COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

August 3, 2004

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

Dear Supervisors:

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

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Los Angeles Unified School District in an amount not to exceed $300,000,000 and delegating to the County Treasurer and Tax Collector authorization to execute necessary certificates.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Governing Board of the Los Angeles Unified School District adopted a resolution on July 27, 2004 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed $300,000,000 to be used for authorized purposes.

On March 2, 2004, an election was held whereby qualified voters of the District approved the proposition authorizing the District to issue $3,870,000,000 in general obligation bonds for new construction, acquisition, rehabilitation and upgrading of school facilities. This is the first issuance of bonds authorized under this measure.

Pursuant to Section 15266 of the Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County of Los Angeles following receipt of the district resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing one stop service delivery to the school district. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. And, it supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in and development of public school infrastructure in this County.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of the bonds not to exceed the true interest cost of seven percent (7%). The bonds shall be sold at a competitive sale and terms and conditions of the offering shall be specified in the Notice Of Sale For Purchase of Bonds. The County shall award the sale of the bonds to the lowest bidder to achieve the lowest cost of financing within the limits of the proposition's tax levy. Final maturity of the bonds shall not exceed twenty-five years.

The District has selected the firms of Gardner, Underwood & Bacon LLC, Kelling Northcross & Nobriga, Tamalpais Advisors, Inc. as Co-Financial Advisors; and Sidley Austin Brown & Wood LLP as Bond Counsel.

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable

CONCLUSION

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

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GAB:BLC
Schools: lauds 2004 ser a

Attachments(2)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Los Angeles Unified School District
Los Angeles County Office of Education
Sidley Austin Brown & Wood LLP
Gardner, Underwood & Bacon LLC
Kelling Northcross & Nobriga
Tamalpais Advisors, Inc.

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $300,000,000 BY A COMPETITIVE SALE.

WHEREAS, an election was duly called and regularly held in the Los Angeles Unified School District, County of Los Angeles, California (herein called the "District"), on March 2, 2004, pursuant to Proposition 39 enacted by the voters of the State of California ("Proposition 39"), at which the following proposition ("Measure R") was submitted to the electors of the District:

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

and

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

Section 1. WHEREAS, the Board of Education of the District has requested this Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") to issue a portion of the approved bonds pursuant to Proposition 39 and Section 15100 *et seq.* of the Education Code of the State of California in a single series designated the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series A (2004)" in an aggregate principal amount not exceeding $300,000,000, and to authorize the sale of the bonds by a competitive sale, upon the terms and conditions set forth in a Notice of Sale for Purchase of Bonds (the "Notice of Sale") substantially in the form on file with the Executive Officer and hereby approved, all according to the terms and in the manner set forth in a resolution duly adopted by the Board of Education of the District on July 27, 2004, a certified copy of which has been filed with the Executive Officer-Clerk of this Board of Supervisors (the "Resolution"); and

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

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

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

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

SECTION 3. Purpose of Bonds. Certain proceeds of the Bonds (defined below) will be applied to prepay base rental on certain outstanding District certificates of participation (the "Prepaid Certificates") issues and to finance new site acquisition, leasing and construction and rehabilitation of existing facilities targeted to create, enhance, augment or expand school facilities, repair, renovate, acquire, lease school buildings, classrooms, libraries, restrooms, science laboratories, lighting, heating, capital projects, to upgrade fire/security/emergency communications systems, to retrofit for earthquake, to acquire library books, to eliminate hazards of asbestos and lead paint, to upgrade wiring for computers, to build neighborhood schools, all as further described in the General Obligation Bond Project Report available from the District, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith.

SECTION 4. Authorization and Designation of Bonds: This Board of Supervisors hereby authorizes on behalf of the Los Angeles Unified School District, the issuance and sale of not to exceed $300,000,000 aggregate principal amount of bonds of the District and designates the bonds to be issued and sold as the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series A (2004)" (herein called the "Bonds").

SECTION 5. Form of Bonds; Execution:

(a) Book-Entry. The Depository Trust Company, New York, New York, is hereby appointed depository for the Bonds. The Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and registered ownership of the Bonds may not thereafter be transferred except as provided in Section 9 hereof. One bond certificate shall be issued for each maturity of the Bonds.

(b) Form of Bonds. The Bonds shall be issued in fully registered form without coupons. The Bonds and the paying agent's certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this County Board of Supervisors Resolution (the "County Resolution"); provided, that if a portion of the text of any Bond is printed on the reverse of the Bond, the following legend shall be printed on the face of such Bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE."

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

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

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

SECTION 6. Terms of Bonds:

(a) Terms and Conditions of Sale. The Bonds shall be sold at a competitive sale upon the terms and conditions set forth in the Notice of Sale, substantially in the form on file with the Clerk of this Board and hereby approved. The Treasurer and Tax Collector of the County ("Treasurer"), or an authorized deputy or delegate of the Treasurer, is hereby authorized and directed to accept the highest responsible bid for the Bonds producing the lowest true interest cost to the District (which true interest cost shall not exceed seven percent (7%)). After any proposal for the purchase of the Bonds has been accepted by the Treasurer or such authorized deputy or delegate, the Treasurer or such authorized deputy or delegate is further authorized to execute and deliver to the purchaser a Certificate of Award, confirming the acceptance of such purchaser's proposal (together with the Notice of Sale, the "Award").

