



**KEITH KNOX**

TREASURER AND TAX COLLECTOR

# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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Board of Supervisors

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# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

June 09, 2020

60 June 9, 2020

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

CELIA ZAVALA  
EXECUTIVE OFFICER

Dear Supervisors:

## ISSUANCE AND SALE OF 2020-21 TAX AND REVENUE ANTICIPATION NOTES (ALL DISTRICTS) (3 VOTES)

### SUBJECT

The Treasurer and Tax Collector (TTC) is requesting authorization to issue Tax and Revenue Anticipation Notes (TRANS) to meet the Fiscal Year 2020-21 cash flow needs of the County General Fund. This short-term borrowing program enables the County manage the funding of its expenditures and to reduce the need for internal borrowing. We are requesting a maximum authorization for the 2020-21 TRANS in a principal amount not to exceed \$1,200,000,000.

### **IT IS RECOMMENDED THAT THE BOARD:**

Adopt the Resolution authorizing the issuance and sale of the 2020-21 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed \$1,200,000,000.

### PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2020-21 TRANS and the execution and delivery of all related financing documents. Each year since 1977, the County has issued tax-exempt TRANS in connection with its cash management program for the upcoming fiscal year. This short-term borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year.

For Fiscal Year 2019-20, the County issued \$700 million of TRANS, which will mature on June 30, 2020. As the impact of the COVID-19 outbreak on the County Budget and related cash flows begins

to unfold, we recommend that your Board authorize a maximum principal amount of \$1,200,000,000 for the 2020-21 TRANs. The increased amount will help mitigate the impact of COVID-19 on the County's cash flows and ensure sufficient cash resources are available to meet the County's potential cash flow requirements during Fiscal Year 2020-21. If the impact of the COVID-19 outbreak on the County's revenues or expenses is greater than currently projected, the TTC may find it necessary to return to your Board with a recommendation to approve the issuance of additional TRANs.

### **Implementation of Strategic Plan Goals**

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

### **FISCAL IMPACT/FINANCING**

The borrowing cost of the 2020-21 TRANs will depend on market conditions on the date of the sale. The Resolution provides that the true interest cost of the TRANs shall not exceed five percent (5%). However, based on current market conditions, the estimated borrowing cost is expected to be lower and may result in a true interest cost of approximately two percent (2%).

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The County traditionally issues the TRANs as a single series of fixed-rate notes with a one-year final maturity. However, the attached Resolution provides the County with flexibility to issue the 2020-21 TRANs in multiple series with different maturity dates to be utilized as needed in response to continuing market volatility. The maximum maturity of the notes issued will not exceed 15 months as permitted by California Government Code Section 53854. The 2020-21 TRANs will be structured to achieve the lowest cost of borrowing available to the County in the municipal note market on the day of pricing, which is currently scheduled for late June 2020. Proceeds from the sale of the 2020-21 TRANs are expected to be available to the County in July 2020.

Consistent with the County's historical practice, the TTC is recommending a negotiated sale of the 2020-21 TRANs. Based on the results of a competitive solicitation process, JP Morgan was selected as the lead senior managing underwriter, with Wells Fargo appointed to serve as the co-senior manager. Up to four co-managers will be added to the underwriting syndicate for the 2020-21 TRANs prior to the pricing date. County Counsel has selected Orrick Herrington & Sutcliffe LLP and Hawkins, Delafield & Wood to serve as note counsel and disclosure counsel for this transaction, respectively.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The 2020-21 TRANs are issued as part of a cash management program, which has no direct impact on current services. The increased amount of the TRANs is intended to mitigate the impact of the decreases in several key revenue sources and increases in social and health services expenditures resulting from the COVID-19 outbreak on the County's cash flows.

### **CONCLUSION**

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax

The Honorable Board of Supervisors

6/9/2020

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Collector (Office of Public Finance).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Keith Knox". The signature is written in a cursive style with a large initial "K".

KEITH KNOX

Treasurer and Tax Collector

KK:DW:TG:JP:BS:ad

Enclosures

c: Chief Executive Officer  
Auditor-Controller  
County Counsel  
JP Morgan  
Orrick Herrington & Sutcliffe LLP  
Wells Fargo

**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
THE COUNTY OF LOS ANGELES, CALIFORNIA  
PROVIDING FOR THE ISSUANCE AND SALE OF 2020-21  
TAX AND REVENUE ANTICIPATION NOTES IN AN  
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED  
\$1,200,000,000**

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

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

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

**WHEREAS**, the County has determined that it is necessary and in the best interests of the County to authorize the borrowing of an aggregate principal amount not to exceed \$1,200,000,000 with respect to its fiscal year ending June 30, 2021 (“**Fiscal Year 2020-21**”), such indebtedness to be evidenced by the County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes (the first series of notes authorized hereby to be referred to herein as the “**Series A Notes**” and the additional series of notes authorized hereby to be referred to herein as “**Additional Notes**,” and collectively with the Series A Notes, the “**2020-21 TRANs**”), to be issued on a tax-exempt or taxable basis and in one or more series with such series designations as authorized hereby, in anticipation of the receipt by or accrual to the County during such fiscal year of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County; and

**WHEREAS**, the terms and provisions of the 2020-21 TRANs shall be as set forth in this Resolution and in the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, a form of which has been filed with the Board (such Financing Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the “**Financing Certificate**”); and

**WHEREAS**, the unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2020-21 that will be available for the payment of the 2020-21 TRANs and all other notes issued by the County under the Act in such fiscal year, and the interest thereon, are reasonably estimated to be in excess of \$7,700,000,000; and

**WHEREAS**, due to uncertainties existing in the financial markets, the Board desires to authorize the sale of the 2020-21 TRANs by a negotiated sale from time to time pursuant to one

or more Contracts of Purchase (each such Contract of Purchase, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, including, if applicable, such changes as are necessary to reflect that a sale of a series of 2020-21 TRANs will be to one or more Direct Purchasers (as defined herein) rather than to one or more Underwriters (as defined herein), being referred to herein as a **“Contract of Purchase”**) to be entered into with (a) one or more underwriters (each, an **“Underwriter”** and, collectively, the **“Underwriters”**) or (b) one or more “qualified institutional buyers” (each, a **“Qualified Institutional Buyer”**) within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the **“Securities Act”**), and/or “accredited investors” (each, an **“Institutional Accredited Investor”**) as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, as may be selected by the Treasurer (as defined herein) from time to time; and

**WHEREAS**, if a sale of a series of 2020-21 TRANs is to one or more Qualified Institutional Buyers and/or Institutional Accredited Investors (each, a **“Direct Purchaser”**) pursuant to one or more Contracts of Purchase, the County proposes to engage, pursuant to a Placement Agent Agreement (each such Placement Agent Agreement, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution being referred to herein as a **“Placement Agreement”**), one or more broker-dealers as may be selected by the Treasurer (each, a **“Placement Agent”** and, collectively, the **“Placement Agents”**) from time to time to serve as placement agent(s); and

**WHEREAS**, there has been filed with the Board a form of preliminary official statement to be used in connection with a public offering and sale of 2020-21 TRANs (such preliminary official statement, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a **“Preliminary Official Statement”**); and

**WHEREAS**, there has been filed with the Board a form of Continuing Disclosure Certificate, one or more of which are to be executed and delivered by the County in connection with the public offering and sale of 2020-21 TRANs (each such Continuing Disclosure Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a **“Disclosure Certificate”**); and

**WHEREAS**, Government Code Section 5852.1 requires that the Board obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of notes with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the notes, (b) the sum of all fees and charges paid to third parties with respect to the notes, (c) the amount of proceeds of the notes expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the notes, and (d) the sum total of all debt service payments on the notes calculated to the final maturity of the notes plus the fees and charges paid to third parties not paid with the proceeds of the notes; and

**WHEREAS**, in compliance with Section 5852.1 of the California Government Code, the Board has obtained from Omnicap Group LLC, the County’s municipal advisor, the required good faith estimates and such estimates are disclosed and set forth in Exhibit A attached hereto; and

**WHEREAS**, in the County has previously adopted a local debt policy (the “Debt Management Policy”) that complies with California Government Code Section 8855(i), and the sale and issuance of the 2020-21 TRANs as contemplated by this Resolution is in compliance with the Debt Management Policy;

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

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

**Section 2.** The form of Financing Certificate, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. Subject to the provisions of Section 3 hereof, the Treasurer and Tax Collector of the County, and such other officer of the County as the Treasurer and Tax Collector may designate (collectively, the “**Treasurer**”), are, and each of them is, hereby authorized, and hereby directed, for and in the name of and on behalf of the County, to execute and deliver the Financing Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer is hereby further authorized for and in the name of and on behalf of the County to execute and deliver one or more supplemental financing certificates amending or supplementing the Financing Certificate (each, a “**Supplemental Certificate**”) to provide for the issuance of Additional Notes in one or more series from time to time during Fiscal Year 2020-21 (in accordance with the terms and conditions set forth in, and subject to the limitations specified in, the Financing Certificate when executed and delivered pursuant to Section 2 hereof). The Treasurer is empowered to implement the fundamental policies established by this Resolution in a manner determined by the Treasurer to be in the best interests of the County, after giving consideration to each of the following with regard to the issuance of the 2020-21 TRANs: (a) market access; (b) the costs to the County; and (c) the generation of sufficient proceeds, as contemplated by this Resolution. Without limiting the foregoing, the Treasurer, subject to Section 3 hereof, may determine the maturity date or dates and amount or amounts for any and each respective series of the 2020-21 TRANs, and the Treasurer is hereby authorized to make conforming changes reflecting such maturity or maturities and amount or amounts to each of the documents approved by this Resolution, including establishing the dates and amounts of Unrestricted Revenues (as defined herein) to be set aside pursuant to Section 11 hereof under the Financing Certificate, as the Treasurer determines are necessary or appropriate. The terms and conditions as set forth (or incorporated by reference) in the Financing Certificate and any Supplemental Certificate, together with the terms and conditions of the 2020-21 TRANs set forth in this Resolution, shall, upon the execution and delivery of the Financing Certificate and any Supplemental Certificate, be the terms and conditions of such 2020-21 TRANs, as if all such terms and conditions were fully set forth in this Resolution.

**Section 3.** The 2020-21 TRANs are hereby authorized to be issued, in one or more series, as authorized hereby from time to time during Fiscal Year 2020-21 in an aggregate principal amount not to exceed \$1,200,000,000, as follows:

(a) The Series A Notes are hereby authorized to be issued during Fiscal Year 2020-21 and shall be dated the date of issuance thereof, shall mature on one or more dates

not more than fifteen (15) months thereafter, as shall be established by the Treasurer and set forth in the Financing Certificate, and shall bear interest, payable on such interest payment dates and at their respective maturity dates computed on the basis of a 360-day year composed of twelve 30-day months, at the rate or rates per annum determined at the time of the sale thereof (not to exceed the maximum interest rate permitted by law) as shall be established by the Treasurer and set forth in the Financing Certificate. The Series A Notes are hereby authorized to be issued in an aggregate principal amount not to exceed \$1,200,000,000. The terms of the Series A Notes shall be set forth in the Financing Certificate when executed and delivered pursuant to Section 2 hereof.

(b) One or more series of Additional Notes are hereby authorized to be issued from time to time during Fiscal Year 2020-21, and each such series shall be dated the date of issuance thereof, shall mature on one or more dates not more than fifteen (15) months thereafter, as shall be established by the Treasurer and set forth in a Supplemental Certificate (in accordance with the terms and conditions set forth in, and subject to the limitations specified in, the Financing Certificate when executed and delivered pursuant to Section 2 hereof), and shall bear interest, payable on such interest payment dates and at their respective maturity dates computed on the basis of a 360-day year composed of twelve 30-day months, at the rate or rates per annum determined at the time of the sale thereof (not to exceed the maximum interest rate permitted by law) as shall be established by the Treasurer and set forth in such Supplemental Certificate. Each series of Additional Notes are hereby authorized to be issued in an aggregate principal which, when combined with the aggregate principal amount of the Series A Notes and any previously issued series of Additional Notes issued pursuant hereto, is not in excess of \$1,200,000,000. The terms of each series of Additional Notes shall be set forth in a Supplemental Certificate (in accordance with the terms and conditions set forth in, and subject to the limitations specified in, the Financing Certificate when executed and delivered pursuant to Section 2 hereof). The Financing Certificate when executed may contain further limitations on the terms of the Additional Notes and the priority of payment of the 2020-21 TRANs of different series and maturities.

Each series of 2020-21 TRANs or portion thereof may be issued such that the interest on such series of series of 2020-21 TRANs is Tax-Exempt or such that the interest on such series of 2020-21 TRANs is not Tax-Exempt. The Board hereby finds and determines that, pursuant to Section 5903 of the California Government Code, the interest payable on each series of 2020-21 TRANs or portion thereof issued as Taxable Notes will be subject to federal income taxation under the Internal Revenue Code of 1986 (the “Code”) in existence on the date of issuance of such series of 2020-21 TRANs. The term “**Tax-Exempt**” means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code. The term “**Taxable Notes**” means those 2020-21 TRANs the interest on which is not Tax-Exempt.

**Section 4.** In consideration of the purchase and acceptance of any and all of the 2020-21 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the

holders thereof (the “**Holders**”). The pledge made in, and the covenants and agreements to be performed by and on behalf of the County set forth in, this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2020-21 TRANs, regardless of the maturity or maturities of the separate series of 2020-21 TRANs, if any, shall be of equal rank without preference, priority or distinction of any of the 2020-21 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

**Section 5.** The 2020-21 TRANs may be subject to redemption if so provided, and in the manner provided, in the Financing Certificate.

**Section 6.** The Treasurer is authorized to negotiate the sale of each series of the 2020-21 TRANs issued under this Resolution from time to time at such prices and interest rates (not to exceed the maximum interest rate permitted by law) as may be established by the Treasurer and set forth in one or more Contracts of Purchase between the County and the respective Underwriters or Direct Purchasers, as applicable, of all or a portion of the 2020-21 TRANs, substantially in the form submitted to and considered at this meeting of the Board and by this reference incorporated herein; *provided, however*, that (a) the prices and the interest rates for 2020-21 TRANs of any series shall not result in a true interest cost (taking into consideration all applicable contracts entered into pursuant to Section 13 of this Resolution) to the County with respect to such series of 2020-21 TRANs that exceeds 5.00% per annum, and (b) the aggregate underwriters’ discount or direct purchasers’ discount or commitment fee (not including any original issue discount) from the principal amount of such series of 2020-21 TRANs issued shall not exceed 2.00% of the aggregate principal amount of such series of 2020-21 TRANs. The Treasurer is hereby authorized, and is hereby directed, for and in the name of and on behalf of the County, to execute and deliver each Contract of Purchase, substantially in the form on file with the Board, and any other documents required to be executed pursuant to each such Contract of Purchase, with such changes therein as may be necessary or as the Treasurer may require or approve, including, if applicable, such changes as are necessary to reflect that a sale of a series of 2020-21 TRANs will be to one or more Direct Purchasers rather than to one or more Underwriters, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The form of Placement Agent Agreement on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver one or more Placement Agent Agreements, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; *provided, however*, that such changes shall not result in a placement agents’ fee in excess of 0.10% of the aggregate principal amount of the related series of 2020-21 TRANs.

**Section 8.** The form of the Preliminary Official Statement relating to the issuance of 2020-21 TRANs in a public offering, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. The Treasurer is hereby authorized to prepare and distribute, or cause to be prepared and distributed, one or more Preliminary Official Statements to be used in connection with a public offering of any 2020-21 TRANs in substantially the form presented to this meeting, with such changes as the Treasurer may approve. The Treasurer is hereby further authorized, for and in the name of and on behalf of the County, to execute and



deliver a certificate or other instrument deeming each Preliminary Official Statement to be final as of its respective date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. If and to the extent it is necessary to make substantial changes to the form of the Preliminary Official Statement prior to the offering and sale of any 2020-21 TRANs, the use of the applicable Preliminary Official Statement in connection with the offering and sale of such 2020-21 TRANs, and the certification of its finality within the meaning of Rule 15c2-12 by the Treasurer, shall follow the distribution to the Board of a revised draft of such Preliminary Official Statement with accompanying directions and instructions to members of the Board to review such revised Preliminary Official Statement and provide any comments to the Treasurer.

**Section 9.** The Treasurer is hereby authorized, for and in the name of and on behalf of the County, to approve one or more final official statements for the 2020-21 TRANs (each, an **“Official Statement”**) authorized hereby, each in substantially the form of the respective Preliminary Official Statement, with such insertions and changes therein as the Treasurer may require or approve, in his discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the delivery of such Official Statement or Official Statements.

**Section 10.** All or any portion of the 2020-21 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceed the cost thereof. The form, terms and conditions of each instrument providing such credit enhancement or liquidity support shall be as approved by the Treasurer.

**Section 11.** The Auditor-Controller of the County (the **“Auditor-Controller”**) is hereby directed to establish or cause to be established a **“2020-21 TRANs Repayment Fund”** (the **“2020-21 TRANs Repayment Fund”**) and any additional subaccounts therein that the Auditor-Controller deems necessary to effectuate the purposes of this Resolution.

The term **“Unrestricted Revenues”** shall mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2020-21 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. As provided in the Financing Certificate and in the Act, and subject to the provisions of this Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein, the County hereby pledges to the payment of the 2020-21 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (calculated based on the maximum authorization established hereunder of \$1,200,000,000), as the Financing Certificate shall be completed as provided in this Resolution (the **“Pledged Revenues”**).

As provided in Section 53856 of the Act, the 2020-21 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. As security for the payment of the 2020-21 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2020-21 TRANs Repayment Fund, in trust for the registered owners of the 2020-21 TRANs, the Pledged Revenues to be so

deposited, and the Auditor-Controller is hereby directed to deposit the Pledged Revenues in the 2020-21 TRANs Repayment Fund. To the extent that any amounts actually received pursuant to the set-aside requirements set forth above (as shall be completed as provided in the Financing Certificate) are less than the amount designated for each such set-aside, then the amount of any deficiency in the 2020-21 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit additional amounts from any such other moneys of the County into the 2020-21 TRANs Repayment Fund. The amounts on deposit in the 2020-21 TRANs Repayment Fund are hereby pledged to the payment of the 2020-21 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2020-21 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2020-21 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (as defined in each Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2020-21 TRANs. Any amounts remaining in the 2020-21 TRANs Repayment Fund after repayment of all 2020-21 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer may direct.

**Section 12.** The form of Disclosure Certificate on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver one or more Disclosure Certificates in connection with a public offering of any 2020-21 TRANs, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 13.** Pursuant to Section 5922 of Chapter 12, Division 6, Title 1 of the California Government Code, as amended, the Board hereby authorizes the Treasurer, in connection with, or incidental to, the issuance or carrying of the 2020-21 TRANs, or the acquisition or carrying of any investment or program of investment by the County, to enter into any contracts, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cashflows or a series of payments, or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the Treasurer determines to be necessary or appropriate (with such terms and provisions as the Treasurer deems necessary or appropriate) to place the obligation or investment represented by such 2020-21 TRANs, such investment or program of investment, or such contract or contracts, in whole or in part, on the interest rate, cashflow or other basis determined by the Treasurer. The principal or notional amount with respect to any such contract entered into shall not exceed the greater of the aggregate principal amount of the 2020-21 TRANs or the amount of Pledged Revenues.

These contracts and arrangements shall be entered into with the parties, including without limitation the initial purchasers of any 2020-21 TRANs, selected by the means determined by the Treasurer, and shall contain the payment, security, default, remedy and other terms and conditions determined by the Treasurer, after giving due consideration for the creditworthiness of the

counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. The form, terms and conditions of any such contract entered into shall be as approved by the Treasurer and consistent with the purposes of this Resolution and the Financing Certificate.

The Board hereby finds and determines that the contracts authorized by this Section are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the 2020-21 TRANs and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is entered into.

**Section 14.** Whenever any document or instrument, including without limitation any 2020-21 TRANs, any Contract of Purchase, the Financing Certificate or any Supplemental Certificate, or any term, provision or condition thereof, is to be approved or established by an authorized officer of the County pursuant to this Resolution, such approval or establishment shall be conclusively evidenced by such authorized officer's execution of such document or instrument or the document or instrument containing such term, provision or condition.

**Section 15.** With the passage of this Resolution, the Board hereby certifies that the Debt Management Policy complies with California Government Code Section 8855(i), and that the 2020-21 TRANs authorized to be issued pursuant to this Resolution are consistent with such policy, and instructs Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, on behalf of the County, with respect to each series of 2020-21 TRANs issued pursuant to this Resolution, (a) to cause notices of the proposed sale and final sale of the 2020-21 TRANs to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855, and (b) to check, on behalf of the County, the "Yes" box relating to such certifications in the notice of proposed sale filed pursuant to California Government Code Section 8855.

**Section 16.** The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and the Financing Certificate and necessary or appropriate to carry the same into effect and to carry out its purposes.

**Section 17.** This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the 9<sup>th</sup> day of June, 2020, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



CELIA ZAVALA  
Executive Officer – Clerk of the Board of  
Supervisors of the County of Los Angeles

By: *Maria Ochoa*  
Deputy

Approved as to form:

MARY C. WICKHAM  
County Counsel

By: *Dell*  
Deputy County Counsel

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020-21 TRANs in compliance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the County by Omnicap Group LLC, the County's municipal advisor under Section 15B of the Securities Exchange Act of 1934 (the "Municipal Advisor").

***Principal Amount.*** The Municipal Advisor has informed the County that, based on the County's financing plan and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the aggregate principal amount of the 2020-21 TRANs to be sold in a public offering is \$1,200,000,000 (the "Estimated Principal Amount").

***True Interest Cost of the 2020-21 TRANs.*** The Municipal Advisor has informed the County that, assuming that the Estimated Principal Amount of the 2020-21 TRANs is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2020-21 TRANs, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2020-21 TRANs, is 0.54%.

***Finance Charge of the 2020-21 TRANs.*** The Municipal Advisor has informed the County that, assuming that the Estimated Principal Amount of the 2020-21 TRANs is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2020-21 TRANs, which means the sum of all fees and charges paid to third parties (or costs associated with the 2020-21 TRANs), is \$751,000.

***Amount of Proceeds to be Received.*** The Municipal Advisor has informed the County that, assuming that the Estimated Principal Amount of the 2020-21 TRANs is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the County for sale of the 2020-21 TRANs, less the finance charge of the 2020-21 TRANs, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2020-21 TRANs, is \$1,216,980,000.

***Total Payment Amount.*** The Municipal Advisor has informed the County that, assuming that the Estimated Principal Amount of the 2020-21 TRANs is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the County will make to pay debt service on the 2020-21 TRANs, plus the estimated finance charge for the 2020-21 TRANs, as described above, not paid with the proceeds of the 2020-21 TRANs, calculated to the final maturity of the 2020-21 TRANs, is \$1,223,400,000.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2020-21 TRANs issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates for a variety of reasons, including, without limitation, due to (a) the market conditions prevailing on the actual date of the sale of the 2020-21 TRANs being different

than the market conditions prevailing at the time of preparation of the estimates contained herein, (b) the actual principal amount of 2020-21 TRANs sold being different from the Estimated Principal Amount, (c) the actual amortization of the 2020-21 TRANs being different than the amortization assumed for purposes of preparing the estimates contained herein, (d) the actual interest rates at which the 2020-21 TRANs are sold being different than those estimated for purposes of preparing the estimates contained herein, (e) other market conditions, or (f) alterations in the County's financing plan, or a combination of such factors. The actual date of sale of the 2020-21 TRANs and the actual principal amount of 2020-21 TRANs sold will be determined by the County based on various factors. The actual interest rates borne by the 2020-21 TRANs will depend on market conditions at the time of sale thereof. The actual amortization of the 2020-21 TRANs will also depend, in part, on market conditions at the time of sale thereof. Market conditions, including, without limitation, interest rates are affected by economic and other factors beyond the control of the County and the Municipal Advisor.

