383
Other	5,350,673	6,465,403	6,929,870	7,183,622	7,494,317	7,101,743
Total	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,991,085**	**$ 23,323,917**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16	Final 2016-17	Recommended 2017-18
Financing Requirements						
Salaries & Employee Benefits	$ 9,322,969	$ 9,671,291	$ 10,353,404	$ 10,988,705	$ 11,537,805	$ 12,124,243
Services & Supplies	6,869,576	7,138,148	7,362,617	7,696,979	8,148,441	7,952,437
Other Charges	3,734,605	3,901,664	4,082,120	3,878,926	4,252,725	4,272,519
Capital Assets	1,025,119	982,969	946,383	864,488	868,341	870,129
Other Financing Uses	615,357	619,569	263,903	595,100	509,535	786,660
Appropriations for Contingencies	-	-	5,000	15,919	27,375	28,479
Interbudget Transfers[1]	(1,476,794)	(1,417,786)	(1,054,758)	(1,411,193)	(1,370,514)	(1,634,702)
Gross Appropriation	$ 20,090,832	$ 20,895,855	$ 21,958,669	$ 22,628,924	$ 23,973,708	$ 24,399,765
Less: Intrafund Transfers	942,276	944,775	990,638	1,008,980	1,063,876	1,167,965
Net Appropriation	$ 19,148,556	$ 19,951,080	$ 20,968,031	$ 21,619,944	$ 22,909,832	$ 23,231,800
Provision for Obligated Fund Balance						
General Reserve	$ -	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	10,000	35,033	24,274	31,414	27,882	-
Committed Fund Balance	184,378	23,315	(44,310)	77,339	53,371	92,117
Total Financing Requirements	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,991,085**	**$ 23,323,917**
Available Financing						
Fund Balance	$ 1,565,502	$ 1,497,581	$ 1,566,263	$ 1,750,126	$ 1,824,822	$ 1,508,755
Cancel Provision for Obligated Fund Balance	208,484	239,852	143,419	282,930	216,915	274,865
Property Taxes: Regular Roll	3,778,085	4,123,069	4,414,842	4,705,966	4,971,696	5,256,732
Supplemental Roll	36,821	54,614	52,398	59,630	59,962	60,214
Revenue	13,754,042	14,094,312	14,771,073	14,930,045	15,917,690	16,223,351
Total Available Financing	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,991,085**	**$ 23,323,917**

1 This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.6 billion in 2017-18, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $24.9 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2016-17 FINAL ADOPTED BUDGET TO 2017-18 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)

Function		2016-17 Final (1)		2017-18 Recommended (2)		Difference	Percentage Difference
REQUIREMENTS							
General							
General Government	$	1,053,282.0	$	1,009,631.0	$	(43,651.0)	-4.14%
General Services		987,409.0		780,798.0		(206,611.0)	-20.92%
Public Buildings		813,437.0		803,567.0		(9,870.0)	-1.21%
Total General	$	2,854,128.0	$	2,593,996.0	$	(260,132.0)	-9.11%
Public Protection							
Justice	$	5,567,838.0	$	5,735,679.0	$	167,841.0	3.01%
Other Public Protection		205,970.0		207,230.0		1,260.0	0.61%
Total Public Protection	$	5,773,808.0	$	5,942,909.0	$	169,101.0	2.93%
Health and Sanitation		7,114,933.0		7,330,667.0		215,734.0	3.03%
Public Assistance		6,712,631.0		6,921,269.0		208,638.0	3.11%
Recreation and Cultural Services		359,597.0		347,120.0		(12,477.0)	-3.47%
Insurance and Loss Reserve		67,360.0		67,360.0		-	0.00%
Provision for Obligated Fund Balance		81,253.0		92,117.0		10,864.0	13.37%
Appropriations for Contingencies		27,375.0		28,479.0		1,104.0	4.03%
Total Requirements	**$**	**22,991,085.0**	**$**	**23,323,917.0**	**$**	**332,832.0**	**1.45%**
AVAILABLE FUNDS							
Property Taxes	$	5,031,658.0	$	5,316,946.0	$	285,288.0	5.67%
Fund Balance		1,824,822.0		1,508,755.0		(316,067.0)	-17.32%
Cancelled Prior-Year Reserves		216,915.0		274,865.0		57,950.0	26.72%
Intergovernmental Revenues							
State Revenues							
In-Lieu Taxes	$	361,274.0	$	386,247.0	$	24,973.0	6.91%
Homeowners' Exemption		19,000.0		19,000.0		-	0.00%
Public Assistance Subventions		848,780.0		873,407.0		24,627.0	2.90%
Other Public Assistance		2,128,153.0		2,217,556.0		89,403.0	4.20%
Public Protection		1,218,503.0		1,240,409.0		21,906.0	1.80%
Health and Mental Health		1,249,860.0		1,266,291.0		16,431.0	1.31%
Capital Projects		103,601.0		112,891.0		9,290.0	8.97%
Other State Revenues		36,743.0		32,044.0		(4,699.0)	-12.79%
Total State Revenues	$	5,965,914.0	$	6,147,845.0	$	181,931.0	3.05%
Federal Revenues							
Public Assistance Subventions	$	2,741,134.0	$	2,862,021.0	$	120,887.0	4.41%
Other Public Assistance		192,750.0		196,524.0		3,774.0	1.96%
Public Protection		119,514.0		115,959.0		(3,555.0)	-2.97%
Health and Mental Health		1,426,017.0		1,568,258.0		142,241.0	9.97%
Capital Projects		887.0		316.0		(571.0)	-64.37%
Other Federal Revenues		18,894.0		14,305.0		(4,589.0)	-24.29%
Total Federal Revenues	$	4,499,196.0	$	4,757,383.0	$	258,187.0	5.74%
Other Governmental Agencies		31,461.0		20,026.0		(11,435.0)	-36.35%
Total Intergovenmental Revenues	$	10,496,571.0	$	10,925,254.0	$	428,683.0	
Fines, Forfeitures and Penalties		205,531.0		205,355.0		(176.0)	-0.09%
Licenses, Permits and Franchises		56,996.0		57,755.0		759.0	1.33%
Charges for Services		3,915,254.0		3,489,625.0		(425,629.0)	-10.87%
Other Taxes		227,317.0		230,111.0		2,794.0	1.23%
Use of Money and Property		160,448.0		163,754.0		3,306.0	2.06%
Miscellaneous Revenues		506,407.0		681,309.0		174,902.0	34.54%
Operating Contribution from General Fund		349,166.0		470,188.0		121,022.0	34.66%
Total Available Funds	**$**	**22,991,085.0**	**$**	**23,323,917.0**	**$**	**332,832.0**	**1.45%**

(1) Reflects the 2016-17 Final Adopted General County Budget approved by the Board of Supervisors on September 27, 2016
(2) Reflects the 2017-18 Recommended General County Budget approved by the Board of Supervisors on April 18, 2017

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2016-17 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,053,282.0	$ -	$ 1,053,282.0
General Services	987,409.0	-	987,409.0
Public Buildings	813,437.0	-	813,437.0
Total General	$ 2,854,128.0	$ -	$ 2,854,128.0
Public Protection			
Justice	$ 5,567,838.0	$ -	$ 5,567,838.0
Other Public Protection	205,970.0	-	205,970.0
Total Public Protection	$ 5,773,808.0	$ -	$ 5,773,808.0
Health and Sanitation	$ 3,713,489.0	$ 3,401,444.0	$ 7,114,933.0
Public Assistance	6,712,631.0	-	6,712,631.0
Recreation and Cultural Services	359,597.0	-	359,597.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	81,253.0	-	81,253.0
Appropriation for Contingency	27,375.0	-	27,375.0
Total Requirements	**$ 19,589,641.0**	**$ 3,401,444.0**	**$ 22,991,085.0**
AVAILABLE FUNDS			
Property Taxes	$ 5,031,658.0	$ -	$ 5,031,658.0
Fund Balance	1,824,822.0	-	1,824,822.0
Cancel Provision for Obligated Fund Balance	140,986.0	75,929.0	216,915.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 361,274.0	$ -	$ 361,274.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	848,780.0	-	848,780.0
Other Public Assistance	2,128,153.0	-	2,128,153.0
Public Protection	1,218,503.0	-	1,218,503.0
Health and Mental Health	1,207,037.0	42,823.0	1,249,860.0
Capital Projects	103,601.0	-	103,601.0
Other State Revenues	36,743.0	-	36,743.0
Total State Revenues	5,923,091.0	42,823.0	5,965,914.0
Federal Revenues			
Public Assistance Subventions	$ 2,728,618.0	$ 12,516.0	$ 2,741,134.0
Other Public Assistance	192,750.0	-	192,750.0
Public Protection	119,514.0	-	119,514.0
Health and Mental Health	976,192.0	449,825.0	1,426,017.0
Capital Projects	887.0	-	887.0
Other Federal Revenues	18,894.0	-	18,894.0
Total Federal Revenues	$ 4,036,855.0	$ 462,341.0	$ 4,499,196.0
Other Governmental Agencies	31,461.0	-	31,461.0
Total Intergovenmental Revenues	$ 9,991,407.0	$ 505,164.0	$ 10,496,571.0
Fines, Forfeitures and Penalties	205,256.0	275.0	205,531.0
Licenses, Permits and Franchises	56,870.0	126.0	56,996.0
Charges for Services	1,751,092.0	2,164,162.0	3,915,254.0
Other Taxes	227,317.0	-	227,317.0
Use of Money and Property	160,372.0	76.0	160,448.0
Miscellaneous Revenues	199,861.0	306,546.0	506,407.0
Operating Contribution from General Fund	-	349,166.0	349,166.0
Total Available Funds	**$ 19,589,641.0**	**$ 3,401,444.0**	**$ 22,991,085.0**

(1) Reflects the 2016-17 Final Adopted General County Budget approved by the Board of Supervisors on September 27, 2016

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2017-18 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,009,631.0	$ -	$ 1,009,631.0
General Services	780,798.0	-	780,798.0
Public Buildings	803,567.0	-	803,567.0
Total General	$ 2,593,996.0	$ -	$ 2,593,996.0
Public Protection			
Justice	$ 5,735,679.0	$ -	$ 5,735,679.0
Other Public Protection	207,230.0	-	207,230.0
Total Public Protection	$ 5,942,909.0	$ -	$ 5,942,909.0
Health and Sanitation	$ 4,025,325.0	$ 3,305,342.0	$ 7,330,667.0
Public Assistance	6,921,269.0	-	6,921,269.0
Recreation and Cultural Services	347,120.0	-	347,120.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	92,117.0	-	92,117.0
Appropriation for Contingency	28,479.0	-	28,479.0
Total Requirements	**$ 20,018,575.0**	**$ 3,305,342.0**	**$ 23,323,917.0**
AVAILABLE FUNDS			
Property Taxes	$ 5,316,946.0	$ -	$ 5,316,946.0
Fund Balance	1,508,755.0	-	1,508,755.0
Cancel Provision for Obligated Fund Balance	25,034.0	249,831.0	274,865.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 386,247.0	$ -	$ 386,247.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	873,407.0	-	873,407.0
Other Public Assistance	2,217,556.0	-	2,217,556.0
Public Protection	1,240,409.0	-	1,240,409.0
Health and Mental Health	1,222,245.0	44,046.0	1,266,291.0
Capital Projects	112,891.0	-	112,891.0
Other State Revenues	32,044.0	-	32,044.0
Total State Revenues	6,103,799.0	44,046.0	6,147,845.0
Federal Revenues			
Public Assistance Subventions	$ 2,851,844.0	$ 10,177.0	$ 2,862,021.0
Other Public Assistance	196,524.0	-	196,524.0
Public Protection	115,959.0	-	115,959.0
Health and Mental Health	1,163,173.0	405,085.0	1,568,258.0
Capital Projects	316.0	-	316.0
Other Federal Revenues	14,305.0	-	14,305.0
Total Federal Revenues	$ 4,342,121.0	$ 415,262.0	$ 4,757,383.0
Other Governmental Agencies	20,026.0	-	20,026.0
Total Intergovenmental Revenues	$ 10,465,946.0	$ 459,308.0	$ 10,925,254.0
Fines, Forfeitures and Penalties	205,355.0	-	205,355.0
Licenses, Permits and Franchises	57,629.0	126.0	57,755.0
Charges for Services	1,844,419.0	1,645,206.0	3,489,625.0
Other Taxes	230,111.0	-	230,111.0
Use of Money and Property	163,665.0	89.0	163,754.0
Miscellaneous Revenues	200,715.0	480,594.0	681,309.0
Operating Contribution from General Fund	-	470,188.0	470,188.0
Total Available Funds	**$ 20,018,575.0**	**$ 3,305,342.0**	**$ 23,323,917.0**