(b) Date of Bonds. The Bonds shall be dated the date of delivery, or such other date as shall be set forth in the Notice of Sale.

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

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

(e) Interest. As used in this Resolution and in the Bonds, the terms "interest payment date," and "interest date" shall be interchangeable, and shall mean January 1 and July 1 of each year until the maturity of the Bonds, or such other date as shall be set forth in the Notice of Sale.

The Bonds shall bear interest at interest rates set forth by the purchaser, first payable on January 1, 2005, and thereafter on January 1 and July 1 in each year until the maturity of the Bonds (or on such other initial and other interest payment date as shall be set forth in the Notice of Sale), computed on the basis of a 360-day year of twelve (12) 30-day months. Each Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless it is authenticated as of a day during the period after the Record Date (as defined in Section 7(b) herein) immediately preceding any interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or

unless it is authenticated on or before the Record Date preceding the first interest payment date, in which event it shall bear interest from its date; provided, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds.

SECTION 7. Payment:

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

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

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

SECTION 8. Redemption Provisions:

(a) Optional Redemption. The Bonds shall be subject to redemption, at the option of the District, on the dates and terms as shall be designated in the Notice of Sale. The Notice of Sale may provide that the Bonds shall not be subject to optional redemption.

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

(b) Mandatory Sinking Fund Redemption. The Bonds, if any, which are designated in accordance with the Notice of Sale by the winning bidder as term bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be

specified by the winning bidder in accordance with in the Notice of Sale. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Notice of Sale may provide that the Bonds shall not be subject to mandatory sinking fund redemption.

(c) Notice of Redemption. Notice of redemption of any Bonds shall be given by the Paying Agent upon the written request of the District given at least 60 days prior to the date designated for such redemption. Notice of any redemption of Bonds shall be mailed postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 9(e), (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District described in Section 15.

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

(i) the date of such notice;

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

(iii) the redemption date;

(iv) the redemption price;

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

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

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

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

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

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

(d) Effect of Notice. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Bond or by any securities depository or information service of

notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in subsection (e) of this Section, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to the interest and sinking fund or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

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

(f) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 11 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (g) hereof shall apply in all events.

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

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

(ii) by irrevocably depositing with the Paying Agent, noncallable United States Obligations (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and monies then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof and interest and prepayment premiums, if any, thereon) at or before their maturity date.

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

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

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

Mortgage Association (FNMA) Debt Obligations; and (e) Resolution Funding Corp. (REFCORP) Debt Obligations.

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

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

SECTION 9. Paying Agent and Disbursement Agent:

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

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

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

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

designated for a particular purpose, and shall include the principal corporate trust office or other designated office of any successor paying agent.

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

(f) Disbursement Agent. For any period of time in which the Treasurer is not acting in the capacity of Paying Agent, the Treasurer shall serve as disbursement agent hereunder and shall transfer monies from the Debt Service Fund to the Paying Agent in order to make payments of principal and interest on the Bonds.

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

(a) The Bonds shall be initially issued and registered as provided in Section 4. Registered ownership of such Bonds, or any portion thereof, may not thereafter be transferred except:

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

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

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

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this section, upon receipt of the outstanding Bonds by the Paying Agent, together with a written

request of the District or County to the Paying Agent, a new Bond for each maturity shall be executed and delivered in the aggregate principal amount of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 5 and the receipt of such a written request of the District or County, and thereafter, the Bonds shall be transferred pursuant to the provisions set forth in Section 10 of this resolution; provided, that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days after the receipt of any such written request of the District or County.

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

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

SECTION 11. Transfer and Exchange:

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

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

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

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

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

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

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

SECTION 13. Deposit and Investment of Proceeds:

(a) The proceeds of the sale of the Bonds, exclusive of any premium and accrued interest received, attributable to prepayment of base rental with respect to the Prepaid Certificates shall be deposited in the Escrow Fund pursuant to the Escrow Agreement dated as of September 1, 2004 between the District and U.S. Bank National Association, as escrow agent (the "Escrow Agreement"). The remaining proceeds of sale of the Bonds, exclusive of any premium and accrued interest received by the District, shall be deposited in the County treasury and credited to the building fund of the District (the "Measure R Building Fund"). The District shall have sole responsibility that such proceeds be used for the purpose for which the Bonds are being issued and that such proceeds be applied to authorized purposes pursuant to Measure R. Any premium and accrued interest received by the District shall be deposited upon receipt by the District in the Debt Service Fund within the County treasury. The initial purchaser of the Bonds shall upon,

and as set forth in, one or more written requests of the District pay all or a portion of the purchase price of the Bonds constituting original issue premium to one or more recipients for costs related to the issuance of the Bonds.