**FINANCING CERTIFICATE  
PROVIDING FOR THE TERMS AND CONDITIONS  
OF ISSUANCE AND SALE OF COUNTY OF LOS ANGELES  
2020-21 TAX AND REVENUE ANTICIPATION NOTES**

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Dated: \_\_\_\_\_, 2020

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**COUNTY OF LOS ANGELES  
2020-21 TAX AND REVENUE ANTICIPATION NOTES**

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**FINANCING CERTIFICATE  
PROVIDING FOR THE TERMS AND CONDITIONS  
OF ISSUANCE AND SALE OF COUNTY OF LOS ANGELES  
2020-21 TAX AND REVENUE ANTICIPATION NOTES**

In connection with the issuance and sale of the 2020-21 Tax and Revenue Anticipation Notes (the “**2020-21 TRANs**”) by the County of Los Angeles, California (the “**County**”), the Treasurer and Tax Collector of the County of Los Angeles (the “**Treasurer**”) hereby certifies that the 2020-21 TRANs shall be issued on the following terms and conditions:

**ARTICLE I**

**DEFINITIONS AND STATUTORY AUTHORITY**

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

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

“**Additional Notes**” shall mean 2020-21 TRANs other than the Series A Notes issued hereunder in accordance with the provisions of Sections 204 and 205, issued in an aggregate principal amount of not to exceed \$[\_\_\_\_\_].

“**Auditor-Controller**” shall mean the Auditor-Controller of the County, and any other person designated by the Auditor-Controller to act on his or her behalf.

“**Authorized Denominations**” shall mean \$5,000 or any integral multiple thereof.

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

“**Board**” shall mean the Board of Supervisors of the County.

“**Book-Entry Notes**” means the 2020-21 TRANs registered in the name of the Securities Depository, or the nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 202.

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

**“Certificate”** shall mean this “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes,” as from time to time amended or supplemented in accordance with the terms hereof.

**“Chair”** shall mean the Chair, Chairperson, Chairman or Mayor of the Board.

**“Code”** shall mean the Internal Revenue Code of 1986.

**“County”** shall mean the County of Los Angeles, California, its successors and assigns.

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

**“Event of Default”** shall have the meaning assigned to such term in Section 503.

**“Fiscal Year 2020-21”** shall mean the County’s fiscal year ending June 30, 2021.

**“Fitch”** shall mean Fitch Ratings, 33 Whitehall Street, New York, New York 10004, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Moody’s or S&P) designated by the County.

**“General Fund”** shall mean the General Fund of the County.

**“Holder”** shall mean the Person in whose name any 2020-21 TRANs is registered on the Note Register.

**[“Institutional Accredited Investor”** shall mean an “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.]

**[“Investor Letter”** shall mean the Investor Letter that is to be executed by the Original Series A Notes Purchaser and the transferee of a Series A Notes and delivered to the County and the Paying Agent in connection with the original delivery of the Series A Notes and the transfer of a Series A Note, the form of which is attached hereto as Exhibit II.]

**[“Majority Series A Note Holder”** shall mean the Person in whose name a majority of the aggregate principal amount of the Series A Notes then outstanding hereunder is registered on the records maintained by the Note Registrar.]

**“Maturity Date”** shall mean any date or dates of maturity of the 2020-21 TRANs as set forth in the 2020-21 TRANs and Section 203 hereof.

**“Maximum Interest Rate”** shall mean the maximum interest rate allowed by law.

**“Moody’s”** shall mean Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York 10007, a corporation organized and existing under the

laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the County.

**“Note Register”** shall mean the registration books for the 2020-21 TRANs maintained by the Note Registrar pursuant to Section 302.

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

**“Official Statement”** shall mean that certain Official Statement dated [\_\_\_\_\_, 2020], relating to the 2020-21 TRANs, including any approved supplement or amendment thereto.

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

**“Original Series A Notes Purchaser”** shall mean, collectively, the Persons who are the initial purchasers from the County of the Series A Notes upon the original issuance thereof.]

**“Outstanding,”** when used with reference to the 2020-21 TRANs, shall mean, as of any date, all of the 2020-21 TRANs theretofore or thereupon being issued under this Certificate except:

- (i) 2020-21 TRANs cancelled on or prior to such date;
- (ii) 2020-21 TRANs for which other 2020-21 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and
- (iii) 2020-21 TRANs referred to in Section 305.

**“Participant”** shall mean an entity which is recognized as a participant by the Securities Depository in the book-entry system of maintaining records with respect to the 2020-21 TRANs.

**“Paying Agent”** shall mean the Treasurer, or any other Paying Agent appointed by the Auditor-Controller pursuant to the Resolution to perform the functions of a paying agent for the 2020-21 TRANs described herein.

**“Payment Date”** shall mean any date on which the Paying Agent transfers an amount equal to the principal of or interest then due on the 2020-21 TRANs to the Holders thereof.

**“Permitted Investments”** shall mean, to the extent permitted by law:

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

- (ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association (“FNMA”); (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes,
- (iii) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of \$500 million and having “A” or better rating for the issuer’s long-term debt as provided by Moody’s, S&P, or Fitch and “P-1,” “A-1,” “F1” or better rating for the issuer’s short-term debt as provided by Moody’s, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,
- (iv) The Los Angeles County Treasury Pool,
- (v) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as “bankers’ acceptances,” having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with this Certificate. The institution must have a minimum short-term debt rating of “A-1,” “P-1,” or “F1” by S&P, Moody’s, or Fitch, respectively, and a long-term debt rating of no less than “A” by S&P, Moody’s, or Fitch,
- (vi) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,
- (vii) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the “A” category or better from S&P, Moody’s, or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with this Certificate,
- (viii) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (ii) above. The maximum par value per issuer may not exceed \$250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer hereunder may not exceed \$500,000,000, and

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

Notwithstanding anything within this definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2020-21 TRANs, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (iii), (v), (vii) or (ix), such investments must be rated by S&P at the respective S&P ratings described therein.

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

“**Pledged Revenues**” shall mean, as of any date, the Unrestricted Revenues required hereby to be deposited in the 2020-21 TRANs Repayment Fund on or prior to that date.

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

[“**Qualified Institutional Buyer**” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act.]

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

“**Record Date**” means the 15th calendar day of the month preceding each interest payment date of a 2020-21 TRAN, whether or not such day is a Business Day.

“**Representation Letter**” shall mean one or more letters of representation from the County to, or other instruments or agreements of the County with, a Securities Depository in which the County, among other things, makes certain representations to such Securities Depository with respect to the 2020-21 TRANs, the payment thereof and delivery of notices with respect thereto.

“**Resolution**” shall mean the “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$1,200,000,000,” adopted on [RESO DATE], 2020, as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

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

[**“Securities Act”** means the Securities Act of 1933, as amended, and the rules, regulations and published interpretations of the Securities and Exchange Commission promulgated thereunder from time to time.]

**“Securities Depository”** shall mean DTC or any successor as Securities Depository for the 2020-21 TRANs appointed pursuant to Section 202.

**“Series A Notes”** shall mean all of the County’s 2020-21 Tax and Revenue Anticipation Notes, Series A, issued in an aggregate principal amount of \$[\_\_\_\_\_].

**“State”** shall mean the State of California.

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

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

**“Tax Certificate”** shall mean the applicable Tax Certificate, executed by the County on the date of issuance and delivery of the related 2020-21 TRANs, as amended from time to time.

**“Tax-Exempt”** means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

**“Taxable Notes”** means those 2020-21 TRANs the interest on which is not Tax-Exempt.

**“2020-21 TRANs”** shall mean all of the Series A Notes and any Additional Notes, issued in an aggregate principal amount of not to exceed \$1,200,000,000, and authorized pursuant to the Resolution.

**“2020-21 TRANs Proceeds Fund”** shall mean the 2020-21 TRANs Proceeds Fund as described in Section 401.

**“2020-21 TRANs Repayment Fund”** shall mean the 2020-21 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

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

**“Unrestricted Revenues”** means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2020-21 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

**“Written Certificate of the County”** means a written certificate signed in the name of the County by the Treasurer. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

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

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

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

**Section 105. Financing Certificate to Constitute Contract.** In consideration of the purchase and acceptance of any and all of the 2020-21 TRANs to be issued hereunder by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2020-21 TRANs. The pledge made in this Certificate and the covenants and agreements herein set forth to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the 2020-21 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2020-21 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF 2020-21 TRANS

**Section 201. Authorization, Form and Date of 2020-21 TRANs.**

1. The 2020-21 TRANs in an aggregate principal amount of not to exceed \$1,200,000,000 have been authorized to be issued in one or more series pursuant to the Resolution and are entitled to the benefit, protection and security thereof. The 2020-21 TRANs shall be issued in anticipation of the receipt by or accrual to the County during Fiscal Year 2020-21 of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County. Such notes shall be designated as and shall be distinguished from the notes



and securities of all other issues of the County by the title “County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes.”

2. The 2020-21 TRANs shall be designated generally as the “County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes,” each series thereof to bear such additional designation as may be necessary or appropriate to distinguish such series from every other series of 2020-21 TRANs.

3. Except as otherwise provided in a Supplemental Certificate, the 2020-21 TRANs shall be issued in fully registered form, without coupons and in Authorized Denominations, and the 2020-21 TRANs shall initially be issued in book-entry only form pursuant to Section 202. The County hereby certifies and recites that all acts, conditions and things required by the Act, the Resolution and this Certificate to exist, to have happened, and to have been performed precedent to and during the issuance of the 2020-21 TRANs do exist, have happened and have been performed in due time, form and manner, as required by the Act, the Resolution and this Certificate. The 2020-21 TRANs shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2020-21 TRANs.

4. Except as otherwise provided in a Representation Letter, interest due on each 2020-21 TRAN, prior to the maturity thereof, if any, shall be payable in lawful money of the United States of America to the person in whose name such 2020-21 TRAN is registered on the registration books of the Note Registrar as of the close of business on the Record Date immediately preceding such interest payment date, such interest to be paid by check of the Paying Agent mailed by first class mail, postage prepaid, on such interest payment date to such person at his or her address shown on the registration books of the Note Registrar as of the close of business on such Record Date. Except as otherwise provided in a Representation Letter, at and after each Maturity Date of the 2020-21 TRANs, the principal of and interest then due on the 2020-21 TRANs shall be payable in lawful money of the United States of America upon surrender of the 2020-21 TRANs at the Principal Office of the Paying Agent. The 2020-21 TRANs so surrendered to the Paying Agent on any Business Day at or prior to 12:00 noon shall be paid in funds immediately available on such Business Day. The 2020-21 TRANs so surrendered to the Paying Agent on any Business Day after 12:00 noon shall be paid on the next succeeding Business Day in funds immediately available on such succeeding Business Day.

## **Section 202. Book-Entry Notes.**

1. Except as otherwise provided in this Section or in a Supplemental Certificate and subject to any limitation on maximum principal amount imposed by DTC, the 2020-21 TRANs of each series or subseries shall be initially issued in the form of a single, separate fully registered note (which may be typewritten) in the full aggregate principal amount for each maturity of such 2020-21 TRANs, and upon initial issuance, the ownership of such 2020-21 TRANs shall be registered in the Note Register in the name of Cede & Co., as nominee of DTC, the initial Securities Depository. Except as otherwise provided in a Supplemental Certificate and except as otherwise provided in this Section, all of the 2020-21 TRANs shall be registered in the Note Register in the name of Cede & Co., or such other nominee of DTC or any successor Securities Depository or the nominee thereof, as shall be specified pursuant to a Representation Letter. [The Series A Notes shall not initially be issued as Book-Entry Notes.]

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

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

4. In order to qualify the Book-Entry Notes for the Securities Depository’s book-entry system, the Treasurer has been authorized to execute and deliver, or has executed and delivered, on behalf of the County to the Securities Depository a Blanket Letter of Representations regarding such matters as shall be necessary to so qualify such Book-Entry Notes for deposit with the Securities Depository. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of paragraph 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the Book-Entry Notes other than the Holders as shown in the Note Register. In addition to the

execution and delivery of the Blanket Letter of Representations, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such Book-Entry Notes for the Securities Depository’s book-entry program.

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

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

**Section 203. Terms of Series A Notes.**

1. The Series A Notes shall be designated “County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series A.” The aggregate principal amount of Series A Notes that may be issued shall not exceed \$ \_\_\_\_\_, except as may be otherwise provided in Section 303 hereof.

2. The Series A Notes shall mature on the date[s] and in the principal amount[s] and bear interest at the respective rate[s] as set forth in the following table:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
[_____, 202_]	\$[_____]	[_____]%

3. The Series A Notes shall be dated [\_\_\_\_\_, 202\_]. Interest shall be paid on \_\_\_\_\_, 202\_\_, and each Maturity Date of the Series A Notes. The Series A Notes shall bear interest from their date of original issuance payable at their respective stated Maturity Dates and calculated at the rate or rates set forth below per annum, on the basis of a 360-day year comprised of twelve months of 30 days each.

4. [The Series A Notes shall not be subject to redemption prior to their respective Maturity Dates.]

**Section 204. Conditions for the Issuance of Additional Notes.** The County may at any time during Fiscal Year 2020-21 issue Additional Notes to be designated “County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes,” each series thereof to bear such additional designation as may be necessary or appropriate to distinguish such series from every other series of 2020-21 TRANs, payable on a parity with the Series A Notes as provided herein, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Notes:

1. the County shall not have issued any tax and revenue anticipation notes relating to Fiscal Year 2020-21 except (a) pursuant to the Resolution and this Certificate, or (b) notes secured by a pledge of its Unrestricted Revenues (as defined in Section 402) that is subordinate in all respects to the pledge of its Unrestricted Revenues hereunder; the County shall be in compliance with all agreements and covenants contained the Resolution and in this Certificate; and no Event of Default shall have occurred and be continuing hereunder;

2. the issuance of the Additional Notes shall have been authorized under and pursuant to the Act and under and pursuant the Resolution and this Certificate and shall have been provided for by a Supplemental Certificate which shall specify the following:

(a) the aggregate principal amount of the Additional Notes, which, when combined with the aggregate principal amount of any previously issued series of Additional Notes, shall not exceed \$[\_\_\_\_\_];

(b) the denominations of the Additional Notes, which shall be Authorized Denominations;

(c) the date, the interest rate or rates, and the Maturity Date or dates (not more than fifteen (15) months thereafter) of the Additional Notes; provided that no Additional Notes shall have a Maturity Date prior to the Maturity Date of the Series A Notes;

(d) whether such Additional Notes shall be issued as Tax-Exempt or Taxable Notes;

(e) that such Additional Notes shall not be subject to redemption prior to their respective Maturity Dates;

(f) such other provisions that are appropriate or necessary and are not inconsistent with the provisions the Resolution or this Certificate; and

3. [the County shall obtain evidence that no rating then in effect with respect to the Series A Notes or any previously issued Additional Notes from a Rating Agency will be withdrawn, reduced, or suspended solely as a result of the issuance of the Additional Notes (a “Rating Confirmation”).]

**Section 205. Procedure for the Issuance of Additional Notes.** Whenever the County shall determine to authorize the issuance of the Additional Notes, the County shall enter into a Supplemental Certificate satisfying the conditions of Section 204 hereof. Before the Additional Notes shall be issued, the County shall file or cause to be filed with the Paying Agent the following:

1. an Opinion of Bond Counsel to the effect that (a) the Additional Notes to be issued constitute the valid and binding obligations of the County, and (b) the applicable Supplemental Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County;
2. a Written Certificate of the County that the requirements of Section 204 hereof have been met;
3. an executed counterpart or duly authenticated copy of the Supplemental Certificate;
4. the Additional Notes duly executed; and
5. [the Rating Confirmation(s) required pursuant to Section 204 hereof.]

### **ARTICLE III**

#### **GENERAL TERMS AND PROVISIONS OF 2020-21 TRANS**

**Section 301. Execution of 2020-21 TRANS; Authentication.**

1. The 2020-21 TRANS shall be executed in the name of the County by the manual or facsimile signature of the Chair of the Board and the Executive Officer-Clerk of the Board, and the County’s seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. No 2020-21 TRANS shall be entitled to any benefit under the Resolution or this Certificate or be valid or obligatory for any purpose, unless there appears on such 2020-21 TRANS, a certificate of authentication substantially in the form provided for herein executed by the manual signature of the Paying Agent. Such certificate upon any 2020-21 TRANS shall be conclusive evidence, and the only evidence, that such 2020-21 TRANS has been duly issued, authenticated and delivered hereunder.

2. In case any one or more of the officers who shall have signed or sealed any of the 2020-21 TRANS shall cease to be such officer before the 2020-21 TRANS so signed and sealed shall have been issued, such 2020-21 TRANS so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2020-21 TRANS had not ceased to hold such offices. Any of the 2020-21 TRANS may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2020-21 TRANS shall be duly authorized

to hold or shall hold the proper office in the County, although on the date borne by the 2020-21 TRANs such persons may not have been so authorized or have held such office.

**Section 302 Limitations on Transfer.**

1. Ownership of a Series A Note may be transferred (i) only to a Person that is either (A) a Qualified Institutional Buyer that is purchasing such Series A Note for not more than one account for investment purposes and not with a view to distributing such Series A Note, or (B) an Institutional Accredited Investor that is purchasing such Series A Note for not more than one account for investment purposes and not with a view to distributing such Series A Note, and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the County and the Paying Agent a completed and duly executed Investor Letter substantially in the form attached hereto as Exhibit II. The County and the Paying Agent may rely conclusively upon the information contained in any Investor Letter.

2. No Holder of a Series A Note shall transfer such Series A Note to any Person that such Holder does not reasonably believe is either (i) a Qualified Institutional Buyer that is purchasing such Series A Note for not more than one account for investment purposes and not with a view to distributing such Series A Note, or (ii) an Institutional Accredited Investor that is purchasing such Series A Note for not more than one account for investment purposes and not with a view to distributing such Series A Note. The transferor of ownership of a Series A Note agrees to provide notice to any proposed transferee of such Series A Note of the restrictions on transfer described herein.

3. Each Person to whom ownership of a Series A Note is transferred pursuant hereto shall be deemed by the acceptance of such ownership to have agreed to be bound by the provisions of this Section.

4. The Series A Notes shall bear a legend describing or referencing the restrictions on transferability set forth in paragraph 1. of this Section.]

**Section 302. Negotiability, Transfer and Exchange.**

1. The Note Registrar will keep at its Principal Office sufficient books for the registration of transfer and exchange of the 2020-21 TRANs, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2020-21 TRANs on such books as hereinafter provided.

2. Any 2020-21 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such 2020-21 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar. Whenever any 2020-21 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2020-21 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder requesting such transfer of all expenses incurred

by the Note Registrar and the County in connection with such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

[2. Subject to the provisions of Section 302, any 2020-21 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon (a) surrender of such 2020-21 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar, and (b) delivery to the County and the Note Registrar of a completed and duly executed Investor Letter substantially in the form attached hereto as Exhibit II. Whenever any 2020-21 TRANs shall be surrendered for transfer, accompanied by such executed written instrument of transfer, and such executed Investor Letter shall be delivered to the County and the Note Registrar, the County shall execute, and the Paying Agent shall authenticate and deliver new 2020-21 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder requesting such transfer of all expenses incurred by the Note Registrar and the County in connection with such transfer and any tax or other governmental charge required to be paid with respect to such transfer.]

3. The County and the Paying Agent may deem and treat the Holder of any 2020-21 TRANs as the absolute owner of such 2020-21 TRANs, regardless of whether such 2020-21 TRANs shall be overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effective to satisfy and discharge the liability upon such 2020-21 TRANs to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary. The County agrees, to the extent permitted by law, to indemnify and hold each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Certificate, in so treating such Holder.

4. The 2020-21 TRANs shall not be exchangeable for other 2020-21 TRANs except as provided in Section 202, this Section and Section 303.

**Section 303. 2020-21 TRANs Mutilated, Destroyed, Stolen or Lost.** In case any 2020-21 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2020-21 TRANs of like principal amount, denomination and tenor as the 2020-21 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2020-21 TRANs, or in lieu of and substitution for the 2020-21 TRANs destroyed, stolen or lost, upon the filing with the Paying Agent and the County of evidence satisfactory to the Paying Agent and the County that such 2020-21 TRANs have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Paying Agent and the County with indemnity satisfactory to the Paying Agent and the County and complying with such other reasonable regulations as the Paying Agent and the County may prescribe and paying such expenses as the Paying Agent and the County may incur. All 2020-21 TRANs so surrendered shall be cancelled. Any such substitute 2020-21 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2020-21 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2020-21 TRANs shall be equally secured by and entitled to equal and proportionate

benefits with all other 2020-21 TRANs issued under the Resolution and this Certificate in any moneys or securities held by the County or the Paying Agent for the benefit of the Holders of the 2020-21 TRANs.

**Section 304. Cancellation.** All 2020-21 TRANs which at or after maturity are surrendered to the Paying Agent for the collection of the principal thereof and interest thereon shall be cancelled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent shall deliver to the County a certificate specifying the cancellation of such 2020-21 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

**Section 305. 2020-21 TRANs Held by County.** If the County shall become the Holder of any 2020-21 TRANs, such 2020-21 TRANs shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation; provided, however, that the County shall not be deemed to be the Holder of any 2020-21 TRANs held by it in a fiduciary capacity.

#### ARTICLE IV

#### ESTABLISHMENT OF 2020-21 TRANs PROCEEDS FUND AND REPAYMENT FUND AND APPLICATION THEREOF

**Section 401. Use of Proceeds of 2020-21 TRANs.**

1. The Auditor-Controller is hereby directed to establish the “2020-21 TRANs Proceeds Fund” and to establish any subaccounts within the 2020-21 TRANs Proceeds Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. The proceeds of the sale of the 2020-21 TRANs upon original issuance shall be deposited in said 2020-21 TRANs Proceeds Fund. The County shall make disbursements from the 2020-21 TRANs Proceeds Fund to pay current Fiscal Year 2020-21 expenditures and to discharge other obligations or indebtedness of the County in accordance with Section 53852 of the Act and the instructions and agreements set forth in the Tax Certificate. Amounts on hand in the 2020-21 TRANs Proceeds Fund shall be accounted for separately from the other funds of the County and shall be invested so as to be available for the aforementioned disbursements. The Auditor-Controller shall keep a written record of all investments and investment earnings (including any investment of earnings) of amounts in the 2020-21 TRANs Proceeds Fund, as well as a written record of disbursements from the 2020-21 TRANs Proceeds Fund.

2. Without limiting the generality of paragraph 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2020-21 TRANs out of moneys in the 2020-21 TRANs Proceeds Fund or any account in the General Fund of the County.