(1) Reflects the 2017-18 Recommended General County Budget approved by the Board of Supervisors on April 18, 2017

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. Any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property taxes may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2016-17 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $[ ] which constitutes only [ ]% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2016-17
Southern California Edison Co	94,834,926
Douglas Emmett Residential	45,059,958
Maguire Properties	43,227,473
NBC / Universal Studios	30,370,766
TESORO Corp	29,132,793
ESSEX Portfolio LP	28,373,935
Southern California Gas Co	26,016,108
Tishman Speyer / Archstone Smith / ASN	24,654,228
Chevron USA Inc / TEXACO / UNOCAL	22,632,131
AT&T / Pacific Bell Telephone Co	21,785,246
AMB / Prologis	21,770,785
VERIZON / MCI Communications Serv. Inc	21,669,024
Conoco Phillips Inc	15,644,242
Macerich / Westside Pavilion	14,639,186
Beacon Oil Co / Ultramar / Valero Energy Corp	12,823,492
FSP South Flower Street	10,909,081
Participants in Long Beach Unit	10,763,015
CBS Inc	10,448,943
EXXON / Mobil Oil Corp	10,410,231
Boeing/ Hughes Aircraft Co / McDonnell Douglas Corp	10,284,561
	$505,450,124

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Years 2011-12 through 2015-16.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2011-12 THROUGH 2015-16

Fiscal Year	Full Cash Value [1]	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections [2]	Current Collection As a Percent of Levies %
2012-13	1,035,518,346,306	2,534,711,363	2,495,317,019	98.45%
2013-14	1,085,743,685,894	2,662,214,197	2,623,480,895	98.55%
2014-15	1,146,946,428,176	2,814,475,757	2,773,124,193	98.53%
2015-16	1,218,549,285,645	2,951,107,847	2,907,748,821	98.53%
2016-17[3]				

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) FY 2016-17 data is currently unavailable.

REDEVELOPMENT AGENCIES

Pursuant to ABX1 26 (the "Redevelopment Dissolution Act"), all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 bars redevelopment agencies from engaging in new business, provides for their eventual wind down and dissolution, and requires that successor agencies be created to take over from the former agencies. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million. A more detailed discussion of the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2012-13 through 2016-17.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2012-13 THROUGH 2016-17

Fiscal Year	Full Cash Value Increments [1]	Total Tax Allocations [2]
2012-13	141,074,221,344	1,189,455,554
2013-14	149,910,987,097	1,282,940,191
2014-15	159,180,996,812	1,327,755,469
2015-16	171,855,943,160	1,477,752,454
2016-17	184,568,536,419	[3]

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.
(3) Data for 2016-17 CRA Tax Allocations is not available.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenue follow an uneven pattern, primarily as a result of unpredictable delays in payments from other governmental agencies and the significant amount of secured property tax revenue received close to the December and April due dates for the first and second installments, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County's cash management program have been repaid in accordance with their required maturity dates.

2016-17 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 10, 2016, the County issued the 2016-17 TRANs with an aggregate principal amount of $800,000,000 due on June 30, 2017. The 2016-17 TRANs are general obligations of the County attributable to Fiscal Year 2016-17 and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2016-17 for the purpose of repaying the 2016-17 TRANs on the June 30, 2017 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2016-17 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2016	$338,933,333
January, 2017	315,000,000
April, 2017	170,000,000
Total	$823,933,333

* Includes $800,000,000 of 2016-17 TRANs principal and 3.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2012-13.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17 Estimate
Property Taxes	$4,276,875	$4,337,915	$4,581,797	$4,806,915	$5,019,855
Other Taxes	167,054	203,396	204,173	215,228	220,548
Licenses, Permits and Franchises	61,268	65,260	58,488	58,908	58,950
Fines, Forfeitures and Penalties	226,737	212,676	197,663	182,298	187,034
Investment and Rental Income	107,105	104,422	131,053	165,037	137,866
State In-Lieu Taxes	335,310	344,971	407,316	356,888	232,165
State Homeowner Exemptions	21,101	19,715	20,277	19,892	19,244
Charges for Current Services	1,546,370	1,582,791	1,577,165	1,597,095	1,614,457
Other Revenue*	552,414	525,570	610,250	643,795	661,557
TOTAL UNRESTRICTED RECEIPTS	$7,294,234	$7,396,716	$7,788,182	$8,046,056	$8,151,675

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office
* Includes Tobacco Settlement Revenue

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. If the County determines that it is necessary to utilize interfund borrowing, then such borrowing may not occur after the last Monday in April of each fiscal year and must be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also included in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate significantly throughout the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of revenue deposits from the State and the receipt of welfare advances on the last business day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al.*

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2015-16 and Fiscal Year 2016-17.

General Fund Cash Flow Statements

The Fiscal Year 2015-16 and Fiscal Year 2016-17 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2015-16, the County had an ending General Fund cash balance of $1.334 billion. In Fiscal Year 2017-18, the County is estimating an ending cash balance in the General Fund of $[ ] billion.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of February 28, 2017, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$12.592
Schools and Community Colleges	13.527
Independent Public Agencies	2.43
Total	$28.549

Of these entities, the discretionary participants accounted for 7.72% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 29, 2016, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated March 31, 2017, the book value of the Treasury Pool as of February 28, 2017 was approximately $28.549 billion and the corresponding market value was approximately $28.359 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Internal Controls Branch (ICB) operates independently from the Investment Office, and reconciles cash and investments to fund balances on a daily basis. ICB staff also reviews each investment trade for accuracy and compliance with the Board of Supervisor's adopted Investment Policy. On a quarterly basis, the County's external independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy, and reviews investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of February 28, 2017:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	58.34
Certificates of Deposit	13.40
Commercial Paper	27.84
Bankers Acceptances	0.00
Municipal Obligations	0.25
Corporate Notes & Deposit Notes	0.17
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of February 28, 2017, approximately 38.81% of the investments mature within 60 days, with an average of 673 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well-established practice of market research and due diligence. The Treasury Pool did not experience a single investment loss as a result of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments, with annual audits performed by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2016, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2016-17 Final Adopted Budget included an available General Fund balance of $1,824,822,000 as of June 30, 2016.

The 2016-17 Final Adopted Budget uses the fund balance language of the County Budget Act, which has been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The major areas of difference are described as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

- General Fund obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2015-16 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis of accounting, the effects of such fair value changes have been recognized as a component of investment income.

- In conjunction with the implementation of GASB Statement No. 45, the County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis of accounting, the expenditures are adjusted to recognize the OPEB Agency assets as of June 30, 2016.

The tables below provide a reconciliation of the General Fund's June 30, 2016 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2011-12 to Fiscal Year 2015-16.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2016 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,824,822
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	155,154
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	152,288
Accrual of liabilities for accrued compensated absences not required by GAAP	64,886
Change in revenue accruals related to encumbrances	(78,580)
Deferral of property tax receivables	(64,740)
Unamortized balance of sale of tobacco settlement revenue	(232,661)
Change in fair value of Investments	5,728
Reserve for "Rainy Day" Fund	353,652
Unassigned Fund Balance - GAAP Basis	$2,180,549

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES

BALANCE SHEET AT JUNE 30, 2012, 2013, 2014, 2015 and 2016
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
ASSETS					
Pooled Cash and Investments	$2,010,858	$1,637,765	$1,933,794	$2,678,685	$3,181,151
Other Investments	11,109	5,676	4,810	4,655	4,693
Taxes Receivable	186,830	171,919	169,141	157,215	148,485
Other Receivables	1,586,097	1,777,034	1,996,683	1,888,537	1,875,029
Due from Other Funds	407,604	391,605	283,255	460,987	322,883
Advances to Other Funds	703,512	754,376	885,314	434,849	395,511
Inventories	51,616	47,375	56,790	48,186	59,267
Total Assets	$4,957,626	$4,785,750	$5,329,787	$5,673,114	$5,987,019
LIABILITIES					
Accounts Payable	$354,119	$321,509	$516,410	$410,671	$545,739
Accrued Payroll	303,615	309,926	331,045	356,579	374,951
Other Payables	525,438	89,852	111,019	115,998	100,964
Due to Other Funds	390,153	461,480	158,626	271,800	146,886
Deferred Revenue*	346,488	302,656	0	0	0
Advances Payable	379,847	404,975	575,567	853,441	975,135
Third-Party Payor Liability	16,015	15,702	26,207	39,693	39,042
Total Liabilities	$2,315,675	$1,906,100	$1,718,874	$2,048,182	$2,182,717
DEFERRED INFLOWS OF RESOURCES*				$508,105	$420,060
FUND BALANCES					
Nonspendable	$259,597	$253,836	$272,007	$272,384	$324,555
Restricted	55,115	59,786	40,577	55,694	67,880
Committed	332,255	528,865	482,740	334,346	364,679
Assigned	405,285	376,181	538,078	491,954	446,579
Unassigned	1,589,699	1,660,982	1,769,406	2,035,445	2,180,549
Total Fund Balances	2,641,951	2,879,650	3,102,808	3,189,823	3,384,242
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$4,957,626	$4,785,750	$4,821,682	$5,238,005	$5,566,959

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2012, 2013, 2014, 2015 and 2016.
*The County implemented GASB Statement 65 "Items Previously Reported as Assets and Liabilities" in FY 2013-14. As of June 30, 2014, deferred inflows and outflows of resources are reported in the new required GASB 65 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2011-12 THROUGH 2015-16 (in thousands of $)

	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUES:					
Taxes	$3,980,409	$4,267,858	$4,520,755	$4,772,762	$5,003,124
Licenses, Permits & Franchises	57,144	61,412	59,886	61,561	60,666
Fines, Forfeitures and Penalties	217,972	222,226	207,094	207,684	189,312
Use of Money and Property	103,029	89,841	128,501	141,816	186,443
Aid from Other Government	7,632,814	8,182,687	8,395,672	8,574,288	8,939,412
Charges for Services	1,700,540	1,565,937	1,743,447	1,491,656	1,651,883
Miscellaneous Revenues	134,071	216,977	152,663	204,966	159,346
TOTAL	$13,825,979	$14,606,938	$15,208,018	$15,454,733	$16,190,186
EXPENDITURES					
General	$983,077	$979,989	$998,438	$1,155,070	$1,039,188
Public Protection	4,538,075	4,694,982	4,843,148	5,136,461	5,418,926
Health and Sanitation	2,689,192	2,779,870	3,204,177	2,931,257	3,161,202
Public Assistance	5,108,516	5,247,031	5,430,398	5,682,198	5,892,530
Recreation and Cultural Services	255,818	272,835	282,660	304,895	321,414
Debt Service	24,602	30,816	28,928	27,060	29,600
Capital Outlay	20,106	8,065	2,398	866	547
Total	$13,619,386	$14,013,588	$14,790,147	$15,237,807	$15,863,407
EXCESS (DEFICIENCY)					
OF REVENUES OVER EXPENDITURES	$206,593	$593,350	$417,871	$216,926	$326,779
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to)					
Other Funds-Net	($306,002)	($359,171)	($197,219)	($131,647)	($133,714)
Sales of Capital Assets	3,789	740	770	870	807
Capital Leases	15,128	2,780	1,736	866	547
OTHER FINANCING SOURCES (USES)-Net	($287,085)	($355,651)	($194,713)	($129,911)	($132,360)
Excess (Deficiency) of Revenues					
and other Sources Over					
Expenditures and Other Uses	(80,492)	237,699	223,158	87,015	194,419
Beginning Fund Balance	2,722,443	2,641,951	2,879,650	3,102,808	3,189,823
Ending Fund Balance	$2,641,951	$2,879,650	$3,102,808	$3,189,823	$3,384,242