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

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

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

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

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

SECTION 14. Tax Covenant: The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will comply with the requirements of the Tax Certificate of the District with respect to the Bonds, to be entered into by the District as of the date of issuance of the Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Bonds.

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

SECTION 16. Limited Responsibility for Official Statement: Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the District describing the Bonds (the "Official Statement"), and this Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures,

as they may relate to funds of the District, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify to the District prior to or upon the issuance of the Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

SECTION 17. Approval of Actions: The Chairman of this Board of Supervisors, the Executive Officer-Clerk of this Board of Supervisors, the County Auditor-Controller, the County Counsel, and the Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Bonds, necessary and desirable to accomplish the transactions authorized herein.

SECTION 18. Effective Date: This resolution shall take effect from and after its adoption.

The foregoing resolution was on the ____ day of _____, 2004, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

VIOLET VARONA-LUKENS, Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles.

By: _____
Deputy

APPROVED AS TO FORM:
COUNTY COUNSEL

By: Sheilah Curtis
Deputy County Counsel

EXHIBIT A

[Form of Bond]

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

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

Maturity Date	Interest Rate	Dated as of	CUSIP NO.
July 1, _____	_____%	_____ 1, 2004	_____

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

Los Angeles Unified School District, County of Los Angeles, State of California (herein called the "District"), acknowledges itself indebted to and promises to pay to the registered owner identified above or registered assigns, on the maturity date set forth above or upon prior redemption hereof, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of a date during the period from the Record Date (as defined herein) next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before December 15, 2004, in which event it shall bear interest from the date hereof) at the interest rate per annum stated above, payable commencing on January 1, 2005, and thereafter on January 1 and July 1 in each year, until payment of the principal sum hereof.

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

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to $_____, and designated as "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series A (2004)" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on March 2, 2004, for the purpose of new construction, acquisition, rehabilitation, refinancing and upgrading of new and existing facilities and equipment. The Bonds are issued and sold by the Board of Supervisors of the County of Los Angeles, State of California, pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "Resolution") adopted by the Board of Supervisors on _____, 2004, and a Notice of Sale and Certificate of Award relating to the offer and purchase of the Bonds.

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

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

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

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

Bonds redeemed at the option of the District shall be redeemed at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

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

$_____ TERM BOND MATURING ON _____ 1, _____

Mandatory Sinking Fund Payment Date (July 1)	Mandatory Sinking Fund Payment
*	

*Maturity]

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

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

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

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

_____

Chairman of the Board of Supervisors

[SEAL]

_____

Treasurer and Tax Collector

Countersigned:

_____

Executive Officer-Clerk of the Board of Supervisors

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This is one of the Bonds described in the within-mentioned Resolution and authenticated and registered on _____, 2004.

_____,
Los Angeles, California, as Paying Agent/Registrar
and Transfer Agent

By _____
Authorized Officer

DTC LEGEND

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

ASSIGNMENT

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

_____
I.D. Number

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

Dated: _____

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

NOTICE OF SALE FOR PURCHASE OF BONDS

$300,000,000* LOS ANGELES UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES A (2004)

NOTICE IS HEREBY GIVEN that electronic unconditional proposals will be received to and including the hour of 9:00 a.m., California Time, on [September 14], 2004, for the purchase of all, but not less than all, of $300,000,000* principal amount of Los Angeles Unified School District General Obligation Bonds Election of 2004, Series A (2004) (the "Bonds"). Solely as an accommodation to bidders, proposals may only be submitted electronically through the following service in the manner described below:

i-Deal LLC
40 West 23rd Street, 5th Floor
New York, NY 10010
(212) 812-4447
("PARITY")

Within 26 hours, the Treasurer and Tax Collector of the County of Los Angeles (the "Treasurer"), in consultation with the Chief Financial Officer of the District (the "CFO"), or the designees of such officers will consider the bids received and, if an acceptable bid is received, award the sale of the Bonds on the basis of the lowest true interest cost proposal, which may not exceed seven percent 7%. Written notice of the award will be given to the successful bidder. In the event that no bid is awarded by the designated time, the District will reschedule the sale to another date or time by providing notification through The Bond Buyer Wire (available on TM3, the Thomson Municipal Market internet site at http://www.tm3.com). The District reserves the right to change the time or postpone the date of the sale to any other time or date by providing at least 24 hours notification through The Bond Buyer Wire.

The District reserves the right, prior to the date of the sale, to modify this Notice of Sale, including changing the Designated Maturity Schedules (to be announced as described under "TERMS OF THE BONDS"), the prepayment provisions or the aggregate principal amount of Bonds offered for sale. Any such modifications will be announced via The Bond Buyer Wire not later than [September 13], 2004 by 9:00 a.m. California time.

* Preliminary, subject to change.