**Section 402. Payment and Security for the 2020-21 TRANs.** Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the “2020-21 TRANs Repayment Fund” and to establish any subaccounts within the 2020-21 TRANs Repayment Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. As provided in the Act, and subject to the provisions of the Resolution and this Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein and herein,



the County hereby pledges to the payment of the 2020-21 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) [the first Unrestricted Revenues to be received by the County on and after [\_\_\_\_\_, 202\_], (1) in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the principal amount of the Series A Notes maturing on \_\_\_\_\_, 202\_, *plus* (2) an amount equal to the interest that will accrue on the Series A Notes maturing on \_\_\_\_\_, 202\_, *plus* (3) to the extent one or more series of Additional Notes are issued prior to [\_\_\_\_\_, 202\_], (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_], *plus* (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates;]

(b) [the first Unrestricted Revenues to be received by the County on and after [\_\_\_\_\_, 202\_], (1) in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the principal amount of the Series A Notes maturing on \_\_\_\_\_, 202\_, *plus* (2) an amount equal to the interest that will accrue on the Series A Notes maturing on \_\_\_\_\_, 202\_, *plus* (3) to the extent one or more series of Additional Notes are issued prior to [\_\_\_\_\_, 202\_], (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] *less* the amount of any principal of Additional Notes included in any previous period's pledge calculation as described above, *plus* (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates *less* the amount of any interest on Additional Notes included in any previous period's pledge calculation as described above;]

(c) [the first Unrestricted Revenues to be received by the County on and after [\_\_\_\_\_, 202\_], (1) in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the principal amount of the Series A Notes maturing on \_\_\_\_\_, 202\_, *plus* (2) an amount equal to the interest that will accrue on the Series A Notes maturing on \_\_\_\_\_, 202\_, *plus* (3) to the extent one or more series of Additional Notes are issued prior to [\_\_\_\_\_, 202\_], (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] *less* the amount of any principal of Additional Notes included in any previous period's pledge calculation as described above, *plus* (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates *less* the amount of any interest on Additional Notes included in any previous period's pledge calculation as described above;] and

(d) [the first Unrestricted Revenues to be received by the County on and after the date or dates indicated in a Supplemental Certificate relating to one or more series of Additional Notes, in an amount, with respect to each date, equal to (1) the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] *less* the amount of any principal of Additional Notes included in any previous period's pledge calculation as described above, *plus* (B) an amount equal to the interest that will accrue on the Additional Notes indicated in such

Supplemental Certificate *less* the amount of any interest on Additional Notes included in any previous period's pledge calculation as described above.]

As provided in Section 53856 of the Act, the 2020-21 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. As security for the payment of the 2020-21 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2020-21 TRANs Repayment Fund, in trust for the registered owners of the 2020-21 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit the Pledged Revenues in the 2020-21 TRANs Repayment Fund. To the extent that any amounts received pursuant to clauses [(a) through (d)] above are less than the total amount designated for such deposit, then the amount of any deficiency in the 2020-21 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit additional amounts from any such other moneys of the County into the 2020-21 TRANs Repayment Fund. The amounts on deposit in the 2020-21 TRANs Repayment Fund are hereby pledged to the payment of the 2020-21 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2020-21 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2020-21 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Paying Agent shall use the moneys in the 2020-21 TRANs Repayment Fund on the interest payment date or dates to pay interest on the 2020-21 TRANs then due and on the maturity date or dates of the 2020-21 TRANs to pay the principal of and interest on the 2020-21 TRANs then due. If for any reason amounts in the 2020-21 TRANs Repayment Fund are insufficient to pay the 2020-21 TRANs in full, such amounts shall be applied to the payment of principal of and interest payable upon the 2020-21 TRANs in order of the due dates thereof and pro-rata for amounts due on a date for which there are insufficient funds to pay all amounts due on such date. Any amounts remaining in the 2020-21 TRANs Repayment Fund after repayment of all 2020-21 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2020-21 TRANs.

## ARTICLE V

### CERTAIN COVENANTS; EVENTS OF DEFAULT AND REMEDIES

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

1. Upon the date of issuance of the 2020-21 TRANs, all conditions, acts and things required of the County by the Act, the Resolution and this Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the 2020-21 TRANs, shall

exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2020-21 TRANs, together with all other indebtedness of the County, shall be within every applicable debt and other limit prescribed by the laws of the State.

2. The County shall not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2020-21 in an amount which, when added to the interest payable thereon, shall exceed 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said Fiscal Year, such principal and interest may be disregarded in computing said limit.

3. The County shall provide, in a timely manner, notice to each Rating Agency that is then providing a rating for the 2020-21 TRANs of the following events:

- (a) the substitution or appointment of a successor Paying Agent; and
- (b) any material amendments to the Resolution, this Certificate, any of the 2020-21 TRANs or any Official Statement.

**Section 502. Covenants Relating to the Code.** The County shall do the following with respect to the 2020-21 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on Tax-Exempt 2020-21 TRANs from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of each Tax Certificate with respect to each series of Tax-Exempt 2020-21 TRANs. The County shall make all calculations as provided in each Tax Certificate relating to any rebate of excess investment earnings on Tax-Exempt 2020-21 TRANs proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

2. Notwithstanding any other provisions of this Certificate to the contrary, so long as necessary to maintain the exclusion from gross income of interest on any Tax-Exempt 2020-21 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2020-21 TRANs and the interest thereon.

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

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

(a) the County fails to make any payment of the principal of, or interest on, any 2020-21 TRANs when and as the same shall become due and payable;

(b) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, this Certificate or the 2020-21 TRANs and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10% in principal amount of the 2020-21 TRANs Outstanding; or

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

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2020-21 TRANs and their legal representatives, shall be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants herein and in the Act. Nothing herein shall preclude an individual Holder from enforcing his or her rights to payment of principal of or interest on the 2020-21 TRANs.

**Section 504. [Sovereign Immunity].** To the extent the County has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the County hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to the 2020-21 TRANs, the Resolution or this Certificate.]

**Section 505. [Waiver of Jury Trial].** Each of the County and the Paying Agent hereby irrevocably waives to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Resolution, this Certificate, the Series A Notes or the transactions contemplated hereby or thereby involving or affecting the Original Series A Notes Purchaser or the rights or interests of the Original Series A Notes Purchaser, including the rights and interests of the Original Series A Notes Purchaser as an Holder. The County further agrees that, in the event of litigation, it will not personally or through its agents or attorneys seek to repudiate the validity of this Section, and it acknowledges that it freely and voluntarily entered into this agreement to waive trial by jury as provided herein in order to induce the Original Series A Notes Purchaser to purchase the Series A Notes. If and to the extent that the foregoing waiver of the right to a jury trial is unenforceable for any reason in such forum, the County and the Paying Agent hereby consent to the adjudication of any and all claims pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine any and all issues in such reference whether fact or law. The County and the Paying Agent represent that each has reviewed this waiver and consent and each knowingly and voluntarily waives its jury trial rights and consents to judicial reference following the opportunity to consult with legal counsel of its choice on such matters. The referee shall be a retired California state court judge or an attorney licensed to practice law in the State of California with at least ten years' experience practicing commercial law. In the event of litigation, a copy of this Certificate may be filed as a written consent to a trial by the court or to judicial reference under California Code of Civil Procedure Section 638 as provided herein.]

**Section 506. [Information to Majority Series A Note Holder].** The County shall provide to the Majority Series A Note Holder \_\_\_\_\_.]

## ARTICLE VI

### PAYING AGENT

**Section 601. Liability of Paying Agent.** The Paying Agent makes no representations as to the validity or sufficiency of this Certificate or of any 2020-21 TRANs or as to the security afforded by the Resolution or this Certificate, and the Paying Agent shall incur no liability in respect thereof.

**Section 602. Evidence on Which Paying Agent May Act.**

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

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

**Section 603. Compensation.**

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

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

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the 2020-21 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the making, when due, of any payment required at the respective Maturity Dates of the 2020-21 TRANs.

**Section 604. Ownership of the 2020-21 TRANs Permitted.** Subject to Section 305, the Paying Agent may become the Holder of any 2020-21 TRANs.

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

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

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

## ARTICLE VII

### SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

**Section 701. Supplemental Resolutions and Certificates Effective Without Consent of Holders.** A Supplemental Resolution of the County may be adopted, or a Supplemental

Certificate may be executed, for any one or more of the following purposes, which, without the requirement of consent of Holders, shall be fully effective in accordance with its terms:

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

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

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

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

(e) to provide for the issuance of the Additional Notes, and to provide the terms and conditions under which the Additional Notes may be issued, subject to and in accordance with the provisions of Section 204 and Section 205 hereof;

(f) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect as required to maintain a rating for the 2020-21 TRANs, or any portion thereof, from any Rating Agency; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

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

**Section 702. Supplemental Certificate.** Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2020-21 TRANs under this Certificate, in any particular, may be made by a Supplemental Certificate and with the written consent of the Holders of at least a majority in principal amount of the 2020-21 TRANs Outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any 2020-21 TRANs remain Outstanding, the consent of the Holders shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2020-21 TRANs or of the then applicable interest rate thereon or a reduction in the principal amount thereof, or shall change the dates or amounts of the pledges set forth in Section 402, or shall reduce the percentage of Holders required to approve any such Supplemental Certificate,

without the consent of all of the Holders of affected 2020-21 TRANs nor shall any such supplement or amendment change or modify any of the rights or obligations of any Paying Agent, if applicable, without its written consent thereto. The County shall provide the Rating Agencies notice of any Supplemental Certificate or Supplemental Resolution.

## ARTICLE VIII

### MISCELLANEOUS

**Section 801. Moneys Held in Trust for One Year.** Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the 2020-21 TRANs that remain unclaimed for a period of one year after the date when such 2020-21 TRANs have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such 2020-21 TRANs became due and payable, shall be repaid to the County, as its absolute property and free from trust, and the Holders shall thereafter look only to the County for the payment of such 2020-21 TRANs from lawfully available funds; provided, however, that before any such payment is made to the County, the County shall create (and shall thereafter maintain until payment of all of the 2020-21 TRANs) a record of the amount so repaid, and the County shall cause to be published at least twice, at any interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.



**IN WITNESS WHEREOF**, I have set my hand onto this Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes on this [\_\_\_\_\_] day of July, 2020.

**COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Treasurer and Tax Collector

[Signature Page to Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes]

**EXHIBIT I**

**FORM OF 2020-21 TRANS**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES  
2020-21 TAX AND REVENUE ANTICIPATION NOTE, SERIES \_\_**

Interest Rate	Dated Date	Maturity Date	CUSIP Number
_____%	_____, 202__	_____, 202__	544657 ____

Registered Owner: [Cede & Co.]

Principal Amount:

**[THIS NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 302 OF THE CERTIFICATE. NO TRANSFER, SALE OR OTHER DISPOSITION OF THIS NOTE MAY BE MADE EXCEPT TO A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER OR AN INSTITUTIONAL ACCREDITED INVESTOR.]**

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

This Note is one of a duly authorized issue of notes of the County designated as its “County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes” (herein called the “**Notes**”), authorized in the aggregate principal amount of not to exceed \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), all of like tenor, made, executed and given pursuant to the authority of the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code being Sections 53850 to 53858, inclusive, as amended (the “**Act**”) and under and pursuant to the resolution of the Board of Supervisors of the County, adopted [RESO DATE], 2020, entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[NTE AMOUNT]” (such resolution, as the same may be amended or supplemented from time to time, is herein called the “**Resolution**”), and is issued on the terms and conditions set forth in the Financing

Certificate, dated July 1, 2020, entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes” (such Certificate, as the same may be amended or supplemented from time to time, is herein called the “Certificate”). Capitalized terms used and not otherwise defined shall have the meanings given such terms in the Certificate. Copies of the Resolution and the Certificate are on file at the office of the Executive Officer-Clerk of the Board of Supervisors, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof, to the Certificate and any and all supplements thereto and modifications and amendments thereof, and to the Act is made for a complete statement of such terms and conditions. [The Notes of Series A of which this Note is one are issued in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_). Pursuant to and as more particularly provided in the Resolution and the Certificate, additional notes may be issued by the County secured by a lien on a parity with the lien securing this Note; provided, that, if for any reason amounts in the 2020-21 TRAns Repayment Fund are insufficient to pay both series of Notes in full, such amounts shall be applied to the payment of principal of and interest payable upon each series of Notes in order of the due dates thereof.]

Subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County’s Fiscal Year 2020-21. In accordance with California law, the Notes are payable solely from taxes, income, revenue, cash receipts and other moneys of the County attributable to Fiscal Year 2020-21, and, to the extent not paid from taxes, income, revenue, cash receipts and other moneys of the County pledged for the repayment thereof, shall be paid with the interest thereon from other moneys of the County lawfully available therefor.

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

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

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

effect any such amendment or change the dates or amounts of the pledges set forth in the Resolution.

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

[Unless this Note is presented by an authorized representative of The Depository Trust Company to the Note Registrar for registration of transfer or exchange or to the Paying Agent for payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

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

(SEAL)

**COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Chair

By: \_\_\_\_\_  
Executive Officer-Clerk of  
the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

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

DATED: \_\_\_\_\_, 202\_\_

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

By: \_\_\_\_\_  
Treasurer and Tax Collector

## ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature of Registered Owners: \_\_\_\_\_

Signature Guaranteed by: \_\_\_\_\_

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

**[EXHIBIT II**

**FORM OF INVESTOR LETTER**

County of Los Angeles  
500 West Temple Street, Room 432  
Los Angeles, California 90012  
Attention: Treasurer and Tax Collector

Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent  
500 West Temple Street, Room 432  
Los Angeles, California 90012  
Attention: Treasurer and Tax Collector

Re: County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series A

Ladies and Gentlemen:

The undersigned (the “Purchaser”) understands that County of Los Angeles (the “County”) has, pursuant to (i) the Resolution of the Board of Supervisors of the County entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[NTE AMOUNT],” adopted on [RESO DATE], 2020 (the “Resolution”), and (ii) the Financing Certificate entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes,” dated [\_\_\_\_], 2020 (the “Financing Certificate”), issued the County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series A, in the aggregate principal amount of \$\_\_\_\_. The Purchaser intends to purchase certain of said notes (for purposes of this Investor Letter, the “Notes”). In connection with such purchase of the Notes, the Purchaser makes the certifications, representations, warranties, acknowledgements and covenants contained in this Investor Letter to each of the addressees hereof, with the express understanding that such certifications, representations, warranties, acknowledgements and covenants will be relied upon by such addressees. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Financing Certificate.

The Purchaser hereby certifies, represents, warrants, acknowledges and covenants as follows:

(a) The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and is authorized to invest in the Notes being purchased hereby. The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser’s behalf.

(b) The Purchaser (MARK APPROPRIATELY):

\_\_\_\_\_ is a “qualified institutional buyer” (a “Qualified Institutional Buyer”) within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”), or

\_\_\_\_\_ is an “accredited investor” (an “Institutional Accredited Investor”) as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

(c) The Purchaser is not purchasing the Notes for more than one account, is purchasing the Notes for investment purposes and is not purchasing the Notes with a view to distributing, pledging, fractionalizing, subdividing or other disposition of the Notes (subject to the understanding that disposition of Purchaser’s property will remain at all times within its control). Because the Purchaser has no immediate intent to trade the Notes, the Purchaser has directed the County and [\_\_\_\_\_], as placement agent, not to obtain a CUSIP number for the Notes, or apply for DTC eligibility for the Notes.

(d) The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Notes.

(e) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds and other tax-exempt obligations similar to the Notes, to be capable of evaluating the merits and risks of an investment in the Notes, and the Purchaser is able to bear the economic risks of such an investment.

(f) The Purchaser recognizes that an investment in the Notes involves significant risks, that there is no established market for the Notes and that none is likely to develop and, accordingly, that the Purchaser must bear the economic risk of an investment in the Notes for an indefinite period of time.

(g) The Purchaser understands and agrees that ownership of a Note may be transferred (i) only to a Person that is either (A) a Qualified Institutional Buyer that is purchasing such Note for not more than one account for investment purposes and not with a view to distributing such Note, or (B) an Institutional Accredited Investor that is purchasing such Note for not more than one account for investment purposes and not with a view to distributing such Note, and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the County and the Paying Agent a completed and duly executed Investor Letter substantially in the form attached to the Financing Certificate as Exhibit II.

(h) The Purchaser is not relying upon the County or the Paying Agent, or any of their affiliates or employees, for advice as to the merits and risks of investment in the Notes. The Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(i) The Purchaser has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, the County, the



Paying Agent, the Resolution, the Financing Certificate, the Notes and the security therefor and the transactions and documents related to or contemplated by the foregoing.

(j) The Purchaser has been offered copies of or full access to all documents relating to the Notes and the transactions and documents related to or contemplated by the Notes and all records, reports, financial statements and other information concerning the County and pertinent to the source of payment for the Notes as deemed material by the Purchaser, which the Purchaser as a reasonable investor, has requested and to which the Purchaser, as a reasonable investor, would attach significance in making an investment decision.

(k) The Purchaser acknowledges that no official statement has been prepared for the Notes and understands and agrees that the offering and sale of the Notes are exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, pursuant to Section (d) of said Rule. The Purchaser acknowledges that the County will not be entering into a continuing disclosure agreement to provide ongoing disclosure respecting the Notes.

(l) The Purchaser understands that the County and the Placement Agent and Bond Counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

(m) The undersigned is the chief financial officer, a person fulfilling an equivalent function or other authorized executive officer of the Purchaser with authority to execute and deliver this Investor Letter.

The Purchaser hereby agrees to be bound by the provisions of Section 302 of the Financing Certificate.

IN WITNESS WHEREOF, the Purchaser has executed this Investor Letter as of the date set forth below.

Dated: \_\_\_\_\_

Very truly yours,

\_\_\_\_\_  
[Printed Name of Purchaser]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_]

**[\$Principal Amount]**  
**COUNTY OF LOS ANGELES**  
**2020-21 TAX AND REVENUE ANTICIPATION NOTES**  
**CONTRACT OF PURCHASE**

June \_\_, 2020

Board of Supervisors  
County of Los Angeles  
Los Angeles, California

Honorable Members of the Board of Supervisors:

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

**SECTION 1. Purchase and Sale of the Notes.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County’s \$[Principal Amount] in aggregate principal amount of 2020-21 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on [Date], 2020 and entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[Principal Amount]” (the “Resolution”) and subject to the terms and conditions set forth in the Financing Certificate of the Treasurer and Tax Collector of the County (the “Treasurer”) entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes” (the “Financing Certificate”).

The Notes shall be dated July [1], 2020, mature on June 30, 2021 and bear interest at [0.00]% per annum.

The purchase price for the Notes shall be \$\_\_\_\_\_ (representing the principal amount of the Notes of \$[Principal Amount], plus original issue premium of \$\_\_\_\_\_, less Underwriters’ discount of \$\_\_\_\_\_).

The Preliminary Official Statement of the County, dated [POS Date], 2020, including the cover page and Appendices thereto, relating to the Notes (together with any documents incorporated therein by reference and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, the “Preliminary Official Statement”), as amended to conform to the terms of this Contract of Purchase and exclusive of such changes and amendments subsequent to the date hereof as may be mutually agreed to in accordance with Section 5(b)(iii) hereof is hereinafter called the “Official Statement.”

In connection with the issuance of the Notes, the County is also executing a Disclosure Certificate dated July [1], 2020 (the “Disclosure Certificate”).

**SECTION 2. The Notes and the Official Statement.**

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

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

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

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

(a) It shall be a condition to the County’s obligations to sell and deliver the Notes to the Underwriters and to the Underwriters’ obligations to purchase, to accept delivery of and to pay for the Notes that the entire aggregate principal amount of the Notes shall be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing. Except as provided in Section 4, the Underwriters agree to make a bona fide public offering of all the Notes at prices not in excess of the initial offering prices or yields set forth on the cover page of the Official Statement, plus interest accrued thereon (if any) from the date of the Notes. Except as provided in Section 4, subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Notes.

(b) The Underwriters agree as follows:

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

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

**SECTION 4. Establishment of Issue Price.**

(a) The Representative, on behalf of the Underwriters, agrees to assist the County in establishing the issue price of the Notes and shall execute and deliver at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, as may be appropriate or necessary, in the reasonable judgment of the Representative, the County and Orrick, Herrington & Sutcliffe LLP, Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes.

(b) Except as otherwise set forth in Appendix II attached hereto and with respect to Notes subject to Section 4(c) below, the County will treat the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes. At or promptly after the execution of this Contract of Purchase, the Representative shall report to the County the price at which the Underwriters have sold the Notes to the public.

(c) The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Contract of Purchase at the offering price (the “initial offering price”), or at the corresponding yield, set forth in Appendix II attached hereto, except as otherwise set forth therein. Appendix II also sets forth, as of the date of this Contract of Purchase, whether the 10% test has been satisfied and whether, as agreed to by the County and the Representative, on behalf of the Underwriters, the restrictions set forth in the next sentence shall apply, which will allow the County to treat the initial offering price to the public of the Notes as of the sale date as the issue price of the Notes (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to the Notes, the Underwriters will neither offer nor sell unsold Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the County when the Underwriters have sold 10% of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The County acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution

agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) The Representative confirms that:

(i) (i) any agreement among underwriters, any selling group agreement and any retail distribution agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(1) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the Representative that either the 10% test has been satisfied or all Notes have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) promptly notify the Representative of any sales of the Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and (C) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public, and

(ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied or all Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(f) The Underwriters acknowledge that sales of any Notes to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to

participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public),

(iii) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Contract of Purchase by all parties.

**SECTION 5. Use of Documents; Certain Covenants and Agreements of the County.**

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

(b) The County covenants and agrees:

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

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

(iii) If, after the date of this Contract of Purchase and until the earlier of (A) twenty-five (25) days after the “end of the underwriting period” (as defined in Rule 15c2-12) or (B) ninety (90) days after the Closing, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in the opinion of the County or the Representative so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with applicable law, to notify the Representative (and for the purposes of this clause (iii) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement as so amended and supplemented is delivered to a purchaser, not misleading or so that the Official Statement as so amended and supplemented will comply with all applicable laws;

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

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

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

**SECTION 6. Representations and Warranties of the County.** The County represents and warrants to each of the Underwriters, as of the date hereof, as follows:

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

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

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

(d) All authorizations, approvals, licenses, permits, consents and orders of any State governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under, this Contract of Purchase, the Resolution, the Financing Certificate and the Notes have been duly obtained, except for such approvals, consents and orders



as are stated in the Official Statement as yet to be obtained or as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes;

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

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

(g) As of the date thereof, the Preliminary Official Statement (excluding any information relating to The Depository Trust Company, New York, New York (“DTC”) and information under the caption “UNDERWRITING”) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the County’s acceptance hereof and (unless an event occurs of the nature described in clause (iii) of Section 5(b) above) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the “end of the underwriting period” or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If the Official Statement is supplemented or amended pursuant to clause (iii) of Section 5(b) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the “end of the underwriting period” or (B) ninety (90) days after the Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state

any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

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

#### **SECTION 7. Closing.**

(a) At 8:00 a.m., Los Angeles time, on July [1], 2020, or at such other time and date as shall have been mutually agreed upon by the County and the Representative, the County will, subject to the terms and conditions hereof, deliver the Notes to the Representative duly executed and authenticated, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof by Federal Reserve wire of immediately available funds payable to the order of the County. Such delivery of and payment for the Notes is referred to herein as the “Closing.”