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2012, 2013, 2014, 2015 and 2016.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2015-16: 12 MONTHS ACTUAL
2016-17: 9 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2015-16
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 79,551	$ 38,664	$ 35,868	$ 412,749	$ 1,421,311	$ 3,637,614
Auditor Unapportioned Property Tax	177,229	39,008	118,073	152,847	686,356	601,474
Unsecured Property Tax	154,844	200,302	140,114	170,819	131,290	69,667
Miscellaneous Fees & Taxes	6,284	6,303	6,322	6,325	6,285	6,431
State Redemption Fund	29,524	41,358	38,760	49,493	35,646	31,315
Education Revenue Augmentation	335,161	352,258	317,444	317,802	333,348	779,132
State Reimbursement Fund	0	0	0	0	445	8,500
Sales Tax Replacement Fund	324	5,486	19,593	19,593	19,629	20,672
Vehicle License Fee Replacement Fund	1,736	29,429	105,107	105,107	105,811	126,239
Property Tax Rebate Fund	4,894	6,537	2,348	6,624	8,103	11,145
Utility User Tax Trust Fund	2,588	4,542	8,104	12,361	17,228	22,807
Subtotal	$ 792,135	$ 723,887	$ 791,733	$ 1,253,720	$ 2,765,452	$ 5,314,996
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 520,334	$ 513,622	$ 466,429	$ 493,827	$ 526,302	$ 522,861
Payroll Revolving Fund	45,882	53,107	44,793	44,618	48,743	48,388
Asset Development Fund	43,137	43,154	43,213	43,237	43,256	43,275
Productivity Investment Fund	5,024	4,627	3,988	3,830	3,774	4,248
Motor Vehicle Capital Outlays	5,904	5,881	5,354	5,337	5,337	5,300
Civic Center Parking	322	86	186	164	82	25
Reporters Salary Fund	350	391	380	498	248	276
Cable TV Franchise Fund	12,641	12,340	12,339	12,590	12,415	12,973
Megaflex Long-Term Disability	13,947	13,888	13,738	13,712	13,550	13,475
Megaflex Long-Term Disability & Health	9,207	9,286	9,336	9,417	9,512	9,597
Megaflex Short-Term Disability	43,729	44,219	44,655	45,066	45,557	45,992
Subtotal	$ 700,477	$ 700,601	$ 644,411	$ 672,296	$ 708,776	$ 706,410
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (1,870)	$ 1,271	$ 1,400	$ 2,502	$ 16,660	$ (2,609)
Olive View-UCLA Medical Center	(545)	1,191	1,873	866	11,307	(2,566)
LAC+USC Medical Center	(8,244)	7,330	(3,690)	(4,169)	16,183	230
MLK Ambulatory Care Center	429	359	-	0	0	0
Rancho Los Amigos Rehab Center	(263)	(624)	1,536	3,280	1,327	(249)
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (10,493)	$ 9,527	$ 1,119	$ 2,479	$ 45,477	$ (5,194)
GRAND TOTAL	**$ 1,482,119**	**$ 1,434,015**	**$ 1,437,263**	**$ 1,928,495**	**$ 3,519,705**	**$ 6,016,212**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	
						PROPERTY TAX GROUP
$ 1,038,923	$ 546,307	$ 697,670	$ 2,562,001	$ 908,338	$ 150,146	**Tax Collector Trust Fund**
1,101,787	793,524	687,674	1,498,366	576,610	113,048	**Auditor Unapportioned Property Tax**
58,061	59,599	54,588	44,491	68,595	106,001	**Unsecured Property Tax**
6,411	6,353	6,264	6,262	6,262	6,326	**Miscellaneous Fees & Taxes**
22,726	22,874	24,080	25,912	21,726	17,376	**State Redemption Fund**
551,398	220,824	177,992	450,172	586,218	418,551	**Education Revenue Augmentation**
19,832	1,309	1,309	3,385	19,997	8,203	**State Reimbursement Fund**
44,043	36,493	42,725	43,470	32,784	0	**Sales Tax Replacement Fund**
583,956	436,102	558,153	572,744	606,115	0	**Vehicle License Fee Replacement Fund**
13,605	16,539	11,056	5,718	11,220	4,644	**Property Tax Rebate Fund**
17,872	5,390	12,918	8,680	7,503	10,555	**Utility User Tax Trust Fund**
$ 3,458,614	$ 2,145,314	$ 2,274,429	$ 5,221,201	$ 2,845,368	$ 834,850	**Subtotal**
						VARIOUS TRUST GROUP
$ 531,031	$ 468,439	$ 505,791	$ 501,429	$ 483,045	$ 476,498	**Departmental Trust Fund**
49,792	57,197	44,553	47,762	57,972	41,663	**Payroll Revolving Fund**
43,286	43,310	43,362	43,380	43,392	43,407	**Asset Development Fund**
6,258	6,105	6,287	6,193	4,993	4,619	**Productivity Investment Fund**
5,261	5,449	7,105	5,237	5,237	5,237	**Motor Vehicle Capital Outlays**
230	259	257	261	220	97	**Civic Center Parking**
418	365	558	464	441	345	**Reporters Salary Fund**
13,039	12,970	13,168	12,896	12,806	13,252	**Cable TV Franchise Fund**
13,469	13,464	13,309	13,257	13,191	13,074	**Megaflex Long-Term Disability**
9,662	9,694	9,746	9,830	9,905	9,955	**Megaflex Long-Term Disability & Health**
46,496	47,262	47,649	47,944	48,347	48,708	**Megaflex Short-Term Disability**
$ 718,942	$ 664,514	$ 691,785	$ 688,653	$ 679,549	$ 656,855	**Subtotal**
						HOSPITAL GROUP
$ 2,424	$ 12,292	$ 3,827	$ 4,222	$ (3,178)	$ 5,320	**Harbor-UCLA Medical Center**
1,745	8,241	(603)	1,380	(889)	5,103	**Olive View-UCLA Medical Center**
(1,907)	(6,884)	(1,435)	(5,089)	742	1,546	**LAC + USC Medical Center**
0	0	0	0	0	0	**MLK Ambulatory Care Center**
1,100	2,429	205	(147)	103	(133)	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 3,362	$ 16,078	$ 1,994	$ 366	$ (3,222)	$ 11,836	**Subtotal**
$ 4,180,918	**$ 2,825,906**	**$ 2,968,208**	**$ 5,910,220**	**$ 3,521,695**	**$ 1,503,541**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2016-17
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 71,266	$ 39,908	$ 37,582	$ 463,777	$ 1,325,747	$ 2,392,482
Auditor Unapportioned Property Tax	195,195	47,582	124,434	168,076	941,269	2,441,476
Unsecured Property Tax	165,820	180,406	114,969	135,267	103,202	61,742
Miscellaneous Fees & Taxes	6,290	6,292	6,313	6,334	6,349	6,348
State Redemption Fund	27,207	40,822	42,469	43,372	26,632	26,150
Education Revenue Augmentation	281,813	324,086	277,000	274,676	299,463	626,191
State Reimbursement Fund	0	0	0	0	440	10,201
Sales Tax Replacement Fund	80,108	0	0	0	0	0
Vehicle License Fee Replacement Fund	0	19,197	122,641	125,978	126,753	218,193
Property Tax Rebate Fund	6,256	9,156	15,734	8,740	7,233	23,201
Utility User Tax Trust Fund	2,187	2,862	5,652	4,551	5,411	10,598
Subtotal	$ 836,142	$ 670,311	$ 746,794	$ 1,230,771	$ 2,842,499	$ 5,816,582
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 524,304	$ 534,824	$ 504,282	$ 495,200	$ 505,475	$ 515,442
Payroll Revolving Fund	48,458	45,855	41,627	55,889	42,541	40,983
Asset Development Fund	43,579	43,776	43,801	43,817	43,834	43,851
Productivity Investment Fund	4,552	4,528	4,500	4,423	4,388	4,371
Motor Vehicle Capital Outlays	3,826	759	828	828	734	728
Civic Center Parking	34	220	343	339	325	309
Reporters Salary Fund	522	499	501	330	374	340
Cable TV Franchise Fund	12,853	12,624	12,861	13,064	13,003	13,195
Megaflex Long-Term Disability	12,979	12,836	12,906	12,971	12,876	12,852
Megaflex Long-Term Disability & Health	10,007	10,084	10,139	10,244	10,308	10,398
Megaflex Short-Term Disability	48,998	49,281	49,518	49,754	49,980	50,191
Subtotal	$ 710,112	$ 715,286	$ 681,306	$ 686,859	$ 683,838	$ 692,660
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 2,088	$ (14,039)	$ 3,974	4,672	$ 3,876	$ 32
Olive View-UCLA Medical Center	2,165	2,979	713	3,349	1,484	1,600
LAC+USC Medical Center	1,734	12,684	4,823	6,243	7,802	4,001
MLK Ambulatory Care Center	0	0	-	0	0	0
Rancho Los Amigos Rehab Center	43	4,999	3,655	1,196	639	332
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ 6,030	$ 6,623	$ 13,165	$ 15,460	$ 13,801	$ 5,965
GRAND TOTAL	**$ 1,552,284**	**$ 1,392,220**	**$ 1,441,265**	**$ 1,933,090**	**$ 3,540,138**	**$ 6,515,207**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	
						PROPERTY TAX GROUP
$ 766,283	$ 389,103	816,107				**Tax Collector Trust Fund**
1,517,573	963,587	573,119				**Auditor Unapportioned Property Tax**
57,710	48,316	49,127				**Unsecured Property Tax**
6,379	6,372	6,306				**Miscellaneous Fees & Taxes**
19,767	20,410	23,765				**State Redemption Fund**
443,272	408,286	175,574				**Education Revenue Augmentation**
19,515	1,152	1,152				**State Reimbursement Fund**
0	0	0				**Sales Tax Replacement Fund**
769,359	350,011	677,285				**Vehicle License Fee Replacement Fund**
19,605	9,842	7,009				**Property Tax Rebate Fund**
15,861	4,926	9,430				**Utility User Tax Trust Fund**
$ 3,635,324	$ 2,202,005	$ 2,338,874	$ -	$ -	$ -	**Subtotal**
						VARIOUS TRUST GROUP
$ 501,657	$ 489,740	483,514				**Departmental Trust Fund**
61,421	37,803	42,379				**Payroll Revolving Fund**
43,869	44,064	44,143				**Asset Development Fund**
4,931	7,233	6,936				**Productivity Investment Fund**
700	685	666				**Motor Vehicle Capital Outlays**
297	305	281				**Civic Center Parking**
416	367	654				**Reporters Salary Fund**
13,552	13,461	13,784				**Cable TV Franchise Fund**
12,906	12,798	12,708				**Megaflex Long-Term Disability**
10,520	10,549	10,598				**Megaflex Long-Term Disability & Health**
50,581	50,983	51,520				**Megaflex Short-Term Disability**
$ 700,850	$ 667,988	$ 667,183	$ -	$ -	$ -	**Subtotal**
						HOSPITAL GROUP
$ (2,599)	$ (525)	1,798				**Harbor-UCLA Medical Center**
160	3,698	4,440				**Olive View-UCLA Medical Center**
(276)	12,697	2,372				**LAC + USC Medical Center**
0	10	0				**MLK Ambulatory Care Center**
(375)	(4,262)	(768)				**Rancho Los Amigos Rehab Center**
0		0				**LAC+USC Medical Center Equipment**
$ (3,090)	$ 11,618	$ 7,842	$ -	$ 0	$ 0	**Subtotal**
$ 4,333,084	**$ 2,881,611**	**$ 3,013,899**	**$ -**	**$ -**	**$ -**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2015-16: 12 MONTHS ACTUAL
2016-17: 9 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2015-16
(in thousands of $)