TERMS OF THE BONDS

Issue:

The Bonds will be dated the date of issuance, will be in denominations of $5,000 each, or integral multiples thereof, and will bear interest from the date of the Bonds to the maturity of each of the Bonds, with interest payable on January 1, 2005, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Bonds. The Bonds will mature on July 1 in any of the years from 2005 to 2029* inclusive, in amounts set forth below (collectively, the "Designated Maturity Schedules"). The District reserves the right to change the Designated Maturity Schedules, as described below. If the District determines to change the Designated Maturity Schedules, the new Designated Maturity Schedules will be announced via The Bond Buyer Wire by not later than 9:00 a.m. California time on [September 13], 2004 (provided that any delay in making such announcement shall not affect the validity of the sale), and by mail or fax (upon prior request made by any prospective bidder to Gardner, Underwood & Bacon, LLC, (the "Financial Advisor"), the District's financial advisor, at (310) 442-1200. Such announcement will also specify any other changes in the terms of the Bonds and Bonds to be offered for sale, or may, if market conditions dictate, cancel or postpone the sale of the Bonds.

* Preliminary, subject to change.

Maturity Schedule

Year	Principal Amount*	Year	Principal Amount*

Redemption:

Bonds maturing on or before July 1, [2014], shall not be subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after July 1, [2014], shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after July 1, [2014]. If less than all of the Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot. Bonds redeemed at the option of the District shall be redeemed at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Special Bidder's Option:

The purchaser may elect to combine any number of consecutive maturities of Bonds for which an identical yield to maturity has been specified to comprise term bonds by indicating such an election on the bid form. The election to create term bonds in such manner will require the creation of a mandatory sinking fund so that the sinking fund redemption payments shall equal the principal amount of the corresponding serial bond maturities.

Notice of Redemption:

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

Registration of Bonds as to Principal and Interest and Place of Payment:

The Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the

* Preliminary, subject to change.

denominations of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal, premium, if any, and interest are payable in lawful money of the United States of America at the corporate trust office of the Paying Agent, to DTC, which in turn will remit such amounts to the beneficial owners of the Bonds through DTC's Participants, as described in the Preliminary Official Statement. The successful bidder will be required to pay any fees to DTC.

Authority:

The Bonds will be issued pursuant to a resolution of the Board of Supervisors of the County of Los Angeles (the "County"), dated August 17, 2004, entitled "RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $300,000,000 BY A COMPETITIVE SALE," and a resolution of the Board of Education of the Los Angeles Unified School District, dated July 27, 2004, entitled "RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT PRESCRIBING THE TERMS OF SALE OF BONDS OF THE DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL SAID BONDS IN AN AMOUNT NOT TO EXCEED $300,000,000 BY COMPETITIVE SALE PURSUANT TO A NOTICE OF SALE."

General Obligation of District:

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

TERMS OF THE SALE

Form of Bid:

A prescribed form of bid for the Bonds (the "Bid Form") will be available on PARITY and all bids must be submitted on such form. Each bid must be submitted electronically via PARITY, in each case not later than 9:00 a.m., California Time, on the date of sale. For purposes of establishing the time of submission of each respective Bid Form, the time as maintained on PARITY shall constitute the official time.

WARNINGS REGARDING ELECTRONIC BIDS: NONE OF THE DISTRICT, THE COUNTY, THE FINANCIAL ADVISORS NOR BOND COUNSEL SHALL BE RESPONSIBLE FOR, AND THE BIDDER EXPRESSLY ASSUMES THE RISK FOR ANY INCOMPLETE, INACCURATE OR UNTIMELY BID SUBMITTED TO PARITY BY SUCH BIDDER, INCLUDING, WITHOUT LIMITATION, BY REASON OF GARBLED

TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELEPHONE OR TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM DELIVERY TO PARITY.

All bids which are submitted electronically via PARITY pursuant to the procedures described below shall be deemed to constitute a Bid Form for the Bonds and shall be deemed to incorporate by reference all of the terms and conditions of this Notice of Sale. The submission of a bid electronically via PARITY shall constitute and be deemed the bidder's signature on the Bid Form for the Bonds.

Procedures Regarding Electronic Bidding: Bids may be submitted electronically to PARITY in accordance with this Notice of Sale, until 9:00 A.M., California Time, [September 14], 2004, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact the District's Financial Advisor, Gardner, Underwood & Bacon, LLC, Los Angeles, California, telephone (310) 442-1200 or PARITY at (212) 806-8304. In the event that a bid for the Bonds is submitted to PARITY, the bidder further agrees that:

1. The District and the County may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the District and the County and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the Treasurer, in consultation with the CFO, the terms of the Bid Form and the Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the District or the County, and neither the District nor the County shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the District or the County or information provided by the bidder.

3. The District may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect on The Bond Buyer Wire and PARITY's internet site (https://www.newissuehome.i-deal.com) no later than 5:00 P.M. (California Time) on the last business day prior to the date of sale.

4. Once the bids are communicated electronically via PARITY to the District as described above, each bid will constitute a bid for purchase of the Bonds specified in said Bid Form and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale.