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

**SECTION 8. Closing Conditions.** The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters’ obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

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

(b) At the time of the Closing, the Resolution and the Financing Certificate shall be in full force and effect and shall not have been amended, modified or supplemented; and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative in accordance with Section 5(b)(iii) hereof;

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

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

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

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

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

(iii) An approving opinion, dated the date of Closing, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the County, together with a reliance letter with respect thereto addressed to the Underwriters, substantially in the form attached to the Official Statement as Appendix C;

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

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

(vi) An opinion, dated the date of Closing, of Hawkins, Delafield & Wood LLP, Disclosure Counsel, addressed to the County, together with a reliance letter with respect thereto addressed to the Underwriters, in substantially the form of Exhibit D hereto;

(vii) An opinion, dated the date of Closing, of Squire Patton Boggs (US) LLP, counsel for the Underwriters, addressed to the Representative, in substantially the form of Exhibit E hereto;

(viii) Evidence satisfactory to the Underwriters that the Notes shall have been rated not less than “MIG 1” by Moody’s Investors Service (“Moody’s”), “SP-1+” by Standard & Poor’s, a Standard & Poor’s Ratings Service (“S&P”), and “F1+” by Fitch Ratings (“Fitch”), and that none of such ratings has been revoked, suspended or downgraded;

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

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

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

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

(xiii) Executed copies of the Disclosure Certificate;

(xiv) A preliminary Blue Sky Survey and final Blue Sky Memorandum with respect to the Notes; and

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

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

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 10 hereof shall continue in full force and effect.

**SECTION 9. Termination.** The Representative shall have the right to terminate in its reasonable judgment the Underwriters’ obligations under this Contract of Purchase to purchase, to

accept delivery of and to pay for the Notes by notifying the County of its election to do so if, after the execution hereof and prior to the Closing, any one of the following shall occur:

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

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

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

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

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

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

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

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

#### **SECTION 10. Expenses.**

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

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

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

**SECTION 11. Notices.** Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to County of Los Angeles, Office of the Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to J.P. Morgan Securities LLC, 1415 L Street, Suite 650, Sacramento, California 95814, Attention: Juan C. Fernandez.

**SECTION 12. Parties in Interest.** This Contract of Purchase shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. Any remedy which the Underwriters may have at law or in equity by reason of the breach of any representation or warranty of the County made herein shall not expire upon, nor be limited by, (i) delivery of and payment for the Notes pursuant to this Contract of Purchase, (ii) any investigations made by or on behalf of any of the Underwriters or (iii) termination of this Contract of Purchase; provided, however, that such representations and warranties are made only as of the date of this Contract of Purchase and as of the date of the Closing and are not continuing.

**SECTION 13. Effectiveness.** This Contract of Purchase shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

**SECTION 14. Choice of Law.** This Contract of Purchase shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in such State.

**SECTION 15. No Fiduciary Duty.** The County acknowledges and agrees that (a) the purchase and sale of the Notes pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters; (b) the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Contract of Purchase, and are not acting as the agents, fiduciaries, financial advisors or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisors in connection with the matters contemplated by this Contract of Purchase irrespective of whether the Underwriters or their affiliates have provided other product and services or are currently providing other products or services to the County; and (c) the Underwriters have financial and other interests that differ from those of the County. In connection with the purchase and sale of the Notes, the County has consulted its own advisors to the extent it deems appropriate.

**SECTION 16. Entire Agreement.** This Contract of Purchase, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Contract of Purchase) that relate to the offering of the Notes, represents the entire agreement between the County and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Notes.

**SECTION 17. Representative Capacity.** Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Contract of Purchase may be exercised by the Representative on behalf of the Underwriters, and the County

shall be entitled to rely upon any request, notice or statement by the Representative as if the same shall have been given or made by the Underwriters. The Representative represents that it has been duly authorized by the Underwriters to execute this Contract of Purchase and to act hereunder on their behalf and to take such action as it may deem advisable in respect of all matters pertaining to this Contract of Purchase.

**SECTION 18. Severability.** If any provision of this Contract of Purchase shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract of Purchase invalid, inoperative or unenforceable to any extent whatever.

**SECTION 19. Business Day.** For purposes of this Contract of Purchase, “business day” means a day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

**SECTION 20. Section Headings.** Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.



**SECTION 21. Counterparts.** This Contract of Purchase may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very truly yours,

J.P. MORGAN SECURITIES LLC,  
on behalf of itself and the other  
Underwriters set forth on Appendix I hereof

By: \_\_\_\_\_  
Authorized Representative

AGREED AND ACCEPTED:

This June \_\_, 2020

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Keith Knox  
Treasurer and Tax Collector

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

[Signature page to Contract of Purchase]

**APPENDIX I**

**UNDERWRITERS**

J.P. Morgan Securities LLC  
Wells Fargo Bank, National Association  
[Additional underwriters to come]

**APPENDIX II**

**ISSUE PRICE**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>10% Test Satisfied</u></b>	<b>Subject to hold-the-offering-price rule</b>
June 30, 2021	[\$[Principal Amount]]	[0.000]%	[0.000]%	[000.000]		

## EXHIBIT A

### FORM OF CERTIFICATE OF THE COUNTY

I, Keith Knox, Treasurer and Tax Collector of the County of Los Angeles, California (the “County”), do hereby certify as follows:

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

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

(c) All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Contract of Purchase relating to the Notes, dated June \_\_, 2020 (the “Contract of Purchase”), by and between the County and J.P. Morgan Securities LLC, as Representative of the Underwriters named therein;

(d) To the best of my knowledge, the County’s Official Statement dated June \_\_, 2020 (together with all appendices thereto, any documents incorporated therein by reference, and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, but excluding any information relating to The Depository Trust Company, New York, New York and information under the caption “UNDERWRITING,” the “Official Statement”), delivered pursuant to the Contract of Purchase, as of its date and as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) The Notes, together with interest thereon, will be payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrued to the County during Fiscal Year 2020-21 that will be available for the payment of the Notes. Pursuant to the Resolution adopted by the Board of Supervisors of the County on [Date], 2020 (the “Resolution”) authorizing the issuance and sale of the Notes, the County has pledged as security for the Notes unrestricted taxes, income, revenue, cash receipts and other moneys totaling the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, subject only to the provisions of the Resolution and the “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes” (the “Financing Certificate”). The amount of taxes, income, revenue, cash receipts and other moneys so pledged to secure the payment of the Notes is specified in the Resolution. Pursuant to the Act, the Resolution creates a valid pledge of and lien on the taxes, income, revenue, cash receipts and other moneys specified therein to pay the Notes and the interest thereon. The Notes are by statute general obligations of the County and, to the extent not paid from the Pledged Moneys (as defined in the Financing Certificate), shall be paid from any other moneys of the County attributable to Fiscal Year 2020-21 and lawfully available therefor;

(f) The County has complied in all respects with the Act and has complied with and satisfied all the agreements and conditions on its part to be complied with or satisfied at or prior

to the date of Closing pursuant to the Contract of Purchase, the Financing Certificate and the Resolution; and

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

IN WITNESS WHEREOF, I have hereunto set my hand this [1]<sup>st</sup> day of July, 2020.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_

Keith Knox  
Treasurer and Tax Collector

**EXHIBIT B**

**FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2020

J.P. Morgan Securities LLC  
Sacramento, California

County of Los Angeles  
2020-21 Tax and Revenue Anticipation Notes, Series A  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you pursuant to Section 8(e)(iv) of the Contract of Purchase, dated \_\_\_\_\_, 2020 (the “Purchase Contract”), by and between J.P. Morgan Securities LLC, on behalf of itself and the underwriters named therein (collectively, the “Underwriters”), and the County of Los Angeles (the “County”), providing for the purchase of \$ \_\_\_\_\_ aggregate principal amount of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series A (the “Series A Notes”). The Series A Notes are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 12, 2020 (the “Resolution”) and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, dated \_\_\_\_\_, 2020, executed by the County (the “Financing Certificate”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Series A Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Series A Notes on the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy

of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Series A Notes, the Resolution, the Financing Certificate, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained therein. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated \_\_\_\_\_, 2020, relating to the Series A Notes (the "Official Statement"), or other offering material relating to the Series A Notes and express no opinion relating thereto.

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

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

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

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

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

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP



**EXHIBIT C**

**FORM OF OPINION OF COUNSEL TO THE COUNTY**

July [1], 2020

J.P. Morgan Securities LLC,  
as Representative of the Underwriters  
Los Angeles, California

Re:    \$[Principal Amount] County of Los Angeles 2020-21 Tax and Revenue Anticipation  
Notes

Ladies and Gentlemen:

This opinion is rendered by us as counsel to the County of Los Angeles (the “County”) in accordance with the requirements of Section 8(e)(v) of the Contract of Purchase dated June \_\_, 2020 (the “Contract of Purchase”), by and between the County and J.P. Morgan Securities LLC, on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the “Underwriters”) relating to the Notes, with respect to \$[Principal Amount] aggregate principal amount of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes (the “Notes”).

The Notes are issued pursuant to a resolution of the Board of Supervisors of the County adopted on [Date], 2020 entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[Principal Amount]” (the “Resolution”) and the document entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes” (as referred to in the Resolution, the “Financing Certificate”).

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

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

1.       The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State and has taken all action required to be taken by it to authorize the issuance and delivery of the Notes. The County has full legal right, power and authority to conduct its business, to execute and deliver the Contract of Purchase and the Financing Certificate, to adopt the Resolution, to issue and deliver the Notes to the Underwriters (as named and defined in the Contract of Purchase), and to perform all of its obligations under, and to carry out and effectuate the transactions contemplated by, the Resolution, the Financing Certificate, the Notes and the Contract of Purchase. No authorization, consent, approval, order, filing, registration, qualification, election or referendum, of or by any State person, organization, court or

governmental agency or public body whatsoever, which has not been obtained or made, is required for such issuance, execution, delivery or performance or the consummation of the other transactions effected or contemplated in or by the Contract of Purchase or the Financing Certificate by the County, except for such actions may be necessary to be taken to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of any state or jurisdiction of the United States, as to which no opinion is expressed.

2. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase, the Financing Certificate, the Resolution and the Notes, and the delivery of the Official Statement of the County dated June \_\_, 2020 relating to the Notes, by the County have been duly authorized, and the issuance of the Notes, the execution, delivery and performance of the Contract of Purchase, the Financing Certificate, the Resolution and the Notes, and compliance with the provisions thereof (a) do not in any material respect conflict with or constitute on the part of the County a violation of or default under the Constitution of the State or any existing State law, charter, ordinance, regulation, decree, order or resolution and do not in any material respect conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject, and (b) do not result in the creation or imposition of any lien or encumbrance, other than as created by the Resolution and the Financing Certificate.

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

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

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

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

7. To the best of our knowledge after due inquiry, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable

judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Contract of Purchase, the Financing Certificate or the Resolution, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the County's ability to enter into or perform its obligations under the Contract of Purchase, the Financing Certificate or the Resolution.

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

Very truly yours,

By: \_\_\_\_\_  
MARY C. WICKHAM  
County Counsel

**EXHIBIT D**

**FORM OF OPINION OF DISCLOSURE COUNSEL**

July [1], 2020

County of Los Angeles  
Los Angeles, California

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the County of Los Angeles, California (the “County”) in connection with the Preliminary Official Statement dated [POS Date], 2020 (the “Preliminary Official Statement”) and its Official Statement dated June \_\_, 2020 (the “Official Statement”), each relating to its 2020-21 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”), and a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on [Date], 2020 (the “Note Resolution”). Capitalized terms used in this letter and not otherwise defined herein shall have the meanings provided by the Official Statement.

The Preliminary Official Statement and the Official Statement are the County’s documents and as such the County is responsible for their content. The statements made and the information contained in the Preliminary Official Statement and the Official Statement were reviewed for their accuracy, completeness, and materiality by representatives of the County. The purpose of our engagement was not to independently establish, confirm, or verify the factual matters set forth in the Preliminary Official Statement and the Official Statement and we have not done so. Moreover, many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve wholly or partially matters of a non-legal character. We do not, therefore, take any responsibility for the factual matters set forth in the Preliminary Official Statement and the Official Statement and we undertake herein only to express certain limited negative assurances regarding the same.

The purpose of our engagement by you was to provide certain limited negative assurances to J.P. Morgan Securities LLC, as representative of itself, Morgan Stanley & Co. LLC, Drexel Hamilton, LLC, Mischler Financial Group, Inc. and Stifel, Nicolaus & Company, Incorporated, as underwriters for the herein described Notes (the “Underwriters”). In separately requesting and accepting this letter, the County acknowledges that (i) the scope of those activities performed by us were inherently limited and do not encompass all activities that the County as the issuer of the Notes may be responsible to undertake in preparing the Preliminary Official Statement and the Official Statement, (ii) those activities performed by us relied substantially on representations, warranties, certifications and opinions made by representatives of the County and others, and are otherwise subject to the matters set forth in this letter, and (iii) while such statements of negative assurance are customarily given to underwriters of municipal securities to assist them in discharging their responsibilities under the federal securities laws, the responsibilities of the

County under those laws may differ from those of Underwriters in material respects, and this letter may not serve the same purpose or provide the same utility to you as it would to the Underwriters.

In giving the limited assurances hereinafter expressed, we are not expressing any opinion or view on, but have ourselves assumed and relied upon, the validity, accuracy and sufficiency of the records, documents, certificates and opinions executed and delivered in connection with the issuance of the Notes. Without limiting the foregoing statement, we have relied, without independently opining upon the legal conclusions expressed and without independently verifying the factual matters represented, on the legal opinions that we have reviewed. Also, we have relied upon a report prepared by a third party provider regarding the County's compliance with its continuing disclosure undertakings.

Also, this letter does not address (i) CUSIP numbers; (ii) any financial statements contained or incorporated by reference in the Preliminary Official Statement or the Official Statement; (iii) any financial, demographic, statistical or economic data, estimates, projections, numbers, assumptions, charts, graphs, tables, or expressions of opinion contained in the Preliminary Official Statement or the Official Statement; (iv) the section entitled "Tax Matters"; and (v) information relating to the book-entry-only system, including information in Appendix D – "Book-Entry Only System."

In our capacity as Disclosure Counsel, we participated in meetings and conference calls with representatives of the County, the Underwriters, Squire Patton Boggs (US) LLP, counsel to the Underwriters, Omnicap Group LLC, as Municipal Advisor, and other parties, during which the contents of the Preliminary Official Statement and the Official Statement were discussed and reviewed. Based upon such participation, and information disclosed to us in the course of our representation of the County as Disclosure Counsel, considered in light of our understanding of the applicable law and the experience we have gained through our practice of law, and subject to all of the foregoing in this letter including the qualifications respecting the scope and nature of our engagement, we advise you, as a matter of fact but not opinion, that, during the course of our engagement as Disclosure Counsel with respect to the Preliminary Official Statement and the Official Statement, no facts came to the attention of the attorneys of our firm rendering legal services in connection with this matter that caused them to believe that the Preliminary Official Statement as of its date and as of June \_\_, 2020 or the Official Statement as of its date and as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We assume no obligation to update, revise or supplement this letter to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or for any other reason.

We are not expressing any opinion with respect to the authorization, execution, delivery or validity of the Notes, or the exclusion from gross income for federal income tax purposes of interest on the Notes.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity, except as may be expressly authorized by us in writing. This letter is not to

be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes, except that reference may be made in any list of closing documents pertaining to the issuance of the Notes.

Very truly yours,

July [1], 2020

J.P. Morgan Securities LLC  
as Representative of the Underwriters  
Los Angeles, California

Ladies and Gentlemen:

We deliver to you herewith a copy of our opinion as Disclosure Counsel to the County of Los Angeles (the "County"), dated the date hereof relating to the Preliminary Official Statement dated [POS Date], 2020 and the Official Statement dated June \_\_, 2020, each relating to the County's 2020-21 Tax and Revenue Anticipation Notes. You are entitled to rely on such opinion as if the same were addressed to you.

Very truly yours,

## EXHIBIT E

### FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

[Date of Closing]

To: J.P. Morgan Securities LLC,  
as Representative of the Underwriters identified in the Purchase Contract  
described below  
Sacramento, California

We have served as counsel to the group of underwriters identified in the Purchase Contract described below (the “Underwriting Group”), for whom you are acting as Representative, in connection with the purchase by the Underwriting Group from the County of Los Angeles, California (the “County”) of its \$ \_\_\_\_\_ 2020-21 Tax and Revenue Anticipation Notes (the “Notes”), dated the date of this letter, pursuant to the Contract of Purchase, dated June \_\_, 2020 (the “Purchase Contract”), between the Underwriting Group and the County. This letter is provided pursuant to Section 8(e)(vii) of the Purchase Contract. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Contract.

In accordance with the terms of our engagement, certain of our lawyers reviewed (a) the Preliminary Official Statement dated May \_\_, 2020 (the “Preliminary Official Statement”), and (b) the Official Statement dated June \_\_, 2020 (the “Official Statement”) relating to the Notes, and participated in discussions with representatives of the County, Omnicap Group LLC, as municipal advisor to the County, County Counsel, note counsel, the Underwriting Group, and others, regarding the Preliminary Official Statement and the Official Statement, the information contained therein, and related matters.

The purpose of our professional engagement in that regard was not to establish or to confirm factual matters set forth in the Preliminary Official Statement or the Official Statement, and we have not undertaken to verify independently any of those factual matters. Many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve matters of a non-legal nature.

Subject to the foregoing, on the basis of the information gained by our lawyers involved in the review and discussions referred to above, we confirm to you that nothing came to the attention of those lawyers that caused them to believe that (1) the Preliminary Official Statement, as of its date and as of the date of the Purchase Contract, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (2) the Official Statement, as of its date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, and we do not express any belief with respect to the financial statements in Appendix B – “COUNTY OF LOS



ANGELES FINANCIAL STATEMENTS,” or other financial, technical, statistical, accounting or demographic data or forecasts, or any information about the book-entry system and The Depository Trust Company, the information under the heading “Tax Matters,” or in Appendix C – “PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL,” Appendix D – “BOOK-ENTRY ONLY SYSTEM,” or Appendix E – “FORM OF DISCLOSURE CERTIFICATE,” contained in the Preliminary Official Statement or the Official Statement.

In addition to the review and discussions referred to above, we have also examined an executed counterpart of the Purchase Contract and such other proceedings, documents, matters and law as we deem necessary to render the opinions set forth below.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Notes are exempt from registration under the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification under the Trust Indenture Act of 1939, as amended.
2. The Disclosure Certificate satisfies the requirement of paragraph (b)(5) of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the “Rule”), that the Underwriting Group obtain an undertaking for the benefit of the holders, including beneficial owners, of the Notes to provide certain annual financial information and event notices at the time and in the manner required by the Rule.

The legal opinions stated immediately above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by and the valid, binding and enforceable nature of those documents upon the parties thereto.

This letter is being furnished only to the Underwriting Group for its use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement in connection with the original issuance and delivery of the Notes is concluded upon delivery of this letter.

Respectfully submitted,

\$[\_\_\_\_\_]  
COUNTY OF LOS ANGELES  
2020-21 TAX AND REVENUE ANTICIPATION NOTES, SERIES \_\_

**PLACEMENT AGENT AGREEMENT**

[\_\_\_\_\_], 2020

County of Los Angeles  
500 West Temple Street, Room 432  
Los Angeles, California 90012

The undersigned, [\_\_\_\_\_] (the “Placement Agent”), offers to enter into the following agreement (this “Agreement”) with the County of Los Angeles (the “County”), which, upon acceptance by the County, will be binding upon the County and the Placement Agent.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Placement Agent and the County hereby agree as follows:

**1. Appointment of Placement Agent; Placement of Notes.** (a) The County hereby appoints the Placement Agent to act as the exclusive placement agent for the County in connection with the private sale and issuance of its County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series [ ] (the “Notes”), and the Placement Agent hereby accepts such appointment. The Notes shall be issued and secured pursuant to (i) Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended, (ii) the Resolution of the Board of Supervisors of the County entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[NTE AMOUNT],” adopted on [RESO DATE], 2020 (the “Resolution”), and (iii) the Financing Certificate entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes,” dated [\_\_\_\_\_], 2020 (the “Financing Certificate”). The Notes are being issued for the purposes authorized by Section 53852 of the California Government Code. As compensation for its services hereunder, the Placement Agent shall charge a fee equal to \$[\_\_\_\_\_]. At the closing of any such sale, the County shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the County with respect to any offering or placement of municipal securities other than the Notes.

(b) The County will provide the purchaser of the Notes (the “Purchaser”) with the opportunity to ask questions and receive answers, and will enter into a contract of purchase (the “Contract of Purchase”) with such Purchaser setting forth the terms and conditions of the sale and purchase of the Notes. Copies of the reports and other documents that have been furnished to the Placement Agent by the County in connection with the proposed offer and sale of the Notes are listed in Exhibit A hereto (it being understood that, prior to the consummation of any sale of the Notes, Exhibit A may be supplemented from time to time as mutually agreed by the parties hereto). The County hereby authorizes the Placement Agent to use such reports and documents in connection with the placement of the Notes.

(c) The County understands that the Placement Agent will be acting as the agent of the County in the offering and sale of the Notes and agrees that, in connection therewith, the Placement Agent will use its “best efforts” to place the Notes. This Agreement shall not give rise to any expressed or implied commitment by the Placement Agent to purchase or place any of the Notes.

(d) The County acknowledges and agrees that, in arranging for approved buyers to purchase the Notes, the Placement Agent is not acting as the fiduciary of the County and has not assumed an advisory or fiduciary responsibility in favor of the County. In connection with such transaction, the County has consulted its own legal and financial advisors to the extent it deemed appropriate. The County agrees that it will not claim that the Placement Agent has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the County in connection with such transaction or the process leading thereto. The Placement Agent is not acting as a municipal advisor as defined in Section 15B of the Securities Exchange Act of 1934, as amended, in connection with the matters contemplated by this Agreement.

**2. Covenants, Representations and Warranties of the County.** The County represents, warrants and agrees as follows:

(a) the County is, and will be at the Closing Date (as defined herein), a duly organized, validly existing and operating county and political subdivision of the State of California (the “State”) with full power and authority to observe and perform the covenants and agreements set forth in this Agreement;

(b) by official action of the County, prior to or concurrently with the acceptance hereof, the County (i) has duly adopted a resolution authorizing and approving the execution and delivery of this Agreement, and the performance of its obligations contained herein, and (ii) such resolution is in full force and effect and has not been amended or supplemented as of the date hereof;

(c) the execution and delivery of this Agreement and compliance with the provisions on the County’s part contained therein do not and will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, statute, indenture, mortgage, deed of trust, bond, note, resolution, agreement or other instrument to which the County is a party or by which the County is bound;

(d) any certificate signed by an authorized officer of the County and delivered to the Placement Agent shall be deemed a representation and warranty by the

County in connection with this Agreement to the Placement Agent as to the statements made therein for the purposes for which such statements are made;

(e) the County represents that the Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”); and

(f) the County agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify, if such qualification is necessary, the Notes for offering and sale as a private placement under the securities laws of such states as the Placement Agent may reasonably request, and the County further agrees to comply with such laws so as to permit such offers and sales. Any applicable filings will be prepared by the County’s counsel, whose fees and disbursements in connection therewith shall be for the account of the County.