	July 2015	August 2015	September 2015	October 2015	November 2015
BEGINNING BALANCE	$ 1,653,166	$ 1,901,844	$ 1,626,863	$ 1,254,727	$ 868,460
RECEIPTS					
Property Taxes	$ 42,262	$ 97,194	0	$ -	$ 46,344
Other Taxes	12,434	18,810	13,649	13,232	12,926
Licenses, Permits & Franchises	3,454	4,591	3,119	3,288	2,275
Fines, Forfeitures & Penalties	28,677	17,736	10,538	10,621	16,066
Investment and Rental Income	13,049	8,800	22,330	7,060	13,136
Motor Vehicle (VLF) Realignment	2,000	25,402	40,758	32,859	45,690
Sales Taxes - Proposition 172	63,581	58,748	50,087	54,942	65,399
1991 Program Realignment	66,068	31,843	46,010	65,890	61,288
Other Intergovernmental Revenue	94,333	290,990	137,106	229,708	213,697
Charges for Current Services	117,542	160,888	82,696	120,439	67,874
Other Revenue & Tobacco Settlement	109,843	177,364	172,058	318	(86,929)
Transfers & Reimbursements	24,594	0	853	7,521	10,532
Hospital Loan Repayment*	69,051	277,728	1,216	332,615	175,437
Welfare Advances	320,351	243,808	471,437	377,286	341,340
Other Financing Sources/MHSA	77,518	26,949	0	37,974	14,248
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000				
Total Receipts	$ 1,944,757	$ 1,440,851	$ 1,051,857	$ 1,293,753	$ 999,323
DISBURSEMENTS					
Welfare Warrants	$ 194,827	$ 228,927	$ 227,800	$ 229,492	$ 213,762
Salaries	441,377	436,452	430,466	436,139	444,676
Employee Benefits	270,381	286,918	249,022	267,479	277,060
Vendor Payments	551,564	406,413	307,207	328,084	364,785
Loans to Hospitals*	12,651	125,806	192,694	333,097	128,254
Hospital Subsidy Payments	196,890	180,670	11,268	0	(11,698)
Transfer Payments	28,389	50,646	5,536	85,729	36,710
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,696,079	$ 1,715,832	$ 1,423,993	$ 1,680,020	$ 1,453,549
ENDING BALANCE	**$ 1,901,844**	**$ 1,626,863**	**$ 1,254,727**	**$ 868,460**	**$ 414,234**
Borrowable Resources (Avg. Balance)	$ 1,482,119	$ 1,434,015	$ 1,437,263	$ 1,928,495	$ 3,519,705
Total Cash Available	$ 3,383,963	$ 3,060,878	$ 2,691,990	$ 2,796,955	$ 3,933,939

* The net change in the outstanding Hospital Loan Balance is a decrease of $34.8 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	Total 2015-16
$ 414,234	$ 1,022,814	$ 1,299,857	$ 1,409,218	$ 1,080,343	$ 1,162,078	$ 1,399,968	
$ 1,170,743	$ 1,099,871	$ 210,107	$ 14,033	$ 837,869	$ 1,054,584	$ 233,908	$ 4,806,915
11,380	39,878	10,857	10,774	29,636	14,164	27,488	215,228
4,220	2,184	7,530	4,636	16,575	3,370	3,666	58,908
9,397	9,780	18,126	15,144	10,714	26,163	9,336	182,298
14,870	26,379	9,071	11,180	10,036	12,593	16,533	165,037
33,514	30,032	28,266	31,759	36,763	29,533	20,312	356,888
58,361	51,360	77,268	50,065	48,699	67,684	57,340	703,534
52,769	44,917	71,837	43,597	42,062	60,820	50,840	637,941
240,529	175,779	261,244	165,596	162,930	301,825	207,206	2,480,943
215,711	154,426	124,921	135,141	104,098	162,322	151,037	1,597,095
17,327	120,612	(52,158)	47,450	69,987	46,325	63,440	685,637
39,121	19,338	13,152	5,157	30,018	7,036	26,795	184,117
95,224	50,537	401,021	144,947	60,754	81,515	773,959	2,464,004
535,875	428,185	372,405	462,682	396,086	334,399	519,397	4,803,251
27,677	13,841	43,318	-	25,445	28,689	17,960	313,619
0	0	0	0	0	0	0	0
							900,000
$ 2,526,718	$ 2,267,119	$ 1,596,965	$ 1,142,161	$ 1,881,672	$ 2,231,022	$ 2,179,217	$ 20,555,415
$ 222,629	$ 223,111	$ 186,168	$ 250,819	$ 210,841	$ 192,066	$ 297,989	$ 2,678,431
468,445	472,192	462,084	445,795	457,067	446,529	447,919	5,389,141
246,215	310,352	280,530	252,899	290,453	278,282	245,669	3,255,260
367,791	368,051	314,887	363,899	313,381	407,256	339,451	4,432,769
282,620	215,891	199,199	172,628	114,412	596,624	55,328	2,429,204
(400)	0	0	(18,467)	4,111	0	0	362,374
15,838	85,479	44,736	3,463	94,797	72,375	30,157	553,855
315,000	315,000	0	0	314,875	0	0	944,875
0	0	0	0	0	0	0	0
$ 1,918,138	$ 1,990,076	$ 1,487,604	$ 1,471,036	$ 1,799,937	$ 1,993,132	$ 1,416,513	$ 20,045,909
$ 1,022,814	**$ 1,299,857**	**$ 1,409,218**	**$ 1,080,343**	**$ 1,162,078**	**$ 1,399,968**	**$ 2,162,672**	
6,016,212	$ 4,180,918	$ 2,825,906	$ 2,968,208	$ 5,910,220	$ 3,521,695	$ 1,503,541	
$ 7,039,026	$ 5,480,775	$ 4,235,124	$ 4,048,551	$ 7,072,298	$ 4,921,663	$ 3,666,213	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2016-17
(in thousands of $)

	July 2016	August 2016	September 2016	October 2016	November 2016
BEGINNING BALANCE	$ 2,162,672	$ 2,266,486	$ 1,529,884	$ 914,444	$ 900,177
RECEIPTS					
Property Taxes	$ 35,229	$ 111,497	183	685	$ 45,414
Other Taxes	12,902	11,160	25,259	22,792	14,493
Licenses, Permits & Franchises	3,035	2,784	5,437	3,301	3,010
Fines, Forfeitures & Penalties	31,949	19,504	8,594	9,581	15,302
Investment and Rental Income	23,156	12,127	12,949	9,975	21,122
Motor Vehicle (VLF) Realignment	0	(100,656)	44,036	33,022	32,532
Sales Taxes - Proposition 172	68,898	56,456	56,383	54,105	68,474
1991 Program Realignment	63,177	37,116	51,876	68,330	65,902
Other Intergovernmental Revenue	143,814	197,214	208,806	274,926	276,601
Charges for Current Services	113,667	208,471	68,460	165,137	110,166
Other Revenue & Tobacco Settlement	95,225	47,172	3,498	11,952	57,152
Transfers & Reimbursements	4,607	3,151	0	3,413	15,288
Hospital Loan Repayment*	130,809	122,048	67,323	809,052	49,628
Welfare Advances	317,231	23,881	534,103	357,517	315,866
Other Financing Sources/MHSA	4,819	52,525	0	18,479	67,935
Intrafund Borrowings					
TRANs Sold	800,000				
Total Receipts	$ 1,848,518	$ 804,450	$ 1,086,907	$ 1,842,267	$ 1,158,885
DISBURSEMENTS					
Welfare Warrants	$ 186,153	$ 222,052	$ 218,878	$ 217,624	$ 209,430
Salaries	461,597	461,902	455,180	462,352	468,580
Employee Benefits	278,678	280,385	252,435	289,293	281,718
Vendor Payments	638,616	408,440	330,088	399,154	459,885
Loans to Hospitals*	0	1,752	348,184	363,417	112,944
Hospital Subsidy Payments	167,531	100,443	96,102	2,386	0
Transfer Payments	12,129	66,078	1,480	122,308	10,192
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,744,704	$ 1,541,052	$ 1,702,347	$ 1,856,534	$ 1,542,749
ENDING BALANCE	**$ 2,266,486**	**$ 1,529,884**	**$ 914,444**	**$ 900,177**	**$ 516,313**
Borrowable Resources (Avg. Balance)	$ 1,552,284	$ 1,392,220	$ 1,441,265	$ 1,933,090	$ 3,540,138
Total Cash Available	$ 3,818,770	$ 2,922,104	$ 2,355,709	$ 2,833,267	$ 4,056,451

* The net change in the outstanding Hospital Loan Balance is a decrease of $131.26 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2016	January 2017	February 2017	March 2017	Estimated April 2017	Estimated May 2017	Estimated June 2017	Total 2016-17
$ 516,313	$ 949,817	$ 1,543,600	$ 1,583,092	$ 1,247,138	$ 1,427,040	$ 1,883,664	
$ 1,233,642	$ 1,170,719	$ 261,844	$ 30,021	$ 839,101	$ 1,096,042	$ 195,477	$ 5,019,855
16,217	13,611	26,750	13,553	25,944	12,315	25,551	220,548
3,831	2,494	5,201	8,834	15,359	2,813	2,850	58,950
7,973	9,209	18,787	14,180	14,033	26,497	11,425	187,034
12,607	8,420	11,873	11,060	4,608	4,516	5,453	137,866
34,156	32,542	33,392	30,979	39,080	30,896	22,186	232,165
54,600	54,065	82,937	50,603	48,031	66,612	52,586	713,750
62,693	55,714	85,714	52,376	22,233	31,005	23,423	619,559
139,094	188,995	377,916	217,684	154,731	233,948	159,365	2,573,093
140,497	277,718	105,271	150,881	85,521	72,983	115,686	1,614,457
88,598	74,516	70,827	84,738	89,431	27,120	29,475	679,705
38,189	10,861	22,863	21,018	10,471	6,524	16,651	153,036
69,918	507,060	59,797	99,209	406,943	263,823	13,300	2,598,910
559,613	358,484	379,361	484,623	353,431	300,506	452,949	4,437,564
14,863	30,542	15,606	29,338	17,872	17,429	17,451	286,858
							0
							800,000
$ 2,476,491	$ 2,794,950	$ 1,558,139	$ 1,299,097	$ 2,126,787	$ 2,193,029	$ 1,143,829	$ 20,333,350
$ 234,647	$ 196,682	$ 232,267	$ 232,971	$ 264,020	$ 263,428	$ 300,491	$ 2,778,642
485,114	499,163	482,597	469,419	484,220	471,630	474,578	5,676,331
269,023	310,418	292,506	265,886	306,629	365,293	305,770	3,498,034
360,347	497,092	338,144	337,915	369,077	403,103	372,065	4,913,927
330,987	295,392	159,262	196,512	273,228	163,848	222,120	2,467,647
0	0	0	0	0	0	0	366,462
23,936	87,420	13,871	132,348	79,712	69,104	18,463	637,041
338,933	315,000	0	0	170,000	0	0	823,933
0	0	0	0	0	0	0	0
$ 2,042,987	$ 2,201,167	$ 1,518,647	$ 1,635,051	$ 1,946,885	$ 1,736,406	$ 1,693,488	$ 21,162,017
$ 949,817	**$ 1,543,600**	**$ 1,583,092**	**$ 1,247,138**	**$ 1,427,040**	**$ 1,883,664**	**$ 1,334,005**	
$ 6,515,207	$ 4,333,084	$ 2,881,611	3,013,899				
$ 7,465,024	$ 5,876,684	$ 4,464,703	$ 4,261,037	$ 1,427,040	$ 1,883,664	$ 1,334,005	

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2016, approximately $1.785 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $802 million of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Fund, and Hospital Enterprise Funds secure the remaining $983 million of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2016-17.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2016-17 Payments

Funding Source	2016-17 Payment
Total 2016-17 Payment Obligations	$157,122,084
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	59,959,749
Courthouse Construction Funds	20,571,664
Special Districts/Special Funds	2,773,553
Net 2016-17 General Fund Obligations	$73,817,118

Source: Los Angeles County Auditor-Controller

As of May 1, 2017, the County had $1.063 billion of outstanding short-term obligations, which include $800 million in TRANs, $70.0 million in Bond Anticipation Notes, and $193 million in Lease Revenue Tax-exempt Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2017 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$800,000
Bond Anticipation Notes	70,000
Lease Revenue Notes	192,900
Intermediate & Long-Term Obligations	1,726,741
Total Outstanding Principal	$2,789,641

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 10, 2016, the County issued $800 million of 2016-17 TRANs on July 1, 2016. The 2016-17 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2016-17, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2016-17 Tax and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2017, $70.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before July 1, 2017.