5. Each bidder choosing to bid electronically shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with this Notice of Sale. None of the District, the County or Dalcomp shall

have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and none of the District, the County or Dalcomp shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The District and the County are using PARITY as a communication mechanism, and not as an agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the District harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

No bid received after the deadline shall be considered. In any case, each bid must be in accordance with the terms and conditions set forth in this official Notice of Sale.

Interest Rates:

All bids for the purchase of Bonds must state the rate or rates of interest to be paid and no bid at a price less than [100.5]% of the par value of such Bonds will be considered. All Bonds of the same maturity must bear the same rate of interest from its date to the stated maturity date at the interest rate specified in the Bid Form and no Bond may bear more than one rate. Bidders may specify any number of different rates to be borne on the Bonds; all interest rates must be in multiples of 1/8 or 1/20 of one percent; and the rate of interest on any maturity shall not be more than four percent higher than the interest rate on any other maturity.

Award and Delivery:

Unless all bids are rejected, Bonds will be awarded by the Treasurer, in consultation with the CFO, to the bidder whose proposal results in the lowest true interest cost ("TIC") to the District and whose proposal is a purchase price of not less than [100.5]%. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount the principal and interest payments with respect to Bonds results in an amount equal to the purchase price of such Bonds. In the event two or more bidders offer bids at the same TIC, the Treasurer, in consultation with the CFO, will determine by lot which bidder will be awarded the Bonds. Delivery of the Bonds will be made to the purchaser through DTC on or about [September 28], 2004 (the "Closing"), upon payment in immediately available funds at the offices of Sidley Austin Brown & Wood LLP, 555 West Fifth Street, 40th Floor, Los Angeles, California 90013, or at the purchaser's request and expense, at any other place mutually agreeable to the District, the County and the purchaser.

Credit Enhancement

The District has obtained a municipal bond insurance commitment from _____, _____, _____, _____ and _____ to guarantee under a municipal bond insurance policy the scheduled payment of principal of and interest on the Bonds. Bids will be accepted which are based upon the issuance of a municipal bond insurance policy from one [or more of] such insurer[s] for some or all of the Bonds, provided that payment of any insurance premium and any additional fees charged by any rating agency for rating insured Bonds shall be the sole responsibility of the bidder.

Retention of Premium to Pay Costs of Issuance:

The winning bidder shall upon, and as set forth in, one or more written requests of the District pay a portion of the purchase price of the Bonds constituting original issue premium in the amount of $_____ to the Paying Agent for payment of costs related to the issuance of the Bonds.

Good Faith Deposit:

A good faith deposit (a "Deposit") in the form of a financial surety bond (a "Financial Surety Bond") in the amount of $[500,000] to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid, is required for any bid to be considered. The Financial Surety Bond must be from an insurance company licensed to issue such a bond in the State of California, and such Financial Surety Bond must be submitted to Bond Counsel and the Financial Advisor prior to the opening of the bids. Each Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond.

If the Bonds are awarded to a bidder using a Financial Surety Bond, then the successful bidder is required to submit its Deposit to the Treasurer in the form of a cashier's check (or wire transfer as instructed by the County) not later than 3:30 p.m. (California Time) on the next business day following the award. If such check (or wire transfer) is not received by that time, the Financial Surety Bond may be drawn upon by the County to satisfy the Deposit requirement. In the event the successful bidder fails to honor its accepted bid, the Deposit will be retained by the County for the benefit of the District.

If the successful bidder completes its purchase of the Bonds on the terms stated in its proposal, its Deposit will be applied to the purchase of the Bonds on the date of issuance of the Bonds. Interest earned on the Deposit will accrue solely to the benefit of the District.

Adjustment of Principal Amounts and Amortization Schedule of Bonds After Receipt of Bids:

The principal amounts of the Bonds to be set forth in the Bid Form (based on the Designated Maturity Schedule) will reflect estimates of the District as to the likely interest rates of the winning bid and the original issue premium contained in the winning bid. After selecting the winning bid, the amortization schedules for the Bonds may be adjusted in $5,000 increments if the District elects to do so, to reflect the actual interest rates and any original issue premium in the winning bid, to properly accommodate certain requirements or preferences of the District. Such adjustments will not change the aggregate principal amount of Bonds to be issued from the amount set forth in the Bid Form by more than ten percent or change the principal amount due with respect to Bonds in any year by more than ten percent. The dollar amount bid for Bonds by the winning bidder(s) will be adjusted to reflect any such adjustment in the applicable amortization schedule. Any such adjustment will change the total (but not the per Bond) dollar amount of underwriter's discount and original issue premium provided in such bid. Any such adjustment shall not result in the purchase price of the Bonds being less than 100%. Any such adjustment will be communicated to the winning bidder within 24 hours after the opening of the bids.

Changes in the amortization schedule made as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the Bonds.

Expenses of the Successful Bidder:

CUSIP numbers will be applied for by the purchaser and will be printed on the Bonds and the cost of service bureau assignment will be the purchaser's responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds. In addition, the successful bidder will pay all related DTC charges and will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will separately invoice the successful bidder for Bonds.