**3. Payment and Delivery of Notes.** The Notes shall be dated the date of delivery, shall bear interest at the rate(s), shall be payable on the date(s), shall mature on the date(s) and shall be subject to redemption prior to their maturity all as set forth in the Contract of Purchase. At 9:00 a.m., Pacific time, on the date of delivery of the Notes as set forth in the Contract of Purchase or at such other time or on such other date as shall have been mutually agreed upon by the County, the Placement Agent and the Purchaser (the “Closing Date”), the County will deliver or cause to be delivered to the Purchaser the Notes as physical certificates (not held in book-entry form by a securities depository) at such place as the County, the Placement Agent and the Purchaser may mutually agree upon, duly executed, in authorized denominations, and registered in the name of the Purchaser, and shall cause each certificate, document, instrument and opinion required to be delivered pursuant to the Contract of Purchase to be delivered at the offices of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, in Los Angeles, California; and, subject to the conditions of this Agreement, the Placement Agent will cause the Purchaser to cause payment to be made of the purchase price thereof as set forth in the Contract of Purchase in immediately available funds (by wire transfer or such other manner of payment as the Purchaser and the County shall reasonably agree upon) payable to the order of the Paying Agent, as paying agent. The County acknowledges that the Placement Agent is causing such payment by the Purchaser to be made as an accommodation to the County, and the Placement Agent is under no obligation to purchase the Notes.

The obligation of the Placement Agent to cause payment for the Notes to be made by the Purchaser on the Closing Date shall be subject, at the option of the Placement Agent, to the County entering into the Contract of Purchase with respect to all (but not less than all) of the \$[ ] aggregate principal amount of the Notes, to the accuracy in all material respects of the representations, warranties and agreements on the part of the County contained herein and in the Contract of Purchase as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the County made in any certificates or other documents furnished pursuant to the provisions of the Contract of Purchase, to the performance by the County and, with respect to the Contract of Purchase, the Purchaser of their respective obligations to be performed hereunder and under the Contract of Purchase at or prior to the Closing Date, to the delivery of each certificate, document, instrument and opinion required

by the Contract of Purchase, and any termination of the obligation to purchase the Notes pursuant to the Contract of Purchase.

**4. Reliance.** The County recognizes that, in providing services under this Agreement, the Placement Agent will rely upon and assume the accuracy and completeness of the financial, accounting, tax and other information discussed with or reviewed by the Placement Agent for such purpose, and the Placement Agent does not assume responsibility for the accuracy and completeness thereof. The Placement Agent will have no obligation to conduct any independent evaluation or appraisal of the assets or the liabilities of the County or any other party or to advise or opine on related solvency issues. Nothing in this Agreement is intended to confer upon any other person (including creditors, employees or other constituencies of the County) any rights or remedies hereunder or by reason hereof.

**5. Termination.** The Placement Agent's authorization to carry out its duties hereunder may be terminated by the County or the Placement Agent at any time with or without cause, effective upon receipt of written notice to that effect by the other party.

**6. Notices.** Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing to the County at: 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector; and to the Placement Agent at: [\_\_\_\_], [\_\_\_\_], [\_\_\_\_]; Attention: [\_\_\_\_].

**7. Survival of Representations, Warranties and Agreements.** This Agreement is made solely for the benefit of the County and the Placement Agent, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the County contained in this Agreement shall remain operative and in full force and effect regardless of delivery of any payment for the Notes.

**8. Counterparts.** The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**9. Effectiveness.** This Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized signatory of the County, which acceptance hereof shall be indicated on the signature page hereof, and shall be valid and enforceable as of the time of such acceptance. This Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

**10. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Very truly yours,

[\_\_\_\_\_]

By: \_\_\_\_\_  
Authorized Representative

Accepted and Agreed this \_\_\_th day of \_\_\_\_\_, 202\_\_.

**COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Treasurer and Tax Collector

## EXHIBIT A

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HDW Draft – 5/5/20

PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_, 2020

**NEW ISSUE – BOOK-ENTRY ONLY**

**Ratings:**  
**Moody's:** “\_\_”  
**S&P:** “\_\_”  
**Fitch:** “\_\_”  
**(See “RATINGS” herein.)**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Los Angeles, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest with respect to the Series A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Series A Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Series A Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series A Notes. See “TAX MATTERS.”*



**\$(PRINCIPAL AMOUNT)\***  
**COUNTY OF LOS ANGELES**  
**2020-21 Tax and Revenue Anticipation Notes, Series A**  
**\_\_\_\_\_ % Priced to Yield \_\_\_\_\_ %**  
**CUSIP† No. 544657 \_\_\_\_\_**

**Dated: July 1, 2020**

**Due: June 30, 2021**

The County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series A (the “Series A Notes”) will be issued in fully registered form. The Series A Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series A Notes. Purchases of beneficial interests in the Series A Notes will be made in book-entry only form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Series A Notes purchased. The Series A Notes will bear interest from their dated date at the interest rate per annum specified above. Principal of and interest on the Series A Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Series A Notes. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.” Pursuant to the herein described Financing Certificate, the County may elect on the date of pricing to issue the Series A Notes in multiple series, with different maturity dates, interest rates, yields and CUSIP numbers.

The Series A Notes are being issued to provide moneys to help meet Fiscal Year 2020-21 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the “County”). The Series A Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May, 2020 (the “Resolution”) and a Financing Certificate entitled, “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes” (the “Financing Certificate”) to be delivered on the date of issuance of the Series A Notes pursuant to the Resolution. In accordance with California law, the Series A Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2020-21 that will be available for the payment of the Series A Notes (the “Unrestricted Revenues,” as further defined herein). The Series A Notes and the interest thereon are a first lien and charge against, and are payable from the first moneys received by the County from, the Unrestricted Revenues required to be deposited in the 2020-21 TRANs 2020-21 TRANs Repayment Fund (the “Pledged Revenues,” as further defined herein). See “THE SERIES A NOTES – Security for the Series A Notes” herein. Pursuant to the Resolution and the Financing Certificate, the County may issue one or more series of additional Series A Notes other than the Series A Notes (the “Additional Notes” as further defined herein) secured by a first lien and charge against, and also payable from the first moneys received by the County from, Pledged Revenues. See “THE SERIES A NOTES - Additional Notes.” The Series A Notes and any Additional Notes issued under the Resolution and the Financing Certificate are collectively referred to herein as the “2020-21 TRANs.” The County is not authorized, however, to levy or collect any tax for the repayment of the 2020-21 TRANs.

**The Series A Notes are not subject to redemption prior to maturity.**

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

\* Preliminary, subject to change.

† Copyright. American Bankers Association.



*The Series A Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Squire Patton Boggs LLP, Los Angeles, California. It is expected that the Series A Notes will be available for delivery through the facilities of DTC on or about July 1, 2020.*

**J.P. Morgan**

**Wells Fargo Securities**

**[Co-Managers to Come]**

Dated: June \_\_, 2020





# COUNTY OF LOS ANGELES

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## 2020-21 TAX AND REVENUE ANTICIPATION NOTES, SERIES A

### **BOARD OF SUPERVISORS**

Kathryn Barger  
*Fifth District, Chair*

Hilda L. Solis  
*First District*

Mark Ridley-Thomas  
*Second District*

Sheila Kuehl  
*Third District*

Janice Hahn  
*Fourth District*

Celia Zavala  
*Executive Officer-Clerk  
Board of Supervisors*

---

### **COUNTY OFFICIALS**

Sachi A. Hamai  
*Chief Executive Officer*

Mary C. Wickham  
*County Counsel*

Keith Knox  
*Treasurer and Tax Collector*

Arlene Barrera  
*Auditor-Controller*

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

This Official Statement is not to be construed as a contract with the purchasers of the Series A Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. All estimates, projections, forecasts or matters of opinion are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future.

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

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

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

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

Notes or as included herein. The CUSIP number for the Series A Notes is subject to being changed after the issuance of the Series A Notes as a result of various subsequent actions.

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## OFFICIAL STATEMENT

**[\$[PRINCIPAL AMOUNT]\*  
COUNTY OF LOS ANGELES  
2020-21 Tax and Revenue Anticipation Notes, Series A**

### INTRODUCTION

#### General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the “County”) of \$[Principal Amount]\* in aggregate principal amount of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes, Series A (the “Series A Notes”). The Series A Notes will bear interest at the rate per annum and mature on the date set forth on the cover page of this Official Statement. Pursuant to the herein described Financing Certificate, the County may elect on the date of pricing to issue the Series A Notes in multiple series, with different maturity dates, interest rates, yields and CUSIP numbers. Issuance of the Series A Notes will provide moneys to help meet Fiscal Year 2020-21 County General Fund expenditures attributable to the General Fund of the County (the “General Fund”), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Series A Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”), and a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on May \_\_, 2020 and entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2020-21 Tax and Revenue Anticipation Series A Notes in an Aggregate Principal Amount Not to Exceed \$[Maximum Principal Amount]” (the “Resolution”). The Series A Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the “Treasurer”) entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2020-21 Tax and Revenue Anticipation Notes” (the “Financing Certificate”) to be delivered on the date of issuance of the Series A Notes pursuant to the Resolution. Pursuant to California law, the Series A Notes and the interest thereon will be general obligations of the County payable from unrestricted taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2020-21 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County (the “Unrestricted Revenues”). See “THE SERIES A NOTES – Security for the 2020-21 TRANs.” As provided in Section 53856 of the Act, the Series A Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Unrestricted Revenues required by the Resolution and the Financing Certificate to be deposited in the 2020-21 TRANs Repayment Fund (the “2020-21 TRANs 2020-21 TRANs Repayment Fund”) pursuant to the Financing Certificate (the “Pledged Revenues”). Pledged Revenues means the Unrestricted Revenues required by the Resolution and the Financing Certificate to be deposited in the 2020-21 TRANs Repayment for the Series A Notes. The County is not authorized, however, to levy or collect any tax for the repayment of the Series A Notes.

#### The County

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\* Preliminary, subject to change.



The County is located in the southern coastal portion of the State of California (the “State”) and covers 4,083 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 41 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT” and APPENDIX B – “COUNTY OF LOS ANGELES FINANCIAL STATEMENTS.”

## **COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM**

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program’s inception, the County has sold either tax anticipation Series A Notes or tax and revenue anticipation Series A Notes (including commercial paper Series A Notes) in annual aggregate amounts up to \$1,850,000,000. The Resolution authorizes the County to issue and sell up to \$[Maximum Principal Amount] aggregate principal amount of its 2020-21 Tax and Revenue Anticipation Series A Notes.

In addition to the Series A Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. See “THE SERIES A NOTES – Security for the 2020-21 TRANS,” “– Interfund Borrowing, Intrafund Borrowing and Cash Flow” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program.”

## **THE 2020-21 TRANS**

### **General**

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

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

The Series A Notes will be issued in denominations of \$5,000 and any integral multiple thereof (“Authorized Denominations”) and will bear interest at the rate set forth on the cover page hereof. Interest on the Series A Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Series A Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Series A Notes.

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\* Preliminary, subject to change.

## **Authority for Issuance**

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

## **Purpose of Issue**

Issuance of the Series A Notes will provide moneys to help meet Fiscal Year 2020-21 General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Series A Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "County Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *County Pooled Surplus Investments.*"

## **Additional Notes**

Pursuant to the Resolution and the Financing Certificate, the County may issue one or more series of notes in addition to the Series A Notes (the "Additional Notes") in an aggregate amount, not to exceed, when combined with the aggregate principal amount of the Series A Notes and any previously issued series of Additional Notes issued pursuant to the Resolution and the Financing Certificate, \$[Maximum Amount Including Additional Notes]. The Series A Notes and any Additional Notes issued pursuant to the Resolution and the Financing Certificate are collectively referred to herein as the "2020-21 TRANs." The Additional Notes will also be secured by a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues in accordance with the Financing Certificate. Additional Notes may be issued so long as, among other things, the County is in compliance with all agreements and covenants contained the Resolution and in the Financing Certificate, no Event of Default shall have occurred and be continuing thereunder and the County obtains evidence that no rating then in effect with respect to the Series A Notes or any previously issued Additional Notes from a Rating Agency will be withdrawn, reduced, or suspended solely as a result of the issuance of the Additional Notes. Any Additional Notes shall not be subject to redemption prior to maturity.

## **Security for the 2020-21 TRANs**

The 2020-21 TRANs will be issued under and pursuant to the Resolution and the Financing Certificate and, subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and conditions set forth therein, will be secured by Pledged Revenues.

Pursuant to the Resolution and the Financing Certificate, the County pledges to the payment of the 2020-21 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

- (a) [the first Unrestricted Revenues to be received by the County on and after [\_\_\_\_\_, 2020], (1) in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the principal amount of the Series A Notes, *plus* (2) an amount equal to the interest that will accrue on the Series A Notes, *plus* (3) to the extent one or more series of Additional Notes are issued prior to [\_\_\_\_\_, 202\_], (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] , *plus* (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates;]

(b) [the first Unrestricted Revenues to be received by the County on and after [\_\_\_\_\_, 2021], (1) in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the principal amount of the Series A Notes, *plus* (2) an amount equal to the interest that will accrue on the Series A Notes, *plus* (3) to the extent one or more series of Additional Notes are issued prior to [\_\_\_\_\_, 202\_], (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] *less* the amount of any principal of Additional Notes included in any previous period’s pledge calculation as described above, *plus* (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates *less* the amount of any interest on Additional Notes included in any previous period’s pledge calculation as described above;]

(c) [the first Unrestricted Revenues to be received by the County on and after [\_\_\_\_\_, 202\_], (1) in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the principal amount of the Series A Notes, *plus* (2) an amount equal to the interest that will accrue on the Series A Notes, *plus* (3) to the extent one or more series of Additional Notes are issued prior to [\_\_\_\_\_, 202\_], (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] *less* the amount of any principal of Additional Notes included in any previous period’s pledge calculation as described above, *plus* (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates *less* the amount of any interest on Additional Notes included in any previous period’s pledge calculation as described above;] and

(d) [the first Unrestricted Revenues to be received by the County on and after the date or dates indicated in a Supplemental Certificate relating to one or more series of Additional Notes, in an amount, with respect to each date, equal to (1) the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$[\_\_\_\_\_] *less* the amount of any principal of Additional Notes included in any previous period’s pledge calculation as described above, *plus* (B) an amount equal to the interest that will accrue on the Additional Notes indicated in such Supplemental Certificate *less* the amount of any interest on Additional Notes included in any previous period’s pledge calculation as described above.]

As provided in Section 53856 of the Act, the 2020-21 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See “THE 2020-21 TRANs – Available Sources of Payment.” As security for the payment of the 2020-21 TRANs, the County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the 2020-21 TRANs Repayment Fund, in trust for the registered owners of the 2020-21 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit the Pledged Revenues in the 2020-21 TRANs Repayment Fund. To the extent that any amounts received pursuant to clauses (a) through (d) above are less than the total amount designated for such deposit, then the amount of any deficiency in the 2020-21 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit additional amounts from any such other moneys of the County into the 2020-21 TRANs Repayment Fund. If for any reason amounts in the 2020-21 TRANs Repayment Fund are insufficient to pay the 2020-21 TRANs in full, such amounts shall be applied to the payment of principal of and interest payable upon the 2020-21 TRANs in order of the due dates thereof and pro-rata for amounts due on a date for which there are insufficient funds to pay all amounts due on such date. The amounts on deposit in the 2020-21 TRANs Repayment Fund are pledged to the payment of the 2020-21 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2020-21 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however,

that earnings on amounts in the 2020-21 TRANs Repayment Fund shall be deposited as and when received into the General Fund.

The Pledged Revenues may be invested in Permitted Investments (herein defined); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2020-21 TRANs. Any amounts remaining in the 2020-21 TRANs Repayment Fund after repayment of all 2020-21 TRANs and the interest thereon shall be transferred to any account in the General Fund as the Treasurer or any of his respective designees may direct. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments.”

As more particularly described under the heading “THE SERIES A NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow,” the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the 2020-21 TRANs) is paid from such revenues.

#### **Available Sources of Payment for the 2020-21 TRANs**

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

The County estimates that the total Unrestricted Revenues to be available for payment of the principal of and interest on the Series A Notes, including the Pledged Revenues, will be in excess of \$10.0 billion, as indicated in the table below. Except for Pledged Revenues, the Unrestricted Revenues will be expended during the course of Fiscal Year 2020-21, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Series A Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Series A Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled “County of Los Angeles Borrowable Resources – Fiscal Year 2020-21” on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2020-21. Such amounts are not pledged for payment of the Series A Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County’s 2020-21 Budget, when adopted, the County’s actual revenues and expenditures, and actions by the State of California which could materially impact the County’s expenses and revenues.

**COUNTY OF LOS ANGELES**  
**ESTIMATED GENERAL FUND UNRESTRICTED REVENUES**  
**FISCAL YEAR 2020-21<sup>(1)</sup>**  
**(In Thousands)**

<b>SOURCES:</b>	<b>AMOUNT</b>
Property Taxes	\$
Other Taxes	
Homeowner’s Exemptions	
Motor Vehicle (VLF) Realignment	
Fines, Forfeitures and Penalties	
Licenses, Permits and Franchises	
Charges for Current Services	
Investment and Rental Income	
Other Revenue and Tobacco Settlement	
Total:	\$
Less amount pledged for payment of the Series A Notes: <sup>(2)</sup>	()
Net total in excess of Pledged Revenues:	\$

<sup>(1)</sup> Reflects revenues set forth in the projected cash flow for Fiscal Year 2020-21. Information subject to change to reflect the impact of any revisions to the 2020-21 State Budget and other matters. See “THE SERIES A NOTES – State of California Finances” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT”.

<sup>(2)</sup> Based on \$[Principal Amount]\* aggregate principal amount of Series A Notes, excluding the interest thereon.

**State of California Finances**

**General.** The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2020-21 State Budget (the “2020-21 State Budget”) will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2020-21 State Budget on the County’s financial outlook. In the event the 2020-21 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT.”

**Governor’s Proposed 2020-21 State Budget.** The Governor released his proposed fiscal year 2020-21 State budget (the “2020-21 Proposed State Budget”) on January 10, 2020. The 2020-21 Proposed State Budget was released prior to the COVID-19 developments described herein, and therefore, does not reflect the impacts of COVID-19 on the State’s financial condition. The effects of COVID-19 related developments are reflected in the May Revision as described below. Certain limited information from the 2020-21 Proposed State Budget is provided herein solely for context and reference.

The 2020-21 Proposed State Budget projects that for Fiscal Year 2020-21 total resources available will be approximately \$156.9 billion (including a prior year balance of \$5.2 billion) and total expenditures will be approximately \$153.1 billion, resulting in a year-end surplus of \$3.8 billion, of which \$2.1 billion would be reserved for the liquidation of encumbrances and \$1.6 billion would be deposited in a reserve for

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\* Preliminary, subject to change.

economic uncertainties. In addition, it is projected that as of the end of Fiscal Year 2020-21, there will be \$900 million on deposit in the Safety Net Reserve, \$487 million in the Public School System Stabilization Account and \$18.0 billion on deposit in the State's Rainy Day Fund.

**May Revision to the 2020-21 Proposed State Budget.** [To be updated upon release of the May Revision.] See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2020-21 Proposed State Budget” for additional information on the Proposed 2020-21 State Budget and the May Revision.

**LAO Overview of the May Revision.** [To be updated upon release of the LAO Overview of the May Revision.]

**Impact of Fiscal Year 2020-21 State Budget on the County.** The Proposed 2020-21 State Budget and May Revision, among other things, include proposals to \_\_\_\_\_. The proposed actions are expected to have a \_\_\_\_\_ fiscal impact on the County for Fiscal Year 2020-21. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2020-21 State Budget” attached hereto.

**Additional Information.** The Governor may release additional details of the proposals or updates to the Governor's Proposed 2020-21 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. The 2020-21 State Budget may be found at the Department of Finance website, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget.” An impartial analysis of the budget is posted by the LAO at [www.lao.ca.gov](http://www.lao.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

### **Interfund Borrowing, Intrafund Borrowing and Cash Flow**

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury Pool (so-called “interfund borrowing”) pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called “intrafund borrowing”). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the \$700,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2019-20 and due June 30, 2020), all tax and revenue anticipation notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a 2020-21 TRANs Repayment Fund therefor, separate from the General Fund, to repay the outstanding 2019-20 Tax and Revenue Anticipation Notes due on June 30, 2020. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in

the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consisted primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these “monies in transit” and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2014-15 through 2018-19” and “County of Los Angeles Borrowable Resources – Fiscal Year 2020-21” for the County’s historical and projected borrowable resources for purposes of intrafund borrowing.

The following tables set forth for fiscal years 2015-16 through 2019-20 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County’s borrowable resources.

**GENERAL FUND  
MONTH-END CASH BALANCES  
FISCAL YEARS 2015-16 THROUGH 2019-20  
(In Thousands)<sup>(1)</sup>**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<b>July</b>	\$1,901,844	\$2,266,486	\$2,605,709	\$2,076,959	
<b>August</b>	1,626,863	1,529,884	2,140,176	1,846,102	
<b>September</b>	1,254,727	914,444	1,452,843	1,035,639	
<b>October</b>	868,460	900,177	1,585,190	679,155	
<b>November</b>	414,234	516,312	632,514	600,424	
<b>December</b>	1,022,814	949,816	1,370,053	910,213	
<b>January</b>	1,299,857	1,543,599	1,660,492	1,140,594	
<b>February</b>	1,409,218	1,583,091	1,853,032	1,023,697	
<b>March</b>	1,080,343	1,247,137	1,311,599	149,330	
<b>April</b>	1,162,078	2,002,202	1,218,507	734,180	(2)
<b>May</b>	1,399,968	2,992,964	2,088,027	_____	(2)
<b>June</b>	2,162,672	2,508,677	2,358,936	_____	(2)

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment fund for the County's 2019-20 Tax and Revenue Anticipation Notes. Monthly periods with negative cash balances are covered by borrowable resources available to the County. See "THE SERIES A NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

(2) Estimated.

**BORROWABLE RESOURCES  
AVERAGE DAILY BALANCES  
FISCAL YEARS 2015-16 THROUGH 2019-20  
(In Thousands)**

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<b>July</b>	\$1,482,119	\$1,552,284	\$1,487,736	\$1,575,145	\$
<b>August</b>	1,434,015	1,392,220	1,278,233	1,353,750	
<b>September</b>	1,437,263	1,441,265	1,344,603	1,374,753	
<b>October</b>	1,928,495	1,933,090	1,901,516	1,992,417	
<b>November</b>	3,519,705	3,540,138	3,785,931	3,644,347	
<b>December</b>	6,016,212	6,515,207	7,113,753	6,828,877	
<b>January</b>	4,180,918	4,333,084	5,294,770	4,307,608	
<b>February</b>	2,825,906	2,881,611	3,559,226	2,975,671	
<b>March</b>	2,968,208	3,013,899	2,915,175	3,152,082	
<b>April</b>	5,910,220	6,181,061	5,799,128	5,852,185	(1)
<b>May</b>	3,521,695	3,658,424	3,633,761	_____	(1)
<b>June</b>	1,503,541	1,574,447	1,727,911	_____	(1)

(1) Estimated.



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

In connection with the issuance of the Series A Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2020-21 based on the 2020-21 Recommended Budget adopted by the Board of Supervisors on April \_\_, 2020 (the "2020-21 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2020-21 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2020-21. Although the County believes its Fiscal Year 2020-21 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation Series A Notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 27 of 28 years, and has done so by an average of more than \$500 million. For June 30, 2020, the County projects that its cash balance will be \$\_\_\_ million greater than the original May 2019 forecast of \$\_\_\_ million, ending the current fiscal year at a positive \$\_\_\_ million. There can be no assurances that actual results for Fiscal Year 2020-21 will not materially differ from the projections.