Lease Revenue Note Program

Under the Lease Revenue Note Program (the "Note Program"), the County is authorized to issue up to $500 million in aggregate principal amount of lease revenue notes. The short-term lease revenue notes issued through the Note Program will continue to finance construction costs on various capital projects throughout the County. The Note Program consists of two Irrevocable, Direct-Pay Letters of Credit ("LOC") in the aggregate principal amount of $300 million issued by Bank of the West (Series A - $100 million), and U.S. Bank (Series B - $200 million); and a Direct Placement Revolving Credit Facility with Wells Fargo (Series C - $200 million). The Note Program is secured by a lease-revenue financing structure between LAC-CAL and the County, and a portfolio of sixteen County-owned properties pledged as collateral to secure the credit facilities. The three credit agreements, which are scheduled to terminate on April 12, 2019, provide credit enhancement and liquidity facilities to support the issuance of both tax-exempt and taxable commercial paper notes and direct placement revolving notes. As of May 1, 2017, $192.9 million of tax-exempt commercial paper notes are outstanding. The Note Program provides the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which will eventually be refinanced with the issuance of long-term bonds upon completion.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2016, approximately $1.785 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The Fiscal Year 2016-17 Adopted Budget contains sufficient appropriations to fund the County's lease payment obligations in Fiscal Year 2016-17. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Roll") increased from 0.129% in Fiscal Year 2015-16 to 0.134% in Fiscal Year 2016-17. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Roll over the past ten years.

COUNTY OF LOS ANGELES
OUTSTANDING DEBT TO ASSESSED VALUATION AS OF JULY 1

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2007-08	1,441,826,104	997,789,741,224	0.145%
2008-09	1,180,113,183	1,067,594,451,410	0.111%
2009-10	972,937,056	1,062,174,404,954	0.092%
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%
2014-15	1,576,510,029	1,191,806,972,618	0.132%
2015-16	1,633,835,517	1,264,906,464,546	0.129%
2016-17	1,785,310,693	1,335,525,121,301	0.134%

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (the "TSRs") paid by the tobacco companies participating in the Master Settlement Agreement. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS Lease Obligations

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate the construction of the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations is $238 million as of May 1, 2017.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2016

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF MAY 1, 2017

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2016

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2016-17	$ 73,817,118	$ 59,959,749	$ 20,571,664	$ 2,773,553	$ 157,122,084
2017-18	71,393,265	52,205,857	15,010,203	2,771,892	141,381,218
2018-19	69,670,608	50,467,524	15,013,314	2,772,901	137,924,347
2019-20	70,575,704	50,471,921	15,002,335	2,772,114	138,822,074
2020-21	70,591,421	50,429,239	14,997,342	2,770,155	138,788,156
2021-22	71,577,391	50,423,184	14,991,788	2,772,727	139,765,090
2022-23	69,166,614	50,420,052	14,991,568	2,770,179	137,348,413
2023-24	46,440,195	50,410,165	14,985,583	2,771,524	114,607,466
2024-25	46,430,339	50,403,888	14,971,366	2,772,880	114,578,474
2025-26	46,425,341	50,395,048	14,968,875	2,772,804	114,562,067
2026-27	46,420,826	50,391,691	14,959,875	2,772,537	114,544,928
2027-28	46,331,986	50,383,353	14,947,750	2,771,073	114,434,161
2028-29	46,030,081	50,371,753	14,945,875	2,773,632	114,121,341
2029-30	45,809,454	50,364,260	14,937,625	2,770,541	113,881,879
2030-31	45,801,510	50,345,701	8,340,500	2,770,790	107,258,501
2031-32	45,793,532	50,341,280	8,336,375	2,771,350	107,242,537
2032-33	45,787,862	50,331,926	6,115,375	2,770,272	105,005,435
2033-34	45,778,791	50,315,721	6,119,250	2,772,755	104,986,516
2034-35	45,769,504	50,309,705	-	2,774,794	98,854,002
2035-36	45,766,974	50,294,766	-	2,769,980	98,831,721
2036-37	45,759,388	50,283,745	-	2,774,430	98,817,563
2037-38	45,746,294	50,278,866	-	2,772,883	98,798,044
2038-39	45,737,969	50,259,691	-	2,773,883	98,771,544
2039-40	45,727,144	50,246,289	-	2,773,659	98,747,093
2040-41	45,723,835	50,237,761	-	2,772,601	98,734,197
2041-42	25,100,375	19,945,100	-	2,774,050	47,819,525
2042-43	25,102,875	19,948,218	-	2,774,482	47,825,575
2043-44	25,101,625	-	-	808,250	25,909,875
2044-45	25,099,000	-	-	809,750	25,908,750
2045-46	15,902,875	-	-	-	15,902,875
Total	$ 1,440,379,898	$ 1,310,236,452	$ 244,206,663	$ 76,472,441	$ 3,071,295,454

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2016

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2016-17	$ 802,141,229	$ 765,967,436	$ 174,989,720	$ 42,212,308	$ 1,785,310,693
2017-18	779,711,095	741,266,802	161,160,000	41,463,167	1,723,601,064
2018-19	757,344,063	723,352,176	152,675,000	40,686,165	1,674,057,404
2019-20	736,771,443	706,347,922	144,035,000	39,872,265	1,627,026,630
2020-21	715,386,942	688,476,303	135,205,000	39,017,435	1,578,085,679
2021-22	685,779,023	669,817,455	126,135,000	38,120,777	1,519,852,255
2022-23	645,603,559	650,368,047	116,790,000	37,175,498	1,449,937,104
2023-24	605,987,302	630,069,623	107,130,000	36,184,357	1,379,371,281
2024-25	587,474,815	608,863,906	97,130,000	35,141,008	1,328,609,729
2025-26	568,091,357	586,643,269	86,730,000	34,042,763	1,275,507,389
2026-27	547,761,235	563,319,690	75,825,000	32,888,277	1,219,794,202
2027-28	526,435,089	538,830,160	64,370,000	31,674,859	1,161,310,108
2028-29	504,142,909	513,114,829	52,340,000	30,400,717	1,099,998,455
2029-30	481,046,152	486,115,239	39,695,000	29,058,609	1,035,915,000
2030-31	457,011,720	457,762,435	26,410,000	27,650,845	968,835,000
2031-32	431,769,828	427,999,539	19,210,000	26,170,633	905,150,000
2032-33	405,340,098	396,740,964	11,645,000	24,613,939	838,340,000
2033-34	377,660,124	363,916,356	5,970,000	22,978,519	770,525,000
2034-35	348,589,529	329,453,785	-	21,256,686	699,300,000
2035-36	318,100,780	293,295,333	-	19,448,887	630,845,000
2036-37	286,191,347	255,401,290	-	17,562,363	559,155,000
2037-38	252,797,750	215,683,273	-	15,583,977	484,065,000
2038-39	217,881,190	174,133,219	-	13,515,591	405,530,000
2039-40	181,436,097	130,747,077	-	11,346,826	323,530,000
2040-41	143,408,169	85,416,324	-	9,070,508	237,895,000
2041-42	103,720,000	38,047,845	-	6,682,155	148,450,000
2042-43	83,295,000	19,481,371	-	4,173,629	106,950,000
2043-44	61,820,000	-	-	1,540,000	63,360,000
2044-45	39,245,000	-	-	790,000	40,035,000
2045-46	15,515,000	-	-	-	15,515,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2016

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 15,970,000	$ 15,970,000			
2002 Lease Rev Bonds Ser B:					
Sheriffs Training Academy	$ 870,639	$ 870,639			
Downey Courhouse	1,054,651			$ 1,054,651	
San Fernando Court	1,458,260			1,458,260	
Total 2002 Lease Rev Bonds Ser B	$ 3,383,550	$ 870,639	$ 0	$ 2,512,911	$ 0
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,089,394			$ 1,089,394	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 731,955	$ 731,955			
Patriotic Hall Renovation	1,181,976	1,181,976			
Hall of Justice Rehabilitation	6,101,971	6,101,971			
Olive View Medical Center ER/TB Unit	1,361,945		$ 1,361,945		
Olive View Medical Center Seismic	561,068		561,068		
Harbor/UCLA Surgery/ Emergency	8,534,580		8,534,580		
Harbor/UCLA Seismic Retrofit	1,316,069		1,316,069		
Total 2010 Multiple Capital Projects I, Series A	$ 19,789,562	$ 8,015,901	$ 11,773,661	$ 0	$ 0
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,166,023	$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Hall of Justice Rehabilitation	9,720,589	9,720,589			
Olive View Medical Center ER/TB Unit	2,169,611		$ 2,169,611		
Olive View Medical Center Seismic	893,795		893,795		
Harbor/UCLA Surgery/ Emergency	13,595,795		13,595,795		
Harbor/UCLA Seismic Retrofit	2,096,529		2,096,529		
Total 2010 Multiple Capital Projects I, Series B	$ 31,525,258	$ 12,769,528	$ 18,755,731	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 1,091,076	$ 1,091,076			
2012 Refg COPs: Disney Parking Project	$ 2,533,750	$ 2,533,750			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,840,076		$ 8,840,076		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,761,256		10,761,256		
Martin Luther King Jr. Data Center	341,765		341,765		
Fire Station 128	296,907				$ 296,907
Fire Station 132	480,214				480,214
Fire Station 150	744,849				744,849
Fire Station 156	442,133				442,133
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,907,200	$ 0	$ 19,943,097	$ 0	$ 1,964,103
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,194,975	$ 9,194,975			
Manhattan Beach Library	809,450				$ 809,450
Total 2015 Multiple Capital Projects, Series A	$ 10,004,425	$ 9,194,975	$ 0	$ 0	$ 809,450
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 2,969,750	$ 2,969,750			
Martin Luther King Medical Center - Trauma Center	5,237,750		$ 5,237,750		
LAX Area Courthouse	2,533,000			$ 2,533,000	
San Fernando Valley Courthouse	820,000			820,000	
Chatsworth Courthouse	2,124,500			2,124,500	
Total 2015 Multiple Capital Projects, Series B	$ 13,685,000	$ 2,969,750	$ 5,237,750	$ 5,477,500	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 11,491,860			$ 11,491,860	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 14,027,234	$ 14,027,234			
Total Long-Term Obligations	$ 146,498,309	$ 67,442,853	$ 55,710,239	$ 20,571,664	$ 2,773,553
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 3,018,625	$ 1,811,175	$ 1,207,450		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 7,605,150	$ 4,563,090	$ 3,042,060		
Total Intermediate-Term Obligations	$ 10,623,775	$ 6,374,265	$ 4,249,510	$ 0	$ 0
Total Obligations	$ 157,122,084	$ 73,817,118	$ 59,959,749	$ 20,571,664	$ 2,773,553