Right of Rejection:

The Treasurer and the CFO reserve the right in their discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

Prompt Award:

The Treasurer and the CFO, or the designees of such officers, will take action awarding Bonds or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

Legal Opinion:

The Bonds are sold with the understanding that the purchaser will be furnished with the approving opinion of Sidley Austin Brown & Wood LLP. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under California law and on the exclusion from gross income of the interest on the Bonds for purposes of federal and State of California income taxes. The fees and expenses of Bond Counsel will be paid from Bond proceeds.

The purchasers will receive a disclosure opinion from Sidley Austin Brown & Wood LLP, San Francisco, California ("Disclosure Counsel") regarding the Official Statement.

Tax Status:

In the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from all present State of California personal income taxes, and assuming compliance with certain covenants made by the District, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes, provided that such interest may be included in the calculation for certain taxes, including the corporate alternative minimum tax. Should changes in the law cause Bond Counsel's opinion with respect to the Bonds to change prior to delivery of the Bonds to the purchaser, the purchaser will be relieved of its responsibility to pick up and pay for the Bonds, and in that event its Deposit will be returned.

Certificate Regarding Reoffering Prices:

As soon as practicable, but not later than seven days prior to delivery of the Bonds, the successful bidder for the Bonds must submit to the District a certificate specifying for each maturity the reoffering price at which at least 10% of such Bonds of such maturity were sold (or were offered in a bona fide public offering and as of the date of award of such Bonds to the successful bidder reasonably expected to be sold) to the public. Such certificate shall be in form and substance satisfactory to Bond Counsel and shall include such additional information as may be requested by Bond Counsel.

No Litigation and Non-Arbitrage:

The District will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the Bonds. The District will also deliver a Tax Certificate covering its reasonable expectations concerning the Bonds and the use of proceeds thereof.

Continuing Disclosure:

In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the District will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A form of the Continuing Disclosure Certificate is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Right to Modify or Amend:

The District reserves the right to modify or amend this Notice of Sale in any respect; provided, however, that any such modification or amendment shall be communicated to potential bidders through as described under "TERMS OF THE BONDS."

Official Statement:

The District will make available a Preliminary Official Statement relating to the Bonds, an electronic version of which will be posted on the i-Deal website and a hard copy of which, along with related documents, will be furnished upon request made by telephone to Gardner, Underwood & Bacon LLC, Los Angeles, California, at (310) 442-1200. Such Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement (the "Official Statement"). The District agrees to provide up to 250 copies of the Official Statement to the winning bidders of the Bonds at the District's expense within seven business days of the date of sale. The District shall deliver, at Closing, a certificate, executed by appropriate officers of the District acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of circumstances under which they were made not misleading.

Dated: _____, 2004

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: /s/ Kenneth C. Gotsch
Chief Financial Officer

NOTICE OF INTENTION TO SELL

$300,000,000*
LOS ANGELES UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
ELECTION OF 2004, SERIES A (2004)

NOTICE IS HEREBY GIVEN that the Los Angeles Unified School District (the "District") intends to offer for public sale on September 14, 2004, at the hour of 9:00 A.M., [$300,000,000*] principal amount of bonds of the District designated "Los Angeles Unified School District General Obligation Bonds Election of 2004, Series A (2004)," dated [September 28], 2004 (the "Bonds"). Solely as an accommodation to bidders, the District will receive bids exclusively and electronically through i-Deal LLC ("Parity"). The District reserves the right to change the time or postpone the date of the sale to any other time or date by providing notification through The Bond Buyer Wire.

Within 26 hours, the Treasurer and Tax Collector of the County of Los Angeles in consultation with the Chief Financial Officer of the District, or a designee, will consider the bids received and, if an acceptable bid is received, award the sale of the Bonds on the basis of the lowest true interest cost. In the event that no bid is awarded by the designated time, the District will reschedule the sale to another date or time by providing notification through The Bond Buyer Wire.

NOTICE IS HEREBY FURTHER GIVEN that the Bonds will be offered for public sale subject to the terms and conditions of the Notice of Sale for Purchase of the Bonds posted on www.newissuehome.i-deal.com. A Preliminary Official Statement relating to the Bonds will be furnished upon request to Gardner, Underwood & Bacon LLC, Los Angeles, California, telephone (310) 442-1200, facsimile number (310) 442-1208 in connection with the sale of the Bonds. Such Preliminary Official Statement will be available in electronic form on or about September 1, 2004, on a website to be identified at that time.

Dated: _____, 2004

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: /s/ Kenneth C. Gotsch
Chief Financial Officer

*Not to exceed amount; preliminary, subject to change.

RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT PRESCRIBING THE TERMS OF SALE OF BONDS OF THE DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL SAID BONDS IN AN AMOUNT NOT TO EXCEED $300,000,000 BY COMPETITIVE SALE PURSUANT TO A NOTICE OF SALE.