[General Fund Cash Flow Analysis – Fiscal Year 2020-21 Projections][2 pages]

[Average Daily Balances – Fiscal Year 2020-21 Forecast] [2 pages]

## **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE**

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

### **Resolution and Financing Certificate to Constitute Contract**

In consideration of the purchase and acceptance of any and all of the 2020-21 TRANs to be issued under the Resolution and the Financing Certificate by those who shall hold the same from time to time, the Resolution and the Financing Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2020-21 TRANs. The pledge made in the Resolution and the Financing Certificate and the covenants and agreements set forth therein to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the 2020-21 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2020-21 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

### **Covenants of the County**

The County covenants under the Financing Certificate that it will not issue any 2020-21 TRANs, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2020-21 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said 2020-21 TRANs or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such 2020-21 TRANs or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

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

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

## **Negotiability, Transfer and Exchange of the Series A Notes**

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

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

## **Permitted Investments**

Moneys on deposit in the 2020-21 TRANs Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the 2020-21 TRANs. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate (“Permitted Investments”), as more fully described below:

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

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

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

(4) The County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as “bankers’ acceptances,” having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of “A-1,” “P-

1,” or “F1” by S&P, Moody’s, or Fitch, respectively, and a long-term debt rating of no less than “A” by S&P, Moody’s or Fitch.

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

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

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

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

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2020-21 TRANs, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9) above, such investments must be rated by S&P at the respective S&P ratings described therein.

### **2020-21 TRANs Repayment Fund Held by the Treasurer**

Under the Resolution and the Financing Certificate, the County shall transfer to the Treasurer for deposit in the 2020-21 TRANs Repayment Fund the Pledged Revenues as set forth in the Financing Certificate. The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2020-21 TRANs. The Pledged Revenues shall be used to pay the 2020-21 TRANs and the interest thereon when the same shall become due and payable and may not be used for any other purpose; provided that earnings on amounts in the 2020-21 TRANs Repayment Fund shall be deposited as and when received into the General Fund. Any amounts remaining in the 2020-21 TRANs Repayment Fund after repayment of all the 2020-21 TRANs and the interest thereon shall be transferred to any account in the General Fund as the Treasurer or any designee may direct.

### **Supplemental Financing Certificate and Supplemental Resolution**

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the 2020-21 TRANs may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a “Supplemental

Financing Certificate”), with the written consent of the Holders of at least a majority in principal amount of the 2020-21 TRANs outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any 2020-21 TRANs remain Outstanding, the consent of the Holders of such 2020-21 TRANs will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Series A Notes or of the applicable interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected 2020-21 TRANs, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the 2020-21 TRANs, as set forth under “THE 2020-21 TRANs - Security for the 2020-21 TRANs,” without the consent of all of the Holders of the affected Series A Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected 2020-21 TRANs, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a “Supplemental Resolution”) may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add to the covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to provide for the issuance of the Additional Notes, and to provide the terms and conditions under which the Additional Notes may be issued, subject to and in accordance with the provisions of the Financing Certificate, (vi) to supplement or amend the Resolution or the Financing Certificate as required to maintain a rating for the 2020-21 TRANs, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders or (vii) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

### **Events of Default**

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

- (1) the County fails to make any payment of the principal of or interest on any 2020-21 TRANs when and as the same become due and payable;
- (2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the 2020-21 TRANs and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in principal amount of the 2020-21 TRANs outstanding; or
- (3) the County shall file a petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders of the 2020-21 TRANs, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of or interest on the 2020-21 TRANs.

### **Payment of Unclaimed Moneys to County**

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the 2020-21 TRANs that remain unclaimed for a period of one year after the date when such 2020-21 TRANs have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such 2020-21 TRANs became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such 2020-21 TRANs from lawfully available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the 2020-21 TRANs) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date may be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

### **RISK FACTORS**

The following factors, along with all other information in this Official Statement, must be considered by potential investors in evaluating the risks inherent in the purchase of the Series A Notes. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series A Notes. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

### **The County's Fiscal Year 2020-21 Recommended Budget**

The County's Fiscal Year 2020-21 Recommended Budget is based on a number of assumptions regarding both revenues and expenditures. Based on current trends and a survey of local economic forecasts, the County has assumed a \_\_% growth factor in its overall statewide sales tax projection for the 2020-21 Recommended Budget. [Description of anticipated revised recommended budget to be released in June 2020.] [Impact of COVID-19] Changes in various federal programs and legislation could have a material effect on the County's budget. The County may make adjustments throughout the year as necessary to maintain a balanced budget, as required by the County Charter. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information" attached hereto.

### **Financial Conditions in Local, State and National Economies**

The financial condition of the County can be significantly affected by generally prevailing financial conditions in the local, State and national economies. The County receives a significant portion of its funding from the State. Decreases in the State's General Fund revenues may significantly affect



appropriations made by the State to public agencies, including the County. The 2020-21 Proposed State Budget was released prior to the COVID-19 developments described herein, and therefore, does not reflect the impacts of COVID-19 on the State's financial condition. The effects of COVID-19 related developments are reflected in the May Revision as described below. There can be no assurances that the occurrence of a recession or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the County in the future. See also "THE 2020-21 TRANS – State of California Finances" herein and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – Federal and State Funding" attached hereto.

## **Cybersecurity**

The County relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the County and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. In May 2016, a phishing email attack occurred in which the perpetrator accessed usernames and passwords of County employees and caused a breach of information for over 750,000 individuals. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation – Other Cases." The County's District Attorney Cyber Investigative Response Team found the perpetrator and criminal charges were filed. After the incident, the County created the Office of Privacy within the Chief Executive Office, Risk Management Branch. In collaboration with the Chief Information Security Officer, the Office of Privacy oversees and coordinates the direction, privacy, security, and policies of the County that relate to personally identifiable and protected health information. The Office of Privacy works with other county offices and officials, including information security and law enforcement personnel and data experts, to protect confidential information from unauthorized disclosures and to comply with Federal and State privacy and information technology security regulations and best practices.

In November 2018, the Board adopted revised Information Technology and Security Board Policies which set forth directives on best practices for use of the County's computer systems. These policies include an Information Security Policy, an Information Classification Policy, a Use of County Information Assets Policy, an Information Security Incident Reporting and Response Policy and an Information Technology Audit and Risk Assessment Policy. The County uses a risk-based approach to manage cybersecurity threats, which allows the County to evaluate the vulnerabilities of its systems and the threats posed thereto so that the County may timely react to and address each situation. The County also conducts cybersecurity awareness training as a component of its cyber liability insurance policy.

No assurances can be given that the County's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems, and the costs of remedying any such damage could be substantial.

## **Enforceability of Remedies**

The rights of the owners of the Series A Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Series A Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity

principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Series A Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation Series A Notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Series A Notes and these funds will be held a segregated account to be established and maintained by the County for the benefit of the owners of the Series A Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the owners of the Series A Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Series A Notes unless the owners could “trace” the funds from the 2020-21 TRANs Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so “trace” the pledged amounts.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. The amount treated as interest on the Series A Notes and excluded from gross income may depend upon the taxpayer’s election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Series A Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX C — PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL.”

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on debt obligations such as the Series A Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Series A Notes and the aggregate amount to be paid at maturity of the Series A Notes (the “original issue discount”). For this purpose, the issue price of the Series A Notes is the first price at which a substantial amount of the Series A Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated

interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Series A Notes original issue discount treatment is elected.

Series A Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity (“Premium Series A Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Series A Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder of the basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such holder of the Series A Notes. Holders of Premium Series A Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series A Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series A Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series A Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series A Notes may adversely affect the value of, or the tax status of interest on, the Series A Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Series A Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Series A Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Series A Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Series A Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2020-21. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County’s calculation of expenditures of Series A Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Series A Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the

ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series A Notes may otherwise affect a holder of the Series A Notes' federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the holder(s) of the Series A Notes or the holder(s) of the Series A Notes' other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series A Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series A Notes. Prospective purchasers of the Series A Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series A Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series A Notes ends with the issuance of the Series A Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the holders of the Series A Notes regarding the tax-exempt status of the Series A Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the holders of the Series A Notes, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of the IRS's positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series A Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series A Notes, and may cause the County or the holders of the Series A Notes to incur significant expense.

#### **CERTAIN LEGAL MATTERS**

Legal matters related to the authorization, issuance, sale and delivery of the Series A Notes are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Series A Notes in substantially the form appearing in APPENDIX C hereto. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Squire Patton Boggs LLP, Los Angeles, California.

## **LEGALITY FOR INVESTMENT IN CALIFORNIA**

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

## **FINANCIAL STATEMENTS**

The financial statements of the County for the Fiscal Year ended June 30, 2019, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 13, 2019.

## **RATINGS**

Moody's, S&P and Fitch have given the Series A Notes the ratings of "\_\_\_\_," "\_\_\_\_" and "\_\_\_\_" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Series A Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Series A Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, 33 Whitehall Street, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Series A Notes.

## **LITIGATION**

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Series A Notes. The County is routinely a party to various lawsuits and administrative proceedings. Summaries of certain pending legal proceedings or potential contingent liabilities are set forth in Appendix A attached hereto. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT." In the opinion of the County Counsel, the outcome of the presently pending suits and claims will not materially impair the County's ability to repay the Series A Notes. Note 18 of "Notes to the Basic Financial Statements" included in APPENDIX B sets forth this liability as of June 30, 2019.

## **MUNICIPAL ADVISOR**

Omnicap Group LLC has served as Municipal Advisor to the County in connection with the issuance of the Series A Notes. The Municipal Advisor has not been engaged, nor has it undertaken, to

make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

### **CONTINUING DISCLOSURE**

Pursuant to the Continuing Disclosure Certificate dated the date of issuance of the Series A Notes (the “Continuing Disclosure Certificate”), the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Series A Notes. See APPENDIX E — “Form of Continuing Disclosure Certificate” attached hereto. These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

The County did not timely file a notice of a rating upgrade with respect to the Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles, Improvement Area B Special Tax Refunding Bonds, Series 2011A. In addition, the notice of a rating upgrade with respect to the Los Angeles County Public Works Financing Authority, Lease Revenue Bonds, 2016 Series D (the “2016D Bonds”) did not identify all of the applicable CUSIPs of this issue. The County filed a notice of the rating change with the applicable CUSIPs for the 2016D Bonds.

### **UNDERWRITING**

The Series A Notes are being purchased for reoffering by J.P. Morgan Securities LLC, as representative of itself, Wells Fargo Bank, National Association, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “Underwriters”). The Underwriters have agreed to purchase the Series A Notes at a purchase price of \$\_\_\_\_\_ (representing the principal amount of the Series A Notes, plus original issue premium of \$\_\_\_\_\_, less Underwriters’ discount of \$\_\_\_\_\_). The Contract of Purchase (the “Contract of Purchase”) provides that the Underwriters will purchase all of the Series A Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

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

The following paragraphs have been provided by the Underwriters: [Distribution language of co-managers.]

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series A Notes, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series A Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series A Notes that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series A Notes, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series A Notes. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series A Notes with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series A Notes. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

#### **ADDITIONAL INFORMATION**

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

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

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR  
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-7175

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**APPENDIX A**

**COUNTY OF LOS ANGELES INFORMATION STATEMENT**

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# THE COUNTY OF LOS ANGELES

## Information Statement

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### GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,083 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of 10.3 million in 2019, the County is the most populous of the 58 counties in California and has a larger population than 41 states.

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

### COUNTY GOVERNMENT

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

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

On July 7, 2015, the Board of Supervisors approved recommendations by the CEO to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance, and to establish a new governance structure. Under the new governance structure, all non-elected department heads report directly to the Board of Supervisors, and all Deputy CEO positions were eliminated. County departments continue to report to the CEO for day-to-day operations, and for administrative and budget matters. The CEO continues to function as the Board of Supervisor's agent to manage

countywide policy objectives and departmental performance management. The new governance structure is designed to streamline County governance by improving communications with County departments and facilitating more effective decision making in response to the Board of Supervisors' policy objectives.

From 2014 to 2016, the County experienced significant changes to its elected leadership on the Board of Supervisors. In December 2014, the previous Supervisors for the First District and the Third District reached their term limits, with their successors elected by voters in the November 2014 election. The current Supervisors for the First and Third Districts commenced their first terms in December 2014. In November 2016, voters elected new Supervisors to the Fourth District and the Fifth District, replacing the previous Supervisors who had reached their term limits. The new Supervisors for the Fourth and Fifth Districts commenced their first terms in December 2016. The Second District Supervisor will complete his third term and be termed-out out of office in December 2020.

### COUNTY SERVICES

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

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

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

### Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-

wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol abuse prevention, and various other treatment programs. These services are provided at County facilities and through a network of contract providers.

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

### **Disaster Services**

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 14 major dams, 172 debris basins, an estimated 120,000 catch basins, 35 sediment placement sites, and over 3,399 miles of storm drains and channels. County lifeguards monitor 25 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

### **Public Safety**

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily inmate population of approximately 17,445 inmates. This number includes approximately 242 inmates who were serving their sentences outside of the jail in community-based programs.

### **General Government**

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County’s voter registration and election system, which provides services to an estimated 5.5 million registered voters and maintains approximately 4,728 voting precincts for countywide elections.

### **Culture and Recreation**

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also

functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County manages over 183 parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 8 nature centers, 41 public swimming pools, over 200 miles of horse, biking and hiking trails, and 20 golf courses. The County also maintains botanical centers, including the Arboretum and Botanic Garden, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Gardens, providing County residents with valuable environmental and educational resources.

### **EMPLOYEE RELATIONS/COLLECTIVE BARGAINING**

The County has a total workforce of approximately 112,702 with 88.3% of the workforce represented by sixty-two (62) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union (“SEIU”) Local 721, which includes twenty-four (24) collective bargaining units that represent 57.1% of County employees; the Coalition of County Unions (“CCU”), which includes thirty-three (33) collective bargaining units representing 29.4% of County employees; and the Independent Unions (the “Independent Unions”), which encompass five (5) collective bargaining units representing 1.8% of County employees. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division is responsible for negotiating sixty-two (62) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

The current Memoranda of Understanding (“MOUs”) with the various collective bargaining units cover wages, salaries and fringe benefits. The County has agreed to final terms with all 62 collective bargaining units. The MOUs have three-year terms and provide for a 7% cost of living increase over the term of the agreements, which have multiple expiration dates ranging from December 31, 2020 to September 30, 2021. Non-represented employees will also receive the 7% cost of living increase received by represented employees. Negotiations are expected to begin with the units whose contracts expire on December 31, 2020 within the next few months.

The County has successfully negotiated both MOUs with the SEIU and the CCU covering fringe benefits. The new MOUs with SEIU and CCU, which expire on September 30, 2021 and on June 30, 2021, respectively, increase the County contribution toward healthcare benefits slightly each year, with the most significant change being the institution of caps on the amount of unused County contribution returned to the employee as taxable cash. The monthly health insurance subsidy for eligible temporary and recurrent employees represented by CCU will increase by 5.5% in 2019, 6% in 2020 and 6% in 2021. The SEIU agreement provides a one-time payment of \$1,000 and the CCU agreement provides a one-time payment of \$500 and a one-time increase of 8 hours of leave time for certain full-time permanent employees effective April 30, 2019.

Due to the agreements reached with SEIU and CCU, the Board of Supervisors approved comparable salary adjustments for most non-represented employees, except for the salaries of

Tier 1 Management and Appraisal and Performance Plan participants, which include department heads.

In an effort to mitigate the budgetary impact caused by the COVID 19 pandemic, the Board of Supervisors approved a temporary suspension of the County's matching contribution to the Deferred Compensation and Thrift Plan and the 401(k) Savings Plan for non-represented employees and certain represented employees covered by the Flex and MegaFlex benefit plans. The suspension is effective as of May 1, 2020, and will last through Fiscal Year 2020-2021. The County has also requested its represented employees to return to the bargaining table to negotiate concessions to the employer match on the 457 plan.

## RETIREMENT PROGRAM

### General Information

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

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

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified as "general" employees. County employees had the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C, D & G), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment between January 4, 1982 and January 1, 2013 had the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through G) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2019 was 181,260, consisting of 72,623 active vested members, 26,563 active non-vested members, 66,507 retired members and 15,567 terminated vested (deferred) members. Of the 99,186 active members (vested and non-vested), 86,392 are general

members in General Plans A through G, and 12,794 are safety members in Safety Plans A through C.

Of the 66,507 retired members, 53,560 are general members in General Plans A through G, and 12,947 are safety members in Safety Plans A, B and C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2019, approximately 48% of the total active general members (vested and non-vested) were enrolled in General Plan D, and over 76% of all active safety members (vested and non-vested) were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

### 2012 State Pension Reform

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

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

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. Based on the June 30, 2019 Actuarial Valuation (the "2019 Actuarial Valuation"), the total employer contribution rate in Fiscal Year 2020-21 for new employees hired on and after January 1, 2013 is 23.03% for General Plan G and 28.46% for Public Safety Plan C. The new employer contribution rates are slightly lower to the comparative rates of 23.13% for General Plan D participants and 31.19% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions for members who retire at age 61 or older. For Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions

beginning at age 50. Overall, the implementation of General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

## Contributions

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

## Investment Policy

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

## Actuarial Valuation

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

When measuring assets to determine the unfunded actuarial accrued liability ("UAAL"), which is defined as the actuarial accrued liability ("AAL") minus the actuarial value of the assets of LACERA at a particular valuation date, the Board of Investments has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any fiscal year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss. In December 2009, the Board of Investments adopted the Retirement Benefit Funding Policy (the "2009 Funding Policy"). As a result of the 2009 Funding Policy the smoothing period to account for asset gains and losses increased from three years to five years.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This

review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth.

## UAAL and Deferred Investment Returns

For the June 30, 2018 Actuarial Valuation (the "2018 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 9%, which was higher than the 7.25% assumed rate of return. As a result of the stronger than assumed investment performance, the market value of Retirement Fund Assets increased by \$3.556 billion or 6.7% to \$56.300 billion as of June 30, 2018. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by \$3.067 billion or 5.9% from \$52.166 billion to \$55.233 billion as of June 30, 2018. The 2018 Actuarial Valuation reported that the AAL increased by \$3.216 billion to \$68.527 billion, and the UAAL increased by \$149 million to \$13.294 billion from June 30, 2017 to June 30, 2018. The Funded Ratio as of June 30, 2018 increased slightly to 80.6% from the prior year Funded Ratio of 79.9%.

The 2018 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2019. The County's required contribution rate will increase from 20.04% to 20.91% of covered payroll in Fiscal Year 2019-20. The increase in the contribution rate was primarily caused by a 0.96% cost increase from the last year of the three-year phase-in of the new actuarial assumption changes approved by the Board of Investments in December 2016, which was partially offset by a decrease in the funding requirement to finance the UAAL 11.06% to 10.99%, and a slight decrease in the normal cost contribution rate from 9.94% to 9.92%.

The 2018 Actuarial Valuation does not include \$503.874 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 81.3% as of June 30, 2018, and the required County contribution rate would have been 20.55% for Fiscal Year 2019-20.

In December 2019, Milliman released the 2019 Investigation of Experience for Retirement Benefit Assumptions (the "2019 Investigation of Experience"). The 2019 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the 2019 Actuarial Valuation. The key actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.25% to 7.00%; no changes in the assumed rates for wage growth and price inflation (currently at 3.25% and 2.75%, respectively); and a reduction in the mortality rate (increase in life expectancy) for all retirees. Milliman also recommended a change to the methodology used in calculating the employer contribution rate by reducing the UAAL amortization period from 22 years to 20 years. In January 2020, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions and methodology changes, with the resulting increase in the employer contribution rate to be phased in over a three-year period beginning in Fiscal Year 2019-20.

For the June 30, 2019 Actuarial Valuation (the "2019 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 5.5%, which was lower than the 7.25%

assumed rate of return. As a result of the weaker than assumed investment performance, the market value of Retirement Fund Assets increased by \$1.995 billion or 3.5% to \$58.3 billion as of June 30, 2019. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by \$2.384 billion or 4.3% from \$55.233 billion to \$57.617 billion as of June 30, 2019. The 2019 Actuarial Valuation reported that the AAL increased by \$6.108 billion to \$74.635 billion, and the UAAL increased by \$3.724 billion to \$17.018 billion from June 30, 2018 to June 30, 2019. The Funded Ratio as of June 30, 2019 decreased to 77.2% from the prior year Funded Ratio of 80.6%.

The 2019 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2020. The County's required contribution rate will increase from 20.91% to 22.59% of covered payroll in Fiscal Year 2020-21. The 1.68% increase in the employer contribution rate includes a 3.29% cost increase from the changes in actuarial assumptions and methodology changes (as described above), and a 0.58% increase from the recognition of actuarial investment losses in Fiscal Year 2018-19, which were partially offset by a 2.19% cost reduction due to the three-year phase-in of the actuarial assumption and methodology changes. The remaining 2.19% cost increase from the actuarial assumption and methodology changes will be phased-in in Fiscal Years 2021-22 and 2022-23, resulting in higher employer contribution rates. If the three-year phase-in had not been adopted by the Board of Investments, the employer contribution rate for Fiscal Year 2020-21 would be 24.78%.

The 2019 Actuarial Valuation does not include \$94.601 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 77.3% as of June 30, 2019, and the required County contribution rate would have been 22.51% for Fiscal Year 2019-20.

As of March 31, 2020, LACERA reported a 5.6% fiscal year to date net loss on Retirement Fund assets, which is lower than the actuarial assumed investment rate of return of 7.0%.

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

### **Pension Funding**

Since Fiscal Year 1997-98, the County has funded 100% of its annual actuarially required contribution to LACERA. In Fiscal Years 2017-18 and 2018-19, the County's total contributions to the Retirement Fund were \$1.499 billion and \$1.636 billion, respectively. For Fiscal Year 2019-20, the County's required contribution payments are expected to increase by approximately \$134.8 million or 8.24% to \$1.770 billion. For Fiscal Year 2020-21, the County is projecting retirement contribution payments to LACERA of \$2.021 billion, which would represent a 14.17% or \$250.9 million increase from Fiscal Year 2019-20.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2021 is presented in Table 3 ("County Pension and OPEB Payments") at the end of this Information Statement section.

### **STAR Program**

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2019, \$614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2019 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would have increased from 22.59% to 23.11% for Fiscal Year 2020-21, and the Funded Ratio would have decreased from 77.20% to 76.40% as of June 30, 2019. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately \$39 million in Fiscal Year 2020-21.

### **Pension Accounting Standards**

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

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

The new GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund pension benefits. For the Fiscal Year ended June 30, 2019 the County reported a Net Pension Liability of \$10.345 billion, which represents a \$505 million or 5% decrease from the \$10.850 billion Net Pension Liability reported as of June 30, 2018.

### **Other Postemployment Benefits (OPEB)**

LACERA administers a retiree health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans

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

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

In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust. In Fiscal Year 2012-13, the County transferred \$448.8 million from the County Contribution Credit Reserve maintained with LACERA for the initial funding of the OPEB Trust. The transfer from the County Contribution Credit Reserve represented the accumulated balance of the County's proportionate share of excess earnings distributions from the Retirement Fund from Fiscal Years 1994 through 1998.