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2016

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 13,818,098	$ 13,818,098			
2002 Lease Rev Bonds Ser B:					
Sheriffs Training Academy	$ 845,280	$ 845,280			
Downey Courhouse	1,023,933			$ 1,023,933	
San Fernando Court	1,415,786			1,415,786	
Total 2002 Lease Rev Bonds Ser B	$ 3,285,000	$ 845,280	$ 0	$ 2,439,720	$ 0
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,070,000			$ 1,070,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 2,654,922	$ 2,654,922			
Patriotic Hall Renovation	4,287,220	4,287,220			
Hall of Justice Rehabilitation	22,132,851	22,132,851			
Olive View Medical Center ER/TB Unit	4,939,997		$ 4,939,997		
Olive View Medical Center Seismic	2,035,085		2,035,085		
Harbor/UCLA Surgery/ Emergency	30,956,327		30,956,327		
Harbor/UCLA Seismic Retrofit	4,773,597		4,773,597		
Total 2010 Multiple Capital Projects I, Series A	$ 71,780,000	$ 29,074,994	$ 42,705,006	$ 0	$ 0
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Olive View Medical Center ER/TB Unit	47,349,441		$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 278,681,262	$ 409,323,738	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 7,322,595	$ 7,322,595			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 134,314,902		$ 134,314,902		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	163,505,053		163,505,053		
Martin Luther King Jr. Data Center	5,192,738		5,192,738		
Fire Station 128	4,511,161				$ 4,511,161
Fire Station 132	7,296,312				7,296,312
Fire Station 150	11,317,129				11,317,129
Fire Station 156	6,717,706				6,717,706
Total 2012 Multiple Capital Projects II, Series 2012	$ 332,855,000	$ 0	$ 303,012,692	$ 0	$ 29,842,308
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 140,845,000	$ 140,845,000			
Manhattan Beach Library	12,370,000				$ 12,370,000
Total 2015 Multiple Capital Projects, Series A	$ 153,215,000	$ 140,845,000	$ 0	$ 0	$ 12,370,000
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 16,300,000	$ 16,300,000			
Martin Luther King Medical Center - Trauma Center	5,110,000		$ 5,110,000		
LAX Area Courthouse	50,660,000			$ 50,660,000	
San Fernando Valley Courthouse	800,000			800,000	
Chatsworth Courthouse	42,490,000			42,490,000	
Total 2015 Lease Revenue Refunding Bonds, Series B	115,360,000	$ 16,300,000	$ 5,110,000	$ 93,950,000	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 77,530,000			$ 77,530,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 255,855,000	$ 255,855,000			
Total Long-Term Obligations	$ 1,770,770,693	$ 793,417,229	$ 760,151,436	$ 174,989,720	$ 42,212,308
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 2,945,000	$ 1,767,000	$ 1,178,000		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 11,595,000	$ 6,957,000	$ 4,638,000		
Total Intermediate-Term Obligations	$ 14,540,000	$ 8,724,000	$ 5,816,000	$ 0	$ 0
Total Obligations	$ 1,785,310,693	$ 802,141,229	$ 765,967,436	$ 174,989,720	$ 42,212,308

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF MAY 1, 2017

Title	Outstanding Principal	Total Future Payments		2016-17 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 10,623,779	$ 62,295,000		$ 0
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	0	0		0
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	0	0		0
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	55,125,000	59,299,031		0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,167,499,677	(1)	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	6,302,286	6,686,028	(1)	0
2012 Refg COPs: Disney Parking Project	50,675,000	63,364,250		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	326,730,000	569,737,700		0
2015 Multiple Capital Projects, Series A	150,760,000	283,861,600		3,756,300
2015 Lease Revenue Refunding Bonds Series B	107,240,000	165,831,250		2,681,000
2015 Lease Revenue Refunding Bonds Series C (Taxable)	68,010,000	77,409,818		965,819
2016 Lease Revenue Bonds Series D	255,855,000	467,050,131		5,817,747
Total Long-Term Obligations	$ 1,719,326,064	$ 2,923,034,485		$ 13,220,866
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 0	$ 0		$ 0
2014 Lease Rev Bonds Series A - LAC-CAL Equipment Program	7,415,000	7,610,975		3,251,225
Total Intermediate-Term Obligations	$ 7,415,000	$ 7,610,975		$ 3,251,225
Total Obligations	$ 1,726,741,064	$ 2,930,645,460		$ 16,472,091

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2016
2015-16 Assessed Valuation: $1,290,133,105,428: (includes unitary valuation)

	Applicable %	Debt as of 5/1/16
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Los Angeles County Flood Control District	100.000 %	$ 12,630,000
Metropolitan Water District	48.368	44,895,584
Los Angeles Community College District	100.000	3,671,000,000
Other Community College Districts	Various (1)	2,677,931,365
Arcadia Unified School District	100.000	187,723,308
Beverly Hills Unified School District	100.000	263,394,622
Glendale Unified School District	100.000	210,564,986
Long Beach Unified School District	100.000	751,995,702
Los Angeles Unified School District	100.000	10,551,660,000
Pasadena Unified School District	100.000	310,945,000
Pomona Unified School District	100.000	221,161,813
Redondo Beach Unified School District	100.000	228,093,358
Santa Monica-Malibu Unified School District	100.000	339,223,144
Torrance Unified School District	100.000	424,988,171
Other Unified School Districts	Various (1)	3,139,188,581
High School and School Districts	Various (1)	1,734,198,015
City of Los Angeles	100.000	790,385,000
City of Industry	100.000	104,940,000
Other Cities	100.000	58,390,000
Palmdale Water District Water Revenue Bonds	100.000	52,790,091 (2)
Palos Verdes Library District	100.000	1,245,000
Community Facilities Districts	100.000	720,542,768
Los Angeles County Regional Park & Open Space Assessment District	100.000	50,610,000
1915 Act and Benefit Assessment Bonds - Estimate	100.000	88,979,700
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 26,637,476,208
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(33,785,658)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		26,603,690,550
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 2,038,435,694**
Los Angeles County Office of Education Certificates of Participation	100.000	7,944,360
Community College District Certificates of Participation	Various (3)	54,591,737
Baldwin Park Unified School District Certificates of Participation	100.000	28,770,000
Compton Unified School District Certificates of Participation	100.000	20,850,000
Los Angeles Unified School District Certificates of Participation	100.000	273,805,000
Paramount Unified School District Certificates of Participation	100.000	28,900,000
Other Unified School District Certificates of Participation	Various (3)	148,888,665
High School and Elementary School District General Fund Obligations	Various (3)	123,500,972
City of Beverly Hills General Fund Obligations	100.000	162,875,000
City of Los Angeles General Fund and Judgment Obligations	100.000	1,563,679,584
City of Long Beach General Fund Obligations	100.000	179,140,000
City of Long Beach Pension Obligations	100.000	35,915,000
City of Pasadena General Fund Obligations	100.000	456,841,949
City of Pasadena Pension Obligations	100.000	119,460,000
Other Cities' General Fund Obligations	100.000	1,197,824,483
Los Angeles County Sanitation Districts Financing Authority	100.000	157,821,308
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,599,243,752
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(13,526,614)
Cities' self-supporting bonds		(514,269,337)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,071,447,801
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$ 4,235,233,366
TOTAL DIRECT DEBT		$ 2,038,435,694
TOTAL GROSS OVERLAPPING DEBT		$ 35,433,517,632
TOTAL NET OVERLAPPING DEBT		$ 34,871,936,023
GROSS COMBINED TOTAL DEBT		$ 37,471,953,326 (4)
NET COMBINED TOTAL DEBT		$ 36,910,371,717

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
(2) Palmdale Water District Water Revenue Bonds are partially supported by the 1% ad valorem property tax levy
(3) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2015-16 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	2.06 %
Total Net Overlapping Tax and Assessment Debt	2.06 %
Total Direct Debt ($2,038,435,694))	0.16 %
Gross Combined Total Debt	2.90 %
Net Combined Total Debt	2.86 %
Ratios to Redevelopment Sucessor Agency Incremental Valuation ($172,121,575,526):	
Total Overlapping Tax Increment Debt	2.46 %

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2016 Gross Product of $629.3 billion, Los Angeles County's economy is larger than that of 44 states and all but 19 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced moderate growth in 2016 with an increase in economic output of 2.2%, as measured by Gross Product, and an estimated increase in total taxable sales of 5.5%. The economic recovery is expected to continue in 2017, with several sectors of the local economy experiencing growth.

The County's unemployment rate fell to 5.1% in 2016, which reflects the ongoing improvement in the job market, and the lowest rate of the post-recession period. In 2017 and 2018, the positive trend in the job market is expected to continue, with a projected decline in the average unemployment rate to 5.0% and 4.9%, respectively. The significant job losses which occurred during the recession of 2008 and 2009 were partially offset by the positive impact of major public and private construction projects. With over $16 billion in voter-approved general obligation bond measures, historically low interest rates and cost-effective financing programs and incentives provided by the Federal government, local governments and school and community college districts have undertaken major capital construction projects.

The increase in sales tax revenue ensuing from the 2008 voter-approved Measure R provides funding for major highway and transit projects that are currently underway throughout the County. In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach), the expansion of the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to an improving job market in the County.

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 360,400 workers employed in this sector in 2016. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's information technology sector employed 230,900 in 2016.

Quality of Life

Higher Education

The County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental College and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, the Huntington Library and the Broad Museum of Contemporary Art. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall, and will further strengthen and help establish downtown Los Angeles as a premiere cultural destination on the west coast.

Recreation

With its geographic size, location, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 31 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade & Rose Bowl game, Long Beach Grand Prix, Grammy Awards, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, X Games, BCS College Football National Championship, and the Super Bowl.

Population

The County is the most populous county in the U.S. with over 10.2 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 25.9% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 48.4% Hispanic, 26.6% White, 15.0% Asian, 9.1% African American and 0.9% other. The County is home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 104 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 77.3% of the adult population has a high school diploma or higher, and 30.3% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

After the most recent economic downturn, which started in late 2007 and had a significant adverse impact on the local economy, the County has continued to experience a steady recovery in the job market since 2010. The average unemployment rate increased from 5.1% in 2007 to 12.5% in 2010, but has experienced a steady decrease over the last six years to 5.1% in 2016. In comparison, the average unemployment rates for the State of California and the nation in 2016 were 5.4% and 4.9%, respectively. The unemployment rate in the County is expected to experience continued improvement over the next two years, falling to 5.0% in 2017 and 4.9% in 2018, as the County approaches full employment. Table E details the County's historical unemployment rates from 2012 through 2016. The employment situation in the County showed additional signs of improvement in 2016, with estimated total net job growth of 109,200 among the various sectors of the local economy. Table F details the non-agricultural employment statistics by sector for the County from 2012 through 2016.

Personal Income

Total personal income in the County grew by an estimated 2.4% in 2016. The 2016 total personal income of $557.4 billion represents an estimated 25.7% of the total personal income generated in California. The LAEDC is projecting continued growth in personal income of 5.4% for 2017 and 3.8% for 2018. Table C provides a summary of the personal income statistics for the County from 2012 through 2016.