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

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

and

WHEREAS, at least 55% of the votes cast on said proposition were in favor of issuing said bonds (the "Authorization"); and

WHEREAS, this Board of Education deems it necessary and desirable that the Board of Supervisors of the County of Los Angeles (the "County") shall authorize and consummate the sale of bonds pursuant to the Authorization in one series designated the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series A (2004)" in an aggregate principal amount not exceeding $300,000,000 (with such additional or other series designations as may be approved in accordance with Section 10, the "Bonds"), which may consist of current interest bonds and capital appreciation bonds, according to the terms and in the manner hereinafter set forth; and

WHEREAS, this Board of Education further deems it necessary and desirable to authorize the sale of the Bonds by a competitive sale pursuant to an official notice of sale (the "Notice of Sale"), with such Bonds to be sold to the winning bidders as set forth herein, pursuant to a Certificate of Award (together with the Notice of Sale, the "Award"); and

WHEREAS, a portion of the proceeds of the sale of the Bonds shall be applied to prepayment of the base rental with respect to certain of the District's certificates of participation (the "Prepaid Certificates") delivered to finance the construction, acquisition, rehabilitation or upgrading of school facilities, and a portion of such proceeds shall be used to finance the construction, acquisition, rehabilitation or upgrading of school facilities; and

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

WHEREAS, the Citizen's Bond Oversight Committee and this Board have each approved the necessary strategic execution plans for the projects to be funded with proceeds of the Bonds;

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

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

Section 2. Request for Sale of Bonds. The Board of Supervisors of the County is hereby requested to sell by competitive sale, not to exceed $300,000,000 aggregate principal amount of general obligation bonds of the Los Angeles Unified School District and to designate said bonds to be sold as the "Los Angeles Unified School District General Obligation Bonds, Election of 2004, Series A (2004)" with such additional or other series designations as may be approved in accordance with Section 10.

Section 3. Terms of Bonds.

(a) Date of Bonds. The Bonds shall be dated September 1, or such other date as shall be set forth in the Notice of Sale described in Section 5 hereof.

(b) Maturity. The Bonds shall mature on the dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Notice of Sale. No Bond shall mature later than a date which is 25 years from the date of the Bonds, to be determined as set forth in the Notice of Sale.

(c) Interest Payment. The Bonds shall bear interest or accrete interest computed on the basis of a 360-day year of twelve (12) 30-day months (or computed on such other basis as shall be set forth in the Notice of Sale), first payable on January 1, 2005, and thereafter on January 1 and July 1 in each year (or on such other interest payment dates as shall be set forth in the Notice of Sale).

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

Section 4. Redemption Provisions. The Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the Notice of Sale and in the Bonds. The Bonds shall also be subject to mandatory sinking fund redemption, as specified in the Notice of Sale and in the Bonds. The Notice of Sale may provide that the Bonds or any portion thereof shall not be subject to optional or mandatory sinking fund redemption.

Section 5. Notice of Sale; Sale of Bonds. The Bonds shall be sold at a competitive sale upon the terms and conditions set forth in the Notice of Sale, substantially in the form on file with the Executive Officer and hereby approved. The Chief Financial Officer of the District (the "Chief Financial Officer"), the Controller of the District (the "Controller"), or any other officer

of the District authorized by the Chief Financial Officer (an "Authorized Officer" or "Authorized Officers") is hereby authorized and directed on behalf of the District to cause the sale of the Bonds through a competitive sale to the winning bidder (the "Underwriter"), and to execute and approve the Award; provided, that (i) the Chief Financial Officer or the Controller may authorize the sale of all or a portion of the Bonds as current interest or capital appreciation bonds; (ii) the true interest cost for the Bonds shall not be in excess of 7%, (iii) the maximum interest rate (coupon) on the Bonds shall not be in excess of 8% per annum; (iv) the underwriter's discount shall not exceed 1% of the principal amount of the Bonds; and (v) the Bonds shall otherwise conform to the limitations specified herein. Such execution shall constitute conclusive evidence of the approval by the District of the Award in the form finally executed. The Board of Supervisors of the County is hereby requested to cause the Notice of Sale to be approved on behalf of the County, subject to such changes or revisions therein as may be acceptable to the District and to the Board of Supervisors of the County.

Section 6. Official Statement. Any Authorized Officer is hereby authorized and directed on behalf of the District to prepare or cause to be prepared an Official Statement relating to the Bonds, and the Authorized Officer is hereby authorized to distribute copies of such Official Statement in preliminary form to persons who may be interested in purchasing the Bonds. Any Authorized Officer is hereby authorized to certify to the potential purchasers, on behalf of the District, that the preliminary form of the Official Statement was deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule). The Chief Financial Officer (or other Authorized Officer) is hereby authorized and directed to sign said Official Statement in its final form, including the final pricing information, and is hereby authorized and directed to deliver copies of such Official Statement in final form to the purchasers of the Bonds.

Section 7. Investment of Proceeds. Proceeds of the Bonds held by the Treasurer and Tax Collector of the County (the "Treasurer") shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District.