**(TO BE UPDATED)** [On June 22, 2015, the Board of Supervisors approved a multi-year plan to begin pre-funding the County's unfunded OPEB liability (the "OPEB Pre-funding Plan"). The OPEB Pre-funding Plan requires the County to fully fund the OPEB annual required contribution ("ARC") by incrementally increasing the annual contribution to the OPEB Trust. In Fiscal Year 2017-18, the County contributed \$120.8 million to the OPEB Trust in excess of the pay as you go amounts. The County expects to contribute \$180.9 million and \$246.2 million in excess of the pay as you go amounts in Fiscal Years 2018-19 and 2019-20, respectively. In future fiscal years, the County expects to incrementally increase its OPEB funding by approximately \$60 million per year, which includes an annual \$25 million increase in the Net County Cost ("NCC") contribution from the General Fund and a \$35 million annual increase funded by subvention revenue. Based on current projections for the OPEB Pre-funding Plan, the OPEB ARC will be fully funded by Fiscal Year 2027-28.] As of March 31, 2020, the balance of the OPEB Trust was \$1.2 billion.

## Investment Policy

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

## OPEB Accounting Standards

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

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaced the requirements of GASB Statement No. 43 and is focused on the OPEB plan administrator (LACERA). GASB 74 was implemented with the issuance of LACERA's Fiscal Year 2016-17 financial statements and expanded the required OPEB-related note disclosures and supplementary information.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaced the requirements of GASB Statement No. 45 and is focused on employers (the County) providing defined OPEB benefits. GASB 75 was implemented with the issuance of the County's Fiscal Year 2017-18 financial statements. Although GASB 75 did not materially affect the existing process which computes the County's UAAL, it did require the County to recognize the full amount of net OPEB liabilities directly on the Statement of Net Position (government-wide balance sheet). The net OPEB liability is the difference between the total OPEB liability (the present value of projected OPEB benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay OPEB benefits. There are also new requirements which expanded the existing OPEB-related note disclosures and supplementary information.

The new requirement from GASB 75 to recognize the full amount of net OPEB liabilities in the financial statements is a substantive and material change to the previous standards. Prior accounting standards only required recognition of OPEB liabilities to the extent that OPEB funding was less than the actuarially determined amount. As of June 30, 2019, the County's Statement of Net Position recognized \$23.591 billion of OPEB liabilities which represented a \$1.66 billion or 6.57% decrease from the \$25.249 billion OPEB liability reported as of June 30, 2018. The new GASB OPEB standards are only applicable to accounting and reporting for OPEB benefits in the County's financial statements. Accordingly, there is no impact on the County's existing statutory obligations and policies to fund the OPEB benefits.

## OPEB Actuarial Valuation

In order to comply with the requirements of GASB 74 and GASB 75, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefit plans. The County's members comprise approximately

95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

In June 2018, Milliman released the County's OPEB actuarial valuation report as of July 1, 2017 which served as the basis for the GASB 75 disclosure report, also prepared by Milliman and issued in June 2019 (the "2019 GASB 75 Report"). In the 2019 GASB 75 Report, Milliman reported a Net OPEB Liability of \$24.730 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is \$23.591 billion.

### **OPEB Contributions**

In Fiscal Years 2017-18 and 2018-19, the total "pay as you go" payments from the County to LACERA for retiree health care benefits were \$559.1million and \$604.5 million, respectively. In Fiscal Year 2019-20, payments to LACERA for OPEB are projected to increase by \$31.5 million or 5.2% to \$636.2 million. For Fiscal Year 2020-21, the County is projecting \$677.8 million in OPEB payments to LACERA, which would represent a 6.5% or \$41.6 million increase from Fiscal Year 2019-20.

### **Long-Term Disability Benefits**

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

The County has determined that the liability related to long-term disability benefits is an additional OPEB liability, which is reported as a component of the Net OPEB Liability in the CAFR. Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare actuarial valuations of the long-term disability portion of its DBP. The latest valuation, as of July 1, 2017 included information related to GASB 75. In the 2017 LTD Valuation, which was rolled forward to July 1, 2018, the total OPEB liability for the County's long-term DBP was \$1.048 billion, compared to the long-term DBP liability of \$1.073 billion as of June 30, 2018.

In Fiscal Years 2017-2018 and 2018-19, the County made total DBP payments of \$41.1 million and \$41.6 million, respectively. For Fiscal Years 2019-20 and 2020-21, the County is projecting total DBP payments of \$42.6 million and \$44.6 million, respectively. As of June 30, 2019, the County's total net OPEB liability of \$24.639 billion includes \$23.591 billion for retiree healthcare and \$1.048 billion for long-term disability benefits.

## **LITIGATION (TO BE UPDATED)**

The County is routinely a party to various lawsuits and administrative proceedings. The following are summaries of certain pending legal proceedings or potential contingent liabilities, as reported by the Office of the County Counsel. A further discussion of certain legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

### **Wage and Hour Cases**

In 2017 and 2018, three federal collective action complaints (*Trina Ray v. Los Angeles County Department of Public Social Services*; *Thomas Ferguson v. County of Los Angeles*; *Pieter Vandenberg v. County of Los Angeles*) were filed against the County in connection with alleged violations of the Fair Labor Standards Act (the "FLSA"). The *Trina Ray* complaint relates to an alleged failure to pay overtime compensation to individuals providing assistance under the State and County's In-Home Supportive Services Program. The court ruled that plaintiffs can seek overtime pay under the FLSA only from November 12, 2015 to January 31, 2016. The *Ferguson* and *Vandenberg* complaints relate to an alleged failure to properly calculate overtime compensation. These two cases are based on a Ninth Circuit decision, *Flores v. City of San Gabriel*, which held that cash paid to employees in lieu of benefits must be included when calculating the hourly rate of overtime pay. The potential liability in each case depends on, among other things, the amount of damages that are demonstrated and the size of the collective class. The cases are in their early stages and the County is unable to determine at this time the potential liability relating thereto.

In December 2018, a class action lawsuit was filed by Rolinda Sotomayor, alleging unpaid compensation for time worked and overtime compensation that was wrongfully withheld. Plaintiff, a custody assistant for the Sheriff's Department, specifically alleges she has not been paid properly for the "donning and doffing" of her uniform at work. The potential liability depends on, among other things, the amount of damages that are demonstrated and the size of the collective class. The case is in the early stages and the County is unable to determine at this time the potential liability relating thereto.

In February 2019, a class action lawsuit was filed by Paul Randal James, alleging that LAC+USC Medical Center failed to pay the State-mandated minimum wage for all hours worked. The potential liability depends on, among other things, the amount of damages that are demonstrated and the size of the collective class. The case is in the early stages and the County is unable to determine at this time the potential liability relating thereto.

In March 2019, Service Employees International Union filed a lawsuit seeking to enforce a December 2018 arbitrator's decision against the County holding that certain classes of Eligibility Workers in the Department of Public Social Services were not properly paid "bonus pay" going back to 2004. The case is in the early stages and the County is unable to determine at this time the potential liability relating thereto.

### **Public Safety Cases**

On December 16, 2014, the Board of Supervisors entered into a settlement agreement in the *Rosas v. Baca, et al.* lawsuit. *Rosas v. Baca, et al.* is a Federal class action lawsuit filed by the American Civil Liberties Union (ACLU) alleging a pattern and practice of excessive use of force in the County jails.

Under the terms of the agreement, the Sheriff's Department will implement various reforms recommended by a court-appointed panel of monitors. The settlement agreement requires that the Sheriff's Department comply with various recommendations by specific target dates. The County continues to make progress toward compliance with these recommendations.

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

In 2010, a lawsuit was filed (*Amador v. Baca, et al.*) claiming that the County and the Sheriff's Department ("Department") violated the constitutional rights of female inmates through the use of unlawful strip searches. In November 2016, the court certified two classes and three subclasses of female inmates who were searched between 2008 and 2015. In June 2017, the court ruled that the conditions under which the searches occurred rendered them unconstitutional. The potential class has approximately 93,000 members. The County has reached a \$53 million settlement as part of an agreement filed with the court on July 16, 2019. The settlement will be paid in three installments twelve months apart. The first installment will not be paid until after the class has been notified, which will most likely occur in Fiscal Year 2019-20.

A lawsuit was filed in October, 2012, and subsequently certified as a class action (*Roy v. County of Los Angeles*), alleging that plaintiffs were unlawfully detained by County jail personnel after U.S. Immigration and Customs Enforcement (ICE) placed immigration holds on them. The parties are actively engaged in settlement discussions. The potential liability exposure to the County is estimated to be \$15 million.

### **Social Services Cases**

In July 2013, *F.M. v. County of Los Angeles* was filed, alleging that the Department of Children and Family Services failed to properly investigate referrals for general neglect, and thus did not discover that plaintiff (a minor) was being sexually abused. On July 26, 2018, the jury returned a verdict for the plaintiff. The County's portion of the settlement totaled approximately \$10.5 million, which is being paid in five annual installments beginning in 2019.

### **Tax Cases**

*Willy Granados v. County of Los Angeles*, an action for damages and declaratory and injunctive relief, was filed in November 2006. It seeks to stop the County's collection of the utility user tax ("UUT") to the extent that it is applied to telecommunications services that are no longer subject to the federal excise tax ("FET"). The County Code excludes from the UUT amounts paid for services exempt from the FET. In addition, the suit seeks to recover the allegedly wrongfully collected taxes. The plaintiff also sought certification as a class action. In 2007, the County filed a demurrer to the complaint,

which was sustained. The action was dismissed and the plaintiff appealed. The action was stayed pending a decision in *Ardon v. City of Los Angeles*, where the court ruled in 2011 that a class claim could be brought for a UUT refund. In 2012, the Court of Appeal reversed the dismissal order, resulting in reinstatement of the lawsuit. Litigation activity resumed in 2016, and the plaintiff's motion for class certification was granted in May 2017. The plaintiffs sought \$39 million in refunds. The County authorized settlement of the lawsuit for \$16.9 million and has set aside reserves in this amount. The terms of the settlement agreement also include a provision for unclaimed funds to revert to the County, thereby potentially reducing the \$16.9 million liability. It is anticipated that final resolution of the claim process will occur by late 2019.

### **Other Cases**

In April 2018, two purported class-action lawsuits—*Ocana v. Renew Financial Holdings, Inc. et al.* and *Nemore v. Renovate America, Inc., et al.*—were filed against the County and the two contractors administering the County's residential Property Assessed Clean Energy Program (the "PACE Program"). The County's PACE Program allows participating homeowners to finance energy-efficient upgrades to their homes through an assessment against their properties that is collected on their annual property tax bills. The lawsuits allege the County and its third-party administrators for the PACE Program (Renew Financial Holdings and Renovate America) engaged in financial elder abuse by approving elderly property owners for PACE assessments who did not have the financial ability to repay the assessments, thus putting them at risk of defaulting and potentially subjecting their properties to foreclosure. The lawsuits seek cancellation of the assessments. Both class actions have been consolidated and the court granted the County's demurrer to plaintiffs' first amended complaint. The program administrators are contractually obligated to indemnify the County and provide for its defense. The County does not expect any liability from these cases to have a material adverse impact to the General Fund.

In November 2017, *Maria Solis Munoz v. County of Los Angeles* was filed, alleging that a Sheriff's Department deputy negligently drove through an intersection against a red light, setting off a chain of events leading to the collision of the deputy's car with the plaintiff and her two minor sons, both of whom suffered fatal injuries. The case was settled for \$17.5 million. In February 2018, a related case, *Luis Hernandez v. County of Los Angeles*, was filed by the father of the two minor decedents. The plaintiff has demanded \$28.5 million but the County expects the case to settle for significantly less. The County has filed a motion for summary judgment which is scheduled to be heard in October 2019.

### **Pending Litigation**

There are a number of other lawsuits and claims pending against the County. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.



**TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO****(in thousands)**

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2012	\$38,306,756	\$39,039,364	\$50,809,425	\$11,770,061	76.83%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%
06/30/2015	48,818,350	47,328,270	56,819,215	9,490,945	83.30%
06/30/2016	47,846,694	49,357,847	62,199,214	12,841,367	79.35%
06/30/2017	52,743,651	52,166,307	65,310,803	13,144,496	79.87%
06/30/2018	56,299,982	55,233,108	68,527,354	13,294,246	80.60%
06/30/2019	58,294,837	57,617,288	74,635,840	17,018,552	77.20%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2019.

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

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2011-12	\$38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%
2013-14	47,722,277	16.8%	86.0%
2014-15	48,818,350	4.3%	85.0%
2015-16	47,846,694	1.1%	76.1%
2016-17	52,743,651	12.7%	80.0%
2017-18	56,299,982	9.0%	81.3%
2018-19	58,294,837	5.5%	77.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2019.

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

Fiscal Year	Payments to LACERA			OPEB Disability	Total Retirement & OPEB Payments
	Retirement Fund	OPEB (PAYGO)	OPEB (Prefund)		
2013-14	\$1,262,754	\$446,979	\$0	\$37,320	\$1,747,053
2014-15	1,430,462	450,202	0	39,920	1,920,584
2015-16	1,383,897	507,698	72,489	37,597	2,001,681
2016-17	1,334,825	529,074	61,145	38,778	1,963,822
2017-18	1,499,212	559,233	120,796	41,141	2,220,382
2018-19	1,635,719	604,665	182,851	41,626	2,464,861
2019-20	1,770,481 *	636,155 *	246,201 *	42,563	2,695,400
2020-21	2,021,339 *	677,775 *	TBD *	44,635	TBD

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

\* Estimated

# BUDGETARY INFORMATION

## COUNTY BUDGET PROCESS

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

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

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

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

## COUNTY BUDGET OVERVIEW

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

The General County Budget accounts for approximately 77.5% of the 2019-20 Final Adopted Budget and appropriates funding for programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Revenue Funds represent approximately 11.4% of the 2019-20 Final Adopted Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County Plan to Prevent and Combat Homelessness.

Capital Project Special Funds account for approximately 1.0% of the 2019-20 Final Adopted Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 7.6% of the 2019-20 Final Adopted Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.5% of the 2019-20 Final Adopted Budget.

## CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

### Proposition 13

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

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

Article XIII B of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2019-20 is \$26,495,255,270. The 2018-19 Adopted Budget included proceeds from taxes of \$10,093,850,000, which is substantially below the statutory limit.

### Proposition 62

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

## Proposition 218

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

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

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

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

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

## Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

## Proposition 26

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

## Future Initiatives

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

## FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-21 of this Appendix A, \$4.997 billion of the \$27.925 billion 2019-20 Final Adopted Budget is received from the Federal government and \$6.938 billion is funded by the State. The remaining \$15.990 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 43% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

## Federal Budget Update (To Be Updated)

## STATE BUDGET PROCESS

Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 and 2008 recessions and subsequent recoveries, and the current financial crisis caused by the COVID-19 pandemic. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election (and the subsequent extension by voters with the passage of Proposition 55 in November 2016), the State has experienced significant improvement to its budget stability and overall financial condition, and is in a historically stronger position to manage the fiscal impact of the current recession caused by the COVID-19. The State's budgetary decisions in response to the COVID-19 pandemic will have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

## **Fiscal Year 1991-92 Realignment Program**

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

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

## **Public Safety Realignment**

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

## **Redevelopment Agencies**

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

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

Under ABx1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as “residual taxes”, are to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately \$453.0 million in Fiscal

Year 2009-10. In Fiscal Years 2016-17 and 2017-18, the County General Fund received \$175.2 million and \$201.9 million of residual taxes, respectively. The budgeted and estimated residual tax revenue for Fiscal Year 2018-19 is \$210.7 million, while the 2019-20 Budget includes a projected \$244.3 million of residual tax revenue for the General Fund.

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

## **2019-20 STATE BUDGET**

On June 27, 2019, Governor Newsom signed the Fiscal Year 2019-20 State Budget Act (the “2019-20 State Budget Act”), which projected a beginning fund balance surplus from Fiscal Year 2018-19 of \$6.772 billion, total revenues and transfers of \$143.805 billion, total expenditures of \$147.781 billion, and a year-end surplus of \$2.796 billion for Fiscal Year 2019-20. Of the projected year-end surplus, \$1.385 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$1.412 billion would be deposited to the Special Fund for Economic Uncertainties. The 2019-20 State Budget Act continued to provide for a deposit into the State’s Budget Stabilization Account (Rainy Day Fund), which would bring the balance of the Rainy Day Fund to \$16.516 billion.

The 2019-20 State Budget Act reflected the ongoing improvement in the State revenue forecast, resulting in an increase in total projected resources available of \$2.719 billion over the 2019-20 Proposed State Budget. The 2019-20 State Budget Act reflected a projected increase in total expenditures of \$3.59 billion over the 2019-20 Proposed State Budget, with funding for key State priorities including reducing health care costs and increasing access to health care for families, investing to accelerate the production of new housing, expanding the California Earned Income Tax Credit for working families, increasing response and recovery funding for emergencies, investing \$1.0 billion to combat homelessness, and providing ongoing funding for safe and affordable drinking water.

## **2020-21 STATE BUDGET**

On January 10, 2020, Governor Newsom released his Fiscal Year 2020-21 Proposed State Budget (the “Proposed State Budget”), which projected a beginning fund balance surplus from Fiscal Year 2019-20 of \$5.234 billion, total revenues and transfers of \$151.635 billion, total expenditures of \$153.083 billion, and a year-end surplus of \$3.786 billion for Fiscal Year 2020-21. Of the projected year-end surplus, \$2.145 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$1.641 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget continued to provide for a deposit into the State’s Budget Stabilization Account (Rainy Day Fund), which would bring the balance of the Rainy Day Fund to \$17.977 billion.

At the time of release prior to the COVID-19 outbreak, the Proposed State Budget reflected the ongoing improvement in the State revenue forecast, resulting in an increase in total projected resources available of \$6.292 billion over the 2019-20 State Budget Act. The Proposed State Budget reflected a projected

increase in total expenditures of \$5.302 billion over the 2019-20 State Budget Act, with funding for key State priorities including addressing the housing and health care affordability crisis; confronting homelessness; enhancing the State's emergency response capabilities; expanding paid family leave and the California Earned Income Tax Credit; increasing child support payments for CalWorks families; protecting the environment and addressing the effects of climate change; criminal justice reform; realigning workforce training programs and promoting economic activity and job creation.

## RECENT COUNTY BUDGETS

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

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

## Property Tax Revenue

Property tax revenue represents the largest source of ongoing discretionary revenue for the County. The reliability of property tax revenue is due in large part to Proposition 13, which helps insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that is not reflected on the property tax rolls, which helped to offset a significant decrease in property values during the 2008 economic downturn.

To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 (\$562,346) to a low in January 2012 (\$290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.51% and 1.87% in Fiscal Year 2009-10 and

2010-11, respectively. After the economic downturn, and with the ongoing recovery in the real estate market, the County has experienced nine consecutive years of steady growth in assessed valuation, with increases in the Net Local Roll of 1.36%, 2.20%, 4.66%, 5.47%, 6.13%, 5.58%, 6.04%, 6.62% and 6.25% in Fiscal Years 2011-12 through 2019-20, respectively.

For Fiscal Year 2019-20, the Assessor reported a Net Local Roll of \$1.604 trillion, which represents an increase of 6.25% or \$94.4 billion from Fiscal Year 2018-19. The Fiscal Year 2019-20 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the ninth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation in Fiscal Year 2018-19 are transfers in ownership (\$48.3 billion), an increase in the consumer price index (\$28.7 billion), and new construction (\$11.1 billion).

For the Fiscal Year 2019-20 tax roll, the Assessor estimates that approximately 9.9% of all single-family residential parcels, 10.3% of all residential income parcels and 13.3% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

With the downturn in the real estate market that started in 2007, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor initiated a review of the 552,000 parcels to determine if the reductions in assessed value were still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 477,000 parcels to their Proposition 13 base year value, with 75,000 parcels still eligible for potential restorations in value.

## FISCAL YEAR 2019-20 FINAL ADOPTED BUDGET

The Fiscal Year 2019-20 Final Adopted Budget (the "2019-20 Final Adopted Budget") was approved by the Board of Supervisors on October 1, 2019. The 2019-20 Final Adopted Budget appropriated \$36.055 billion, which reflects a \$3.256 billion or 9.9% increase in total funding requirements from the Fiscal Year 2018-19 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated \$27.925 billion, which represents a \$2.226 billion or 8.7% increase from the Fiscal Year 2018-19 Final Adopted Budget. The 2019-20 Final Adopted Budget appropriated \$8.130 billion for Special Funds/District, reflecting a \$1.030 billion or 14.5% increase from the Fiscal Year 2018-19 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2019-20 Final Adopted Budget are outlined in the following table.

## Fiscal Year 2019-20 NCC Budget Changes

<b>Public Assistance Changes</b>	\$22,458,000
<b>Unavoidable Cost Increases</b>	
Health Insurance Subsidy	33,611,000
Pension Costs	63,094,000
Employee Salaries	130,182,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Cost Changes	5,317,000
<b>Program Changes</b>	
Affordable Housing & Economic Development	20,200,000
Body-Worn Cameras	17,995,000
Correctional Health	10,000,000
Public Safety Programs	25,812,000
Debt Service	(5,803,000)
All Other Program Changes	45,195,000
<b>Fiscal Policies</b>	
Appropriation for Contingency	(292,000)
Deferred Maintenance	5,000,000
<b>Total Net County Cost Increases</b>	<b>397,769,000</b>
<b>Revenue Changes</b>	
Property Taxes	346,343,000
Property Taxes - CRA Dissolution Residual	17,387,000
Public Safety Sales Tax	28,563,000
Various Revenue Changes	5,476,000
<b>Total Locally Generated Revenue</b>	<b>397,769,000</b>
Total Projected Budget Gap	\$ -

### Public Assistance Change

The increase in funding for Public Assistance in the 2019-20 Final Adopted Budget is primarily due to funding increases to the In-Home Supportive Services Program, General Relief, Kinship Guardianship Assistance Payment Program, Foster Care, Adoptions and Emergency services. The increases are partially offset by a reduction in CalWORKs caseload and a decrease in a variety of other Public Assistance programs.

### Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of approved salaries and employee benefit increases, and expected salary and benefit increases that are subject to negotiations with the County's collective bargaining units.

Prefund Retiree Healthcare Benefits - The 2019-20 Final Adopted Budget appropriated \$246.2 million in pre-funding contributions to the OPEB Trust Fund. This appropriation is comprised of \$100.0 million in NCC and \$146.2 million in projected subvention revenue received from Federal, State and other local government entities. This is the fifth year of a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

## Program Changes

The 2019-20 Final Adopted Budget included \$113.4 million of adjustments to various County programs, including increases for public safety, social services and health and mental services.

### Fiscal Policies

The balance of the Rainy Day Fund for Fiscal Year 2019-20 is \$601.9 million, which is approximately 8.8% of ongoing discretionary revenues. As part of the 2019-20 Final Adopted Budget \$37.8 million was set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues. The 2019-20 Final Adopted Budget also included a \$5 million allocation for deferred maintenance needs.

### Revenue Changes

The 2019-20 Final Adopted Budget included a \$346.3 million increase in property tax revenues based on the 6.25% increase in the Net Local Roll. The 2019-20 Final Adopted Budget also included a \$17.4 million increase in the property tax residual from the dissolution of redevelopment agencies.