Consumer Spending

As the most populous county in the nation with a vibrant and diverse economy, Los Angeles County is recognized as a national leader in consumer spending. As reported by LAEDC, the County experienced a 5.5% increase in total taxable sales in 2016, with stronger growth of 6.8% projected for 2017. The $159.8 billion of total taxable sales in the County in 2016 represents 23.8% of the total taxable sales in California, which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2012 through 2016.

Industry

With an estimated annual economic output of $629.3 billion in 2016, the County continues to rank among the world's largest economies. The County's 2016 Gross Product represents approximately 27.6% of the total economic output in California and 3.8% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2012 through 2016.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $357.1 billion in 2008. After suffering a substantial decrease in 2009, the value of two-way trade in the LACD has experienced strong growth over the last several years. From 2009 to 2013, the value of two-way trade at LACD increased by 47% which surpassed the record level attained in 2008. LACD experienced a moderate decline in 2015, handling approximately $393.8 billion worth of international trade, which represents a 5.7% decrease from 2014. The decline in the value of international trade was partially the result of a labor strike that slowed loading activities at both ports. With the resolution of the labor strike during the first quarter of 2015, the LACD is expected to show moderate growth in 2016. . Although the recent increase in the value of the dollar is expected to have a negative impact on export growth, the demand for imported goods is expected to remain strong. The LACD maintained its ranking as the top customs district in the nation for international trade in 2015, with China, Japan, South Korea, Taiwan and Vietnam being the top trading partners.

Transportation/Infrastructure

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the seventh busiest airport in the world and third in the United States for passenger traffic. In 2016, LAX served 80.9 million passengers, representing an 8.0% increase from the previous year. The 2.2 million tons of air cargo handled at LAX in 2016, and the corresponding value of $99.4 billion, represents an increase of 5.2% from 2015 levels. The $14 billion capital improvement project currently underway at LAX is expected to generate approximately 121,640 local jobs. On May 2, 2016, the Bob Hope Airport changed its branding name to Hollywood Burbank Airport in an effort to increase name recognition outside of Southern California. The Hollywood Burbank Airport is currently in the pre-planning stage to replace its 14-gate terminal with a new state of the art facility. Construction is scheduled to begin on the replacement terminal between 2018 and 2022.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been one of the fastest growing port facility in the United States, and is the busiest port complex in the U.S. and western hemisphere, and the ninth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2015, it was ranked as the busiest container port in the United States for the fifteenth consecutive year and the nineteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2016, the Port handled over 8.9 million TEUs, which represents an 8.5% increase in container volume from 2015.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twentieth busiest in the world in 2015. The Port of Long Beach covers over 3,000 acres with 10 separate piers, 80 berths, 66 cranes and 22 shipping terminals. In 2016, the port handled nearly 6.8 million TEUs of container cargo, which represents a decrease of 5.8% from 2015.

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. With over 440 million in annual boardings, the Metro System is the second largest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County. The Fiscal Year 2016-17 operating budget for the MTA is $5.6 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2016, the Los Angeles region hosted a record high 31.1 million overnight visitors, representing a 2.8% increase from 2015. According to the Los Angeles Convention and Visitors Bureau, a record high of 7.1 million foreign residents visited the region in 2016, which represents 3.5% increase compared to 2015. Of all foreign countries visiting the region, China continues to display the fastest growth of any international market with 21.9% more visitors than in 2015. Recently constructed hotels in downtown Los Angeles, Beverly Hills and Hollywood are attracting additional and leisure travelers to the County.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market has experienced a strong and steady recovery since 2012. The average median price for new and existing homes, decreased by nearly 46% from a peak of $532,281 in 2007 to a cyclical low of $290,015 in January 2012. However, the real estate market stabilized in 2012 and began a strong recovery as the average median home price increased by 57.8% from 2012 to 2016.

In 2016, the real estate market continued to experience strong growth, as the average median home price increased by 6.4% to $521,552 from 2015. After a record high of 105,433 in 2009, notices of default recorded decreased by 86.9% to 13,802 in 2016 equaling a rate of approximately 1,150 notices per month, which represents a slight improvement over 2015 when the rate averaged 1,450 notices per month. Foreclosures, as measured by the number of trustees deeds recorded, has experienced a significant decrease of over 91% from a cyclical high of 39,774 in 2008 to 3,481 in 2016. The number of trustees deeds recorded in 2016 represents a 20% decrease from 2015 (4,366 to 3,481).

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2016-17, the County Assessor reported a Net Local Roll of $1.336 trillion, which represents a 5.58% increase from the Net Local Roll of $1.265 trillion in Fiscal Year 2015-16. The Net Local Roll in Fiscal Year 2016-17 represents a 28.1% increase from Fiscal Year 2010-11, and the sixth consecutive year of growth in assessed valuation after the recent economic downturn.

The commercial real estate sector continued to show improvement in 2016. Construction lending experienced robust growth of 23.4% from $9.711 billion in 2015 to $11.979 billion in 2016. Office market vacancy rates improved slightly from 2015 to 2016, with the average vacancy rate decreasing to 13.6% from 14.4%, which is still significantly higher than the 9.7% rate in 2007, prior to the economic downturn. Industrial market vacancy rates remained stable at 0.9% in 2015 and 2016, which is slightly lower than the 1.5% vacancy rate in 2007 prior to the economic downtown.

Construction continued on the new Wilshire Grand Center in Downtown Los Angeles, which will become the tallest building in the western United States when completed in 2017. The 73-story, 1,100-foot tall structure, which will include an InterContinental hotel, office space and condominiums, represents a $1 billion private investment in Downtown Los Angeles. This Wilshire Grand Center will generate nearly $80 million in tax revenue through the construction phase and an additional $16 million annually in tax revenue upon opening. The University of Southern California recently broke ground on a new mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The complex, which will include six residence halls for 2,700 students, a grocery store, a fitness center, a drugstore and 115,000 square feet of additional retail space is expected to cost the university approximately $1.1 billion to construct. The new complex is expected to be completed in 2018 and is projected to generate 12,000 new jobs during construction.

In January 2016, National Football League (NFL) team owners voted to allow the St. Louis Rams to move to Los Angeles for the 2016 NFL season. A year later, NFL team owners voted to allow the San Diego Chargers to relocate to Los Angeles for the 2017 NFL season. The future home of the Los Angeles Rams and the Los Angeles Chargers is currently under construction and will feature new 70,000 seat glass-roofed stadium on a 298 acre site in Inglewood, CA. The new stadium is part of a larger privately financed multibillion-dollar entertainment, retail and housing complex located on the former site of Hollywood Park. The Rams' and Chargers' new stadium is projected to open for the 2019 NFL season at a cost expected to exceed $2 billion. The Rams will play their home games in the Los Angeles Coliseum until their new stadium is completed. For the next two years, the Chargers will play at the Stub-Hub Center in Carson, the home of the LA Galaxy professional soccer team.

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2012	2013	2014	2015	2016
Los Angeles County	$566,204	$581,567	$594,645	$615,888	$629,347
State of California	2,013,611	2,064,596	2,143,167	2,225,413	2,281,048
United States	15,354,600	15,612,200	15,982,300	16,397,200	16,662,100
Los Angeles County as a % of California	28.12%	28.17%	27.75%	27.68%	27.59%

Source: Los Angeles Economic Development Corporation - 2017-2018 Economic Forecast & Industry Outlook February 2017 & Bureau of Economic Analysis - U.S. Department of Commerce

TABLE B: POPULATION LEVELS (in thousands of $)

	2012	2013	2014	2015	2016
Los Angeles County	9,970	10,045	10,109	10,170	10,240
State of California	38,056	38,414	38,792	39,144	39,509
Los Angeles County as a % of California	26.20%	26.15%	26.06%	25.98%	25.92%

Source: Los Angeles Economic Development Corporation - 2017-2018 Economic Forecast & Industry Outlook February 2017

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2012	2013	2014	2015	2016
Los Angeles County	$486,734	$483,579	$512,847	$544,325	$557,382
Orange County	169,584	166,370	174,451	183,052	185,486
San Diego County	152,724	157,758	167,119	175,859	183,056
Riverside and San Bernardino Counties	138,313	141,978	149,682	159,429	165,113
Ventura County	41,294	41,728	43,608	46,060	47,217
State of California	1,838,567	1,861,957	1,977,924	2,103,669	2,169,459
Los Angeles County as a % of California	26.47%	25.97%	25.93%	25.88%	25.69%

Source: Los Angeles Economic Development Corporation - 2017-2018 Economic Forecast & Industry Outlook February 2017

TABLE D: TOTAL TAXABLE SALES IN LOS ANGELES COUNTY (in millions of $)

	2012	2013	2014	2015	2016
Los Angeles County	$135,300	$140,100	$147,100	$151,400	$159,800 *
State of California	558,400	586,800	615,500	636,200	671,000 *
Los Angeles County as a % of California	24.23%	23.88%	23.90%	23.80%	23.82%

**Estimates and forecasts by the LAEDC*
Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast & Industry Outlook February 2016

TABLE E: UNEMPLOYMENT RATES

	2012	2013	2014	2015	2016
Los Angeles County	10.9%	9.7%	8.2%	6.7%	5.1%
State of California	10.4%	8.9%	7.5%	6.2%	5.4%
United States	8.1%	7.4%	6.2%	5.3%	4.9%

Source: Los Angeles Economic Development Corporation - 2017-2018 Economic Forecast & Industry Outlook February 2017

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2012	2013	2014	2015	2016
Wholesale & Retail Trade	612.8	624.3	635.5	644.9	649.3
Health Care & Social Assistance	585.6	584.7	602.1	621.6	644.4
Government	556.8	551.2	556.2	568.5	576.3
Leisure & Hospitality	415.8	440.5	466.6	489.1	510.5
Manufacturing	373.3	374.4	370.0	366.8	360.4
Professional, Scientific & Technical Services	263.0	271.8	271.8	271.8	278.3
Administrative & Support & Waste Services	244.4	256.9	262.9	265.8	270.0
Information	192.1	197.0	198.8	207.5	230.9
Transportation, Warehousing & Utilities	154.5	157.5	163.4	171.5	180.6
Other	141.7	145.7	150.5	151.0	153.4
Finance & Insurance	140.2	138.3	134.5	135.6	138.1
Construction	107.6	114.6	118.5	126.2	133.1
Educational Services	113.9	117.4	118.6	119.5	123.0
Real Estate & Rental & Leasing	72.2	74.7	76.7	80.0	81.7
Management of Companies & Enterprises	56.7	58.2	58.6	57.9	56.9
Total	4,030.6	4,107.2	4,184.7	4,277.7	4,386.9

Source: Los Angeles Economic Development Corporation

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2012	2013	2014	2015	2016
International Air Cargo (Tons)					
Los Angeles International Airport	1,135.8	1,119.5	1,176.3	1,284.7	1,336.3
As Percentage of Total Air Cargo	57.85%	58.12%	58.78%	60.25%	60.59%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,963.2	1,926.1	2,001.2	2,132.5	2,205.3
Long Beach Airport	24.4	24.4	25.5	23.9	25.2
Hollywood Burbank Airport	47.4	52.9	56.3	54.8	53.3
Total	2,035.0	2,003.4	2,082.9	2,211.1	2,283.9
International Air Passengers					
Los Angeles International Airport	17,152.9	17,852.1	19,105.7	20,740.1	22,850.2
As Percentage of Total Passengers	26.93%	26.78%	27.04%	27.68%	28.24%
Total Air Passengers					
Los Angeles International Airport	63,688.1	66,667.6	70,662.2	74,936.3	80,921.5
Long Beach Airport	3,206.9	2,942.9	2,824.0	2,523.7	2,852.3
Hollywood Burbank Airport	3,725.5	3,844.4	3,861.2	3,943.6	4,142.9
Total	70,620.5	73,454.9	77,347.4	81,403.6	87,916.8
Container Volume (TEUs)					
Port of Los Angeles	8,077.7	7,868.6	8,340.1	8,160.5	8,856.8
Port of Long Beach	6,045.7	6,730.6	6,820.8	7,192.1	6,775.2
Total	14,123.4	14,599.2	15,160.9	15,352.5	15,632.0