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

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

Proceeds of the Bonds deposited into escrow for the prepayment of base rental with respect to the Prepaid Certificates shall be invested in accordance with one or more escrow agreements governing the use of such proceeds (the "Escrow Agreements").

Section 8. Tax Covenants.

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

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

(c) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this Section, if the District shall provide to the Treasurer an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds (an "Opinion of Bond Counsel") that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 9. Continuing Disclosure: Any Authorized Officer is hereby authorized on behalf of the District to execute a Continuing Disclosure Certificate in substantially the form attached hereto as Exhibit A, with such changes thereto as deemed necessary in order to permit the Underwriter to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 10. Approval of Actions. The President of this Board of Education, the Executive Officer of this Board of Education, the Chief Financial Officer, the Controller, and any other Authorized Officer are hereby authorized and directed to execute and deliver any and all certificates and representations, including, but not limited to (i) signature certificates, no-litigation certificates, certificates concerning the contents of the Official Statement, (ii) representation letters to The Depository Trust Company, (iii) the Tax Certificate, (iv) any Escrow Agreement, (v) any investment agreements entered into pursuant to the authority granted hereunder, which any of them deem necessary and desirable to accomplish the transactions authorized herein, and (vi) any other certificates or agreements proposed to be distributed in

connection with the sale of the Bonds and the prepayment of the Prepaid Certificates, including in connection with any policy of municipal bond insurance, surety bond or other credit enhancement. All actions heretofore taken by the officers and agents of the Board with respect to the Bonds are hereby approved, confirmed and ratified.

Section 11. Notice to California Debt and Investment Advisory Commission. The Executive Officer of this Board of Education is hereby authorized and directed to cause notices of the proposed sale and final sale of the Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855.

Section 12. Reserve Sureties with Respect to Outstanding Certificates. If the Authorized Officer determines that it will be advantageous to the District to purchase a reserve fund surety in lieu of some or all of the funds otherwise required to be held in any reserve fund securing any of the District's certificates of participation, including any which are not being prepaid, the Authorized Officer is hereby authorized to purchase such reserve fund surety or sureties at market rates.

Section 13. Filing with Board of Supervisors. Pursuant to Section 15140(c) of the Education Code of the State of California (the "Education Code"), the Executive Officer of this Board of Education is hereby authorized and directed to file a certified copy of this Resolution with the Executive Officer-Clerk of the Board of Supervisors of the County.

Section 14. Filing with Auditor-Controller and Treasurer of the County. Pursuant to Section 15140(c) of the Education Code, the Executive Officer of this Board of Education or any Authorized Officer is also directed to cause a certified copy of this Resolution, and a copy of the debt service schedule, to be provided to Treasurer and the Auditor-Controller of the County.

Section 15. Other District Bonds. The issuance and sale of the Bonds may be combined with the issuance and sale of any other bonds of the District.

Section 16. Effective Date. This resolution shall take effect from and after its adoption.

Adopted and signed this 27 day of July, 2004, by the Board of Education of the Los Angeles Unified School District.

Jefferson Crain, Executive Officer of the Board

EXHIBIT A

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

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

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to depose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

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

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

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

"National Repository" or "NRMSIRs" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The NRMSIRs are identified on the SEC website at http://www.sec.gov/consumer/nrmsir.htm.

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2003-2004 Fiscal Year (which is due not later than February 25, 2005), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than thirty (30) days (not more than sixty (60) days) prior to the date on which the Annual Report is to be provided pursuant to subsection (a), the Dissemination Agent shall give notice to the District that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by said date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District of such failure to receive the Annual Report.

(c) If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit

(d) The Dissemination Agent shall:

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

(ii) file a report with the District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided or that the Annual Report has not been provided to each National Repository or the State Repository, if any, as required by this Disclosure Certificate.

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

- Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

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

Section 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.
2. non-payment related defaults.
3. modifications to rights of Holders.

4. optional, contingent or unscheduled bond calls.

5. defeasances.

6. rating changes.

7. adverse tax opinions or events affecting the tax-exempt status of the Bonds.

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

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

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

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

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

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

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

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the District. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the district shall be the Dissemination Agent an undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the

content of any notice or report required to be delivered by the District pursuant to this Disclosure Certificate.

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

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

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

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

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

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Certificates then outstanding, shall) or any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in

the U.S. District Court in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11 Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: July __, 2004

LOS ANGELES UNIFIED SCHOOL DISTRICT

By:_____
Kenneth C. Gotsch
Chief Financial Officer

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District:	Los Angeles Unified School District
Name of Bond Issue:	Los Angeles Unified School District GENERAL obligation BONDS, ELECTION OF 2004, Series A (2004)
Date of Issuance:	_____, 2004

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

Dated:_____

LOS ANGELES UNIFIED SCHOOL DISTRICT

By:_____
as Dissemination Agent

EXECUTIVE OFFICER'S CERTIFICATE

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

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on July 27, 2004, and entered in the minutes thereof, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES: 7

NOES: 0

ABSTAIN: 0

ABSENT: 0

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

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

WITNESS my hand this 31 day of July, 2004.

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