Source: Los Angeles World Airports, LAX - Statistics; Hollywood Burbank Airport - Statistics; Long Beach Airport - Statistics; Port of Los Angeles - Statistics; Port of Long Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2011	2012	2013	2014	2015
Los Angeles, CA	$387,500	$403,900	$414,700	$417,800	$393,800
New York, NY	$388,400	$381,900	$379,000	$386,800	$369,900
Laredo, TX	$216,300	$239,100	$253,200	$279,800	$284,300
Detroit, MI	$245,100	$253,200	$253,600	$261,800	$244,200
Chicago, IL	$176,600	$187,500	$192,600	$210,700	$201,600
New Orleans, LA	$234,500	$243,600	$235,000	$233,900	$199,700
Houston-Galveston, TX	$268,400	$273,900	$251,700	$252,500	$196,400
Seattle, WA	$128,600	$138,800	$144,000	$152,500	$154,800
Savannah, GA	$126,500	$132,300	$129,500	$141,800	$148,600
Cleveland, OH	$109,400	$118,700	$122,600	$131,700	$129,600

Source: Los Angeles Economic Development Corporation - 2016-2017 International Trade Report

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2011	2012	2013	2014	2015
Los Angeles-Long Beach, CA	199,519	201,709	207,252	210,440	204,834
Tacoma, WA	28,428	30,975	31,861	34,936	34,149
Oakland, CA	30,283	30,298	30,906	30,540	29,038
Seattle, WA	29,856	25,549	18,104	14,422	14,913
Kalama, WA	11,570	10,199	9,304	9,725	12,080
Portland, OR	19,140	17,948	13,571	14,573	9,798
Port Hueneme	4,095	4,520	4,921	5,240	5,774
San Diego, CA	4,287	4,822	5,168	5,358	5,591
Vancouver, WA	6,198	4,914	2,001	2,855	3,014

Source: Pacific Maritime Association - 2015 Annual Report and past reports

TABLE J: TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (TEUs in thousands)

Port	2011	2012	2013	2014	2015
Los Angeles-Long Beach, CA	14,002	14,123	14,599	15,161	15,353
New York-NewJersey, NY	5,503	5,530	5,467	5,772	6,372
Savannah, GA	2,945	2,966	3,034	3,346	3,737
Seattle-Tacoma, WA	3,493	3,564	3,456	3,394	3,529
Norfolk, VA	1,918	2,106	2,224	2,393	2,549
Oakland, CA	2,343	2,344	2,347	2,394	2,278
Houston, TX	1,868	1,935	1,952	1,958	2,137
Charleston, SC	1,381	1,515	1,601	1,792	1,973

Source: Port of Los Angeles, Port of Long Beach, The Port Authority of NY & NJ, Georgia Ports Authority, Port of Oakland, Port of Virginia, The Northwest Seaport Alliance, Port of Houston Authority, and South Carolina Ports -analysis of data provided by ports

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2012	2013	2014	2015	2016
1. Construction Lending (in millions)	$ 4,601	$ 6,379	$ 8,750	$ 9,711	$ 11,979
2. Residential Purchase Lending (in millions)	$ 23,675	$ 27,910	$ 31,441	$ 48,832	$ 53,362
3. New & Existing Median Home Prices	$ 330,463	$ 412,795	$ 458,677	$ 490,083	$ 521,552
4. New & Existing Home Sales	83,686	84,229	76,348	81,188	81,062
5. Notices of Default Recorded	49,354	20,970	17,883	17,422	13,802
6. Unsold New Housing (at year-end)	845	561	552	620	1,217
7. Office Market Vacancy Rates	16.7%	16.7%	14.9%	14.4%	13.6%
8. Industrial Market Vacancy Rates	2.1%	1.8%	1.5%	0.9%	0.9%

Source: Real Estate Research Council of Southern California - 4th Quarter 2016

TABLE L: BUILDING PERMITS AND VALUATIONS

	2012	2013	2014	2015	2016
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,756	3,599	4,286	4,297	4,664
b. Multi-Family	7,950	12,631	14,595	18,638	15,727
Total Residential Building Permits	10,706	16,230	18,881	22,935	20,391
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 1,128	$ 1,507	$ 1,740	$ 1,868	$ 2,096
b. Multi-Family	1,416	1,921	2,310	2,877	2,765
c. Alterations and Additions	674	1,193	1,429	1,591	1,550
Residential Building Valuations Subtotal	$ 3,218	$ 4,621	$ 5,479	$ 6,336	$ 6,411
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 38	$ 246	$ 269	$ 347	$ 345
b. Retail Buildings	115	385	829	472	541
c. Hotels and Motels	5	145	359	327	332
d. Industrial Buildings	169	128	122	85	154
e. Alterations and Additions	1,095	2,012	3,155	2,629	2,774
f. Other	381	669	1,507	1,025	618
Non-Residential Building Valuations Subtotal	$ 1,803	$ 3,585	$ 6,241	$ 4,885	$ 4,764
Total Building Valuations (in millions)	$ 5,021	$ 8,207	$ 11,721	$ 11,221	$ 11,175

Source: Real Estate Research Council of Southern California - 4th Quarter 2016

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2016 Ranking)	Industry	Headquarters	No. of Employees	
				L.A. County	Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	36,987	191,384
2	University of Southern California	Education-Private University	Los Angeles, CA	18,971	19,145
3	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	16,619	65,000
4	Target Corp.	Retailer	Minneapolis, MN	15,000	341,000
5	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	25,000
6	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,000	211,000
7	Providence Health & Services	Health Care	Renton, WA	13,000	82,269
8	Walt Disney Co.	Entertainment	Burbank, CA	12,500	185,000
9	Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	12,400	265,000
10	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	11,625	11,625
11	AT&T Inc.	Telecommunications	Dallas, TX	11,500	277,200
12	UPS	Transportation and Freight	Atlanta, GA	10,800	444,000
13	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,600	385,000
14	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	9,500	161,400
15	Wells Fargo	Diversified Financial Services	San Francisco, CA	9,248	268,000
16	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,500	120,000
17	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,291	9,252
18	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,900	266,000
19	Edison International	Electric Utility	Rosemead, CA	7,600	12,768
20	Allied Universal	Security Professional and Safety Services	Santa Ana, CA	6,600	140,000
21	Dignity Health	Hospitals	San Francisco, CA	6,100	60,000
22	SoCalGas	Natural Gas Utility	Los Angeles, CA	5,600	8,500
23	Costco Warehouse	Membership Chain of Warehouse Stores	Issaquah, WA	5,527	213,000
24	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	5,400	N/A
25	Amgen Inc.	Biotechnology	Thousand Oaks	5,300	17,900

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, September 2016

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Squire Patton Boggs (US) LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:

[Closing Date]

County of Los Angeles
Los Angeles, California

County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Los Angeles (the "County") in connection with the issuance of $_________ aggregate principal amount of the County of Los Angeles 2017-18 Tax and Revenue Anticipation Notes, dated the date hereof. The Notes are being issued under Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858 inclusive (the "Act") and pursuant to a resolution adopted by the County on May 9, 2017 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2017-18 Tax and Revenue Anticipation Notes, dated the date hereof (the "Financing Certificate"). In such connection, we have reviewed: the Resolution; the Financing Certificate; a tax certificate of the County with exhibits, dated the date hereof (the "Tax Certificate"); the opinion of counsel to the County; certificates of the County and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or such events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes is concluded with their issuance on this date, and we disclaim any obligation to update this opinion. We have assumed and relied upon, without undertaking to verify, the genuineness of the documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified in such documents and certificates, the correctness of the legal conclusions contained in such opinions, and the due and legal execution of such documents and certificates by and validity thereof against any parties other than the County. Furthermore, we have relied upon the accuracy, which we have not independently verified, of the representations and certifications and have assumed compliance with the covenants of the County in the Financing Certificate, the Tax Certificate and other relevant documents to which it is a party. The accuracy of certain of those representations and certifications, and compliance by the County with certain of their covenants, may be necessary for interest on the Notes to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of such covenants subsequent to issuance of the Notes may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance. The rights and obligations under the Notes and the Financing Certificate and their enforceability, may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof and under existing law, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the County.

2. The Financing Certificate has been duly authorized, executed and delivered by and constitutes the valid and binding obligation of the County.

3. The Notes are payable solely from certain taxes, income, revenues, cash receipts and other moneys of the County for the fiscal year ending June 30, 2018 and lawfully available for the payment of the Notes, and the interest thereon, and are secured by a pledge of certain moneys, all as specified in the Resolution and the Financing Certificate.

4. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Notes is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax. Interest on the Notes is exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Notes.

Respectfully submitted,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and other payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the County's designated agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the County's designated agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the DTC account of the County's designated agent.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

12. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Notes are not subject to redemption prior to maturity.

NONE OF THE COUNTY OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTES FOR REDEMPTION.

$800,000,000
COUNTY OF LOS ANGELES, CALIFORNIA
2017-18 TAX AND REVENUE ANTICIPATION NOTES

DISCLOSURE CERTIFICATE OF THE COUNTY

This Disclosure Certificate (this **"Disclosure Certificate"**) is executed and delivered by the County of Los Angeles (the **"County"**) in connection with the issuance of $800,000,000 aggregate principal amount of the County's 2017-18 Tax and Revenue Anticipation Notes (the **"2017-18 TRANs"**). The 2017-18 TRANs are being issued pursuant to a Resolution adopted by the County on [May 9, 2017] (the **"Resolution"**), and a Financing Certificate executed by the Treasurer on July 3, 2017 (the **"Certificate"**). The County covenants and agrees as follows:

Section 1. **Purpose of this Disclosure Certificate**. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the 2017-18 TRANs and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the **"Rule"**).

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

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2017-18 TRANs (including persons holding 2017-18 TRANs through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2017-18 TRANs for federal income tax purposes.

"Commission" shall mean the U.S. Securities and Exchange Commission.

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

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Holders" or **"Noteholders"** shall mean the registered owners of the 2017-18 TRANs.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the 2017-18 TRANs required to comply with the Rule in connection with offering of the 2017-18 TRANs.

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

"State" shall mean the State of California.

Section 3. **Reporting of Listed Events**.

(a) Pursuant to the provisions of this Section 3, the County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2017-18 TRANs:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the 2017-18 TRANs;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 2017-18 TRANs, or other material events affecting the tax status of the 2017-18 TRANs;

7. modifications to rights of Noteholders, if material;

8. redemption or call of the 2017-18 TRANs, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the 2017-18 TRANs, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S.

Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of the trustee, if material.

Certain of the foregoing events may not be applicable to the 2017-18 TRANs.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall file a notice of such occurrence not later than ten (10) business days after such occurrence with the MSRB through its EMMA System.

Section 4. **Termination of Reporting Obligation**. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the 2017-18 TRANs. If such termination occurs prior to the final maturity of the 2017-18 TRANs, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. **Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2017-18 TRANs, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2017-18 TRANs, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2017-18 TRANs in the same manner as provided in the Resolution and the Certificate for amendments to the Resolution and the Certificate with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2017-18 TRANs.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the 2017-18 TRANs may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2017-18 TRANs.

Section 10. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2017-18 TRANs, and shall create no rights in any other person or entity.

DATED: July 3, 2017

COUNTY OF LOS ANGELES, CALIFORNIA

By: ______________________________

JOSEPH KELLY
Treasurer and Tax Collector

[Signature Page to Disclosure Certificate of the County
for the 2017-18 Tax and Revenue Anticipation Notes]