Based on current trends and a survey of local economic forecasts, the County assumed a 2.0% growth factor in its overall statewide sales tax projection for the 2019-20 Final Adopted Budget. Based on the 2.0% growth rate, the County is projecting a \$28.6 million increase in Proposition 172 Sales Tax in Fiscal Year 2019-20.

## FISCAL YEAR 2020-21 BUDGET (To Be Updated)

### HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, sixteen community health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,700 physician residents on an annual basis.

As a safety net provider, the County is the medical provider of last resort for indigent County residents. Historically, the cost of providing health services exceeds the combined total of DHS revenues, which requires annual subsidies from the County General Fund. DHS has been able to limit these subsidies by developing new revenue sources, implementing operational efficiencies, and using one-time reserve funds.

The financial condition of DHS has improved from prior years, primarily due to the implementation of the Affordable Care Act

(the "ACA") in 2014, which significantly reduced the number of uninsured patients. In addition, revenues from prior and current Section 1115 Hospital Financing Waivers have provided DHS with an overall fiscal benefit. These two factors resulted in significantly reduced budgetary pressures on DHS. Furthermore, as explained below, Assembly Bill 85 ("AB 85") establishes a sum certain for the maintenance of effort ("MOE") requirement for the County's contribution to DHS, as well as providing additional revenue sources

**Section 1115 Hospital Financing Waiver**

On December 30, 2015, the Federal Centers for Medicaid and Medicare Services (CMS) approved the 2015 Section 1115 Hospital Financing Waiver (the "2015 Waiver"), which features programs designed to improve care for the State's Medi-Cal and uninsured patients. The primary features of the 2015 Waiver include:

- Public Hospital Redesign and Incentives in Medi-Cal ("PRIME") is a pay-for-performance delivery system transformation and alignment program.
- Global Payment Program ("GPP") is a payment reform program for services provided to uninsured patients in California's Public Health Care system.
- Whole Person Care ("WPC") is a series of pilot programs designed to provide more integrated care to the highest-risk and most vulnerable patients. The pilot programs are chosen based on a competitive application process. DHS has been awarded Federal funds for these programs, and to date, has collected a total of \$246.6 million for calendar years 2016 through 2018.

The 2015 Waiver expires on December 31, 2020. DHS has been working with the California Department of Health Care Services ("DHCS") to develop the framework for a renewed Section 1115 Waiver, and possibly other types of waivers, to maximize future revenues. DHCS is currently developing a proposal to continue the GPP under a renewed Section 1115 Waiver. There is also a proposal to move the PRIME and WPC programs from the Section 1115 Waiver into Medi-Cal managed care.

**Assembly Bill 85**

Under AB 85, the State's funding mechanism for county health care and human services programs, which had been in place since the 1991-92 Realignment Program, was revised to account for the expected reduction in unreimbursed services for DHS patients pursuant to implementation of the ACA. AB 85 provides a mechanism for the State to redirect State health realignment funding to fund social service programs. The County negotiated its own agreement and separate funding formula with the State that is different from the other counties. The formula uses the entire DHS budget to determine if there are "excess" funds available for "redirection" of realignment revenue back to the State.

The amount of revenue redirection is reconciled to the formula two years after the close of each respective fiscal year. If there are "excess" funds determined by the funding formula, the sharing ratio for the excess amount of health care realignment revenue will be 80% State and 20% County. In general under the formula, if the County realizes higher revenue, the amount of redirection to the State will be higher as well, but cannot exceed the realignment

amount received for a particular fiscal year. Conversely, if the County realizes less revenue, the amount of redirection to the State will also be less.

The final redirection amount for Fiscal Years 2013-14, 2014-15 2015-16 and 2016-17 was \$0, \$365.5 million, \$314.3 million and \$229.9 million, respectively. The current projected redirection amounts for Fiscal Years 2017-18, 2018-19 and 2019-20 are \$225.3 million, \$74.6 million, and \$0, respectively. The County will continue to work with the State to evaluate and update the redirection numbers and close out each fiscal year by the scheduled due dates.

In addition, AB 85 established an MOE funding requirement for an annual County General Fund contribution based on Fiscal Year 2012-13 funding levels, with increases to the MOE of one percent each subsequent fiscal year. The initial MOE funding requirement for Fiscal Year 2013-14 was \$323.0 million. The MOE funding requirement for Fiscal Year 2019-20 is \$346.3 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

**General Fund Contributions**

The Fiscal Year 2019-20 NCC contribution to DHS is \$1.020 billion, as shown in the chart below. The NCC contribution to DHS is comprised of multiple components, including the AB 85 MOE, other General Fund resources for specific programs, VLF Realignment Revenue, and Tobacco Settlement Revenue. The additional funding from the County General Fund for DHS programs related to correctional health services and other programs represents a strategic initiative by the Board of Supervisors to transfer specific services previously provided by other County departments to DHS, and is not related to cost increases as the result of budgetary pressures from DHS' operations.

<b>DHS NCC Contribution FY 2019-20 Adopted Budget (\$ in millions)</b>	
	Amount
County General Fund - AB 85 MOE	\$ 346.3
County General Fund - Correctional Health <sup>(A)</sup>	319.1
County General Fund - Specific Programs <sup>(B)</sup>	36.6
Vehicle License Fees Realignment	281.8
Tobacco Settlement Revenue	59.7
Transfers to Other Budget Units <sup>(C)</sup>	(23.1)
<b>Total</b>	<b>\$ 1,020.4</b>

(A) Reflects the transfer of Correctional Health Services from the Sheriff and the Department of Mental Health to DHS, which was finalized in May 2017.

(B) Includes funding for Board initiatives, such as homeless services and health care for Probation youth.

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

**General Fund Advances and Cash Flow**

The County maintains separate Enterprise Funds to account for hospital services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund

provides cash advances to each of the Hospital Funds to provide for the net cash flow requirements of County hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in order to provide the Hospital Funds with a minimal daily cash position of approximately \$10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. As of March 31, 2020, the balance of General Fund cash advances to the Hospital Funds was \$377.3 million. The County is currently estimating the June 30, 2020 balance of General Fund cash advances to the Hospital Funds to be \$359.3 million, which would be a decrease of \$179.3 million from the June 30, 2019 balance of \$538.6 million.

The increase in cash advances to the Hospital Funds is largely caused by a two-year delay in receiving CMS approval of methodologies related to two new funding programs. The prior revenue programs were on a one-year delay cycle and those programs expired on June 30, 2017. The new programs, the Quality Incentive Program ("QIP") and the Enhanced Payment Program ("EPP"), were approved by CMS for Fiscal Year 2017-18. The estimated net revenues of QIP and EPP for Fiscal Year 2017-18 are \$125.6 million and \$529.2 million, respectively. However, because CMS has not yet approved the methodologies by which the counties can access these funds, DHS does not expect to receive the Fiscal Year 2018-19 funding for QIP and EPP until Fiscal Year 2020-21. Currently, DHS is working with the State to request payments for Program Year 2019-20 and payments going forward to be expedited and received in a more timely manner.

In addition to the funding sources described above, the County's General Fund also provides cash advances to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. As of June 30, 2019, the total estimated receivable balance is \$77.0 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable since it is not currently available to fund the County's budgetary requirements. The CBRC receivable balance for Fiscal Year 2019-20 will be determined during the fiscal year-end closing process.

#### **DHS Reserve Funds**

In Fiscal Year 2018-19, DHS closed the year with a Fund Balance of \$1.124 billion. and is expected to close Fiscal Year 2019-20 with a Fund Balance of approximately \$1.114 billion. The projected Fund Balance for Fiscal Year 2019-20 includes \$870 million with respect to the EPP and CBRC payments for Fiscal Years 2018-19 and 2019-20, which will be established as a long-term receivable during the fiscal year-end closing process. Due to the two-year delay of CMS approval, as described above, the EPP payments are not expected to be collected until September 2021, which is beyond the normal 12-month revenue accrual period. The remaining estimated Fund Balance of \$244 million is available to fund future DHS operations, as needed.

#### **Managed Care**

The EPP and QIP Programs were designed in collaboration with DHCS to replace other revenue programs that expired June 30, 2017. The QIP program provides value-based payments for the

achievement of clinically-established quality measures for Medi-Cal managed care enrollees. The EPP establishes a pool to supplement the base rates received by public hospitals through their Medi-Cal managed care contracts.

Although DHS estimates the net revenue for EPP to be approximately \$529.2 million and \$551.8 million for Fiscal Years 2017-18 and 2018-19, respectively, the methodology for drawing down the EPP funds is still pending CMS approval. CMS has also approved four years of QIP with an annual COLA, and a State option to revisit the program in two years. The net revenue for QIP is estimated to be approximately \$125.6 million and \$122.1 million for Fiscal Years 2017-18 and 2018-19, respectively. However, the methodology for determining how the funds will be allocated among the State's public hospitals has not been approved by CMS. With final approval by CMS still pending, the estimated revenues for the EPP and QIP Programs could change materially.

The CMS recently approved additional payments for public hospitals related to Graduate Medical Education (GME) and Indirect Medical Education (IME) for Medi-Cal managed care beneficiaries, which cover Medi-Cal's share of the salaries and benefits of interns and residents receiving training at public hospitals, as well as certain indirect costs associated with their training. The estimated annual net revenue for the combined GME and IME payments is \$72.3 million, with an effective date of January 2017.

#### **Tobacco Settlement Revenue**

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

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



impact the DHS programs that rely on such revenues for funding. To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, previous actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2019-20, the County received \$71.6 million in TSRs from the participating manufacturers. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds.

## **BUDGET TABLES**

The 2019-20 Final Adopted Budget is supported by \$6.044 billion in property tax revenue, \$4.997 billion in Federal funding, \$6.938 billion in State funding, \$615 million in cancelled obligated fund balance, \$2.089 billion in Fund Balance and \$7.242 billion from other funding sources. The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2019-20 Final Adopted Budget with the 2018-19 Final Adopted Budget.

DRAFT

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

Fund	Final 2015-16	Final 2016-17	Final 2017-18	Final 2018-19	Final 2019-20
General Fund	\$ 18,532,749	\$ 19,589,641	\$ 20,856,959	\$ 22,476,283	\$ 23,925,116
Hospital Enterprise Fund	3,195,948	3,401,444	3,466,796	3,222,338	3,999,868
<b>Total General County Budget</b>	<b>\$ 21,728,697</b>	<b>\$ 22,991,085</b>	<b>\$ 24,323,755</b>	<b>\$ 25,698,621</b>	<b>\$ 27,924,984</b>

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

	Final 2015-16	Final 2016-17	Final 2017-18	Final 2018-19	Final 2019-20
<b>Requirements</b>					
Social Services	\$ 6,446,374	\$ 6,859,438	\$ 7,200,237	\$ 7,308,903	\$ 7,752,983
Health	6,590,413	7,135,235	8,040,428	8,790,802	9,877,992
Justice	5,674,407	5,973,130	5,823,573	6,019,196	6,234,098
Other	3,017,503	3,023,282	3,259,517	3,579,720	4,059,911
<b>Total</b>	<b>\$ 21,728,697</b>	<b>\$ 22,991,085</b>	<b>\$ 24,323,755</b>	<b>\$ 25,698,621</b>	<b>\$ 27,924,984</b>
<b>Revenue Sources</b>					
Property Taxes	\$ 4,765,596	\$ 5,031,658	\$ 5,331,727	\$ 5,676,729	\$ 6,043,773
State Assistance	5,542,998	5,965,914	6,290,778	6,545,048	6,937,808
Federal Assistance	4,236,481	4,499,196	4,931,647	4,977,992	4,996,732
Other	7,183,622	7,494,317	7,769,603	8,498,852	9,946,671
<b>Total</b>	<b>\$ 21,728,697</b>	<b>\$ 22,991,085</b>	<b>\$ 24,323,755</b>	<b>\$ 25,698,621</b>	<b>\$ 27,924,984</b>

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

	Final 2015-16	Final 2016-17	Final 2017-18	Final 2018-19	Final 2019-20
<b>Financing Requirements</b>					
Salaries & Employee Benefits	\$ 10,988,705	\$ 11,537,805	\$ 12,254,330	\$ 12,983,488	\$ 13,871,307
Services & Supplies	7,696,979	8,148,441	8,511,618	9,346,135	9,929,569
Other Charges	3,878,926	4,252,725	4,483,734	4,746,295	5,800,116
Capital Assets	864,488	868,341	951,628	1,160,603	1,198,684
Other Financing Uses	595,100	509,535	723,265	734,824	1,003,163
Appropriations for Contingencies	15,919	27,375	29,754	38,067	37,775
Interbudget Transfers <sup>1</sup>	(1,411,193)	(1,370,514)	(1,678,129)	(1,918,739)	(2,433,320)
<b>Gross Appropriation</b>	<b>\$ 22,628,924</b>	<b>\$ 23,973,708</b>	<b>\$ 25,276,200</b>	<b>\$ 27,090,673</b>	<b>\$ 29,407,294</b>
Less: Intrafund Transfers	1,008,980	1,063,876	1,259,379	1,588,349	1,697,201
<b>Net Appropriation</b>	<b>\$ 21,619,944</b>	<b>\$ 22,909,832</b>	<b>\$ 24,016,821</b>	<b>\$ 25,502,324</b>	<b>\$ 27,710,093</b>
<b>Provision for Obligated Fund Balance</b>					
General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	16,093	-	-
Assigned for Rainy Day Funds	31,414	27,882	39,000	46,810	39,000
Committed Fund Balance	77,339	53,371	251,841	149,487	175,891
<b>Total Financing Requirements</b>	<b>\$ 21,728,697</b>	<b>\$ 22,991,085</b>	<b>\$ 24,323,755</b>	<b>\$ 25,698,621</b>	<b>\$ 27,924,984</b>
<b>Available Financing</b>					
Fund Balance	\$ 1,750,126	\$ 1,824,822	\$ 1,982,626	\$ 1,929,332	\$ 2,089,840
Cancel Provision for Obligated Fund Balance	282,930	216,915	348,499	279,525	614,950
Property Taxes: Regular Roll	4,705,966	4,971,696	5,271,414	5,615,854	5,989,000
Supplemental Roll	59,630	59,962	60,313	60,875	54,773
Revenue	14,930,045	15,917,690	16,660,903	17,813,035	19,176,421
<b>Total Available Financing</b>	<b>\$ 21,728,697</b>	<b>\$ 22,991,085</b>	<b>\$ 24,323,755</b>	<b>\$ 25,698,621</b>	<b>\$ 27,924,984</b>

<sup>1</sup> This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling \$2.4 billion in 2019-20, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to \$30.3 billion.

Source: Chief Executive Office

**COUNTY OF LOS ANGELES  
GENERAL COUNTY BUDGET  
COMPARISON OF 2018-19 FINAL ADOPTED BUDGET TO 2019-20 FINAL ADOPTED BUDGET  
Net Appropriation: By Function  
(In thousands)**

<b>Function</b>	<b>2018-19 Final<sup>(1)</sup></b>	<b>2019-20 Final<sup>(2)</sup></b>	<b>Difference</b>	<b>Percentage Difference</b>
<b>REQUIREMENTS</b>				
General				
General Government	\$ 1,411,291.0	\$ 1,566,733.0	\$ 155,442.0	11.52%
General Services	814,497.0	1,087,357.0	272,860.0	35.16%
Public Buildings	984,683.0	1,131,472.0	146,789.0	14.62%
Total General	\$ 3,210,471.0	\$ 3,785,562.0	\$ 575,091.0	18.37%
Public Protection				
Justice	\$ 5,686,577.0	\$ 5,749,537.0	\$ 62,960.0	1.06%
Other Public Protection	227,218.0	214,803.0	(12,415.0)	-6.06%
Total Public Protection	\$ 5,913,795.0	\$ 5,964,340.0	\$ 50,545.0	0.83%
Health and Sanitation	8,752,217.0	9,842,414.0	1,090,197.0	12.34%
Public Assistance	7,110,952.0	7,547,806.0	436,854.0	5.90%
Recreation and Cultural Services	409,462.0	413,550.0	4,088.0	1.07%
Education	-	51,286.0	51,286.0	119.23%
Insurance and Loss Reserve	67,360.0	67,360.0	-	0.00%
Provision for Obligated Fund Balance	196,297.0	214,891.0	18,594.0	21.94%
Debt Service	-	-	-	0.00%
Appropriations for Contingencies	38,067.0	37,775.0	(292.0)	-0.89%
<b>Total Requirements</b>	<b>\$ 25,698,621.0</b>	<b>\$ 27,924,984.0</b>	<b>\$ 2,226,363.0</b>	<b>8.53%</b>
<b>AVAILABLE FUNDS</b>				
Property Taxes	\$ 5,676,729.0	\$ 6,043,773.0	\$ 367,044.0	6.09%
Fund Balance	1,929,332.0	2,089,840.0	160,508.0	9.71%
Cancelled Prior-Year Reserves	279,525.0	614,950.0	335,425.0	137.30%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	\$ 401,421.0	\$ 415,927.0	\$ 14,506.0	3.49%
Homeowners' Exemption	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	886,143.0	964,417.0	78,274.0	8.53%
Other Public Assistance	2,290,257.0	2,436,755.0	146,498.0	6.03%
Public Protection	1,401,277.0	1,424,476.0	23,199.0	1.65%
Health and Mental Health	1,353,195.0	1,378,427.0	25,232.0	1.90%
Capital Projects	150,604.0	148,088.0	(2,516.0)	-1.69%
Other State Revenues	43,151.0	150,718.0	107,567.0	90.69%
Total State Revenues	\$ 6,545,048.0	\$ 6,937,808.0	\$ 392,760.0	5.79%
Federal Revenues				
Public Assistance Subventions	\$ 2,770,476.0	\$ 2,848,974.0	\$ 78,498.0	2.75%
Other Public Assistance	197,157.0	212,135.0	14,978.0	7.42%
Public Protection	102,845.0	61,026.0	(41,819.0)	-57.96%
Health and Mental Health	1,896,761.0	1,836,611.0	(60,150.0)	-3.32%
Capital Projects	105.0	-	(105.0)	0.00%
Other Federal Revenues	10,648.0	37,986.0	27,338.0	59.27%
Total Federal Revenues	\$ 4,977,992.0	\$ 4,996,732.0	\$ 18,740.0	0.38%
Other Governmental Agencies	47,066.0	75,763.0	28,697.0	90.80%
Total Intergovernmental Revenues	\$ 11,570,106.0	\$ 12,010,303.0	\$ 440,197.0	0.00%
Fines, Forfeitures and Penalties	172,719.0	173,523.0	804.0	0.46%
Licenses, Permits and Franchises	59,771.0	59,493.0	(278.0)	-0.46%
Charges for Services	4,523,599.0	5,272,569.0	748,970.0	16.60%
Other Taxes	229,675.0	217,221.0	(12,454.0)	-5.55%
Use of Money and Property	232,907.0	237,320.0	4,413.0	1.94%
Miscellaneous Revenues	464,961.0	509,665.0	44,704.0	9.13%
Operating Contribution from General Fund	559,297.0	696,327.0	137,030.0	19.95%
<b>Total Available Funds</b>	<b>\$ 25,698,621.0</b>	<b>\$ 27,924,984.0</b>	<b>\$ 2,226,363.0</b>	<b>8.53%</b>

(1) Reflects the 2018-19 Final Adopted General County Budget approved by the Board of Supervisors on October 2, 2018

(2) Reflects the 2019-20 Final Adopted General County Budget approved by the Board of Supervisors on October 1, 2019

**COUNTY OF LOS ANGELES**  
**FINAL ADOPTED BUDGET 2018-19 GENERAL COUNTY BUDGET (1)**  
**Net Appropriation: By Fund and Function**  
**(In thousands)**

<u>Function</u>	<u>General Fund</u>	<u>Hospital Enterprise Fund</u>	<u>Total General County</u>
<b>REQUIREMENTS</b>			
General			
General Government	\$ 1,411,291.0	\$ -	\$ 1,411,291.0
General Services	814,497.0	-	814,497.0
Public Buildings	984,683.0	-	984,683.0
Total General	\$ 3,210,471.0	\$ -	\$ 3,210,471.0
Public Protection			
Justice	\$ 5,686,577.0	\$ -	\$ 5,686,577.0
Other Public Protection	227,218.0	-	227,218.0
Total Public Protection	\$ 5,913,795.0	\$ -	\$ 5,913,795.0
Health and Sanitation			
Public Assistance	\$ 5,529,879.0	\$ 3,222,338.0	\$ 8,752,217.0
Recreation and Cultural Services	7,110,952.0	-	7,110,952.0
Education	409,462.0	-	409,462.0
Insurance and Loss Reserve	-	-	-
Provision for Obligated Fund Balance	67,360.0	-	67,360.0
Appropriation for Contingency	196,297.0	-	196,297.0
	38,067.0	-	38,067.0
<b>Total Requirements</b>	<b>\$ 22,476,283.0</b>	<b>\$ 3,222,338.0</b>	<b>\$ 25,698,621.0</b>
<b>AVAILABLE FUNDS</b>			
Property Taxes			
Property Taxes	\$ 5,676,729.0	\$ -	\$ 5,676,729.0
Fund Balance	1,929,332.0	-	1,929,332.0
Cancel Provision for Obligated Fund Balance	222,629.0	56,896.0	279,525.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	\$ 401,421.0	\$ -	\$ 401,421.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	886,143.0	-	886,143.0
Other Public Assistance	2,290,257.0	-	2,290,257.0
Public Protection	1,401,277.0	-	1,401,277.0
Health and Mental Health	1,299,237.0	53,958.0	1,353,195.0
Capital Projects	150,604.0	-	150,604.0
Other State Revenues	43,151.0	-	43,151.0
Total State Revenues	6,491,090.0	53,958.0	6,545,048.0
Federal Revenues			
Public Assistance Subventions	\$ 2,766,788.0	\$ 3,688.0	\$ 2,770,476.0
Other Public Assistance	197,157.0	-	197,157.0
Public Protection	102,845.0	-	102,845.0
Health and Mental Health	1,572,484.0	324,277.0	1,896,761.0
Capital Projects	105.0	-	105.0
Other Federal Revenues	10,648.0	-	10,648.0
Total Federal Revenues	\$ 4,650,027.0	\$ 327,965.0	\$ 4,977,992.0
Other Governmental Agencies			
Other Governmental Agencies	47,066.0	-	47,066.0
Total Intergovernmental Revenues	\$ 11,188,183.0	\$ 381,923.0	\$ 11,570,106.0
Fines, Forfeitures and Penalties			
Fines, Forfeitures and Penalties	172,719.0	-	172,719.0
Licenses, Permits and Franchises	59,645.0	126.0	59,771.0
Charges for Services	2,586,492.0	1,937,107.0	4,523,599.0
Other Taxes	229,675.0	-	229,675.0
Use of Money and Property	232,793.0	114.0	232,907.0
Miscellaneous Revenues	178,086.0	286,875.0	464,961.0
Operating Contribution from General Fund	-	559,297.0	559,297.0
<b>Total Available Funds</b>	<b>\$ 22,476,283.0</b>	<b>\$ 3,222,338.0</b>	<b>\$ 25,698,621.0</b>

(1) Reflects the 2018-19 Final Adopted General County Budget approved by the Board of Supervisors on October 2, 2018

**COUNTY OF LOS ANGELES**  
**FINAL ADOPTED BUDGET 2019-20 GENERAL COUNTY BUDGET (1)**  
**Net Appropriation: By Fund and Function**  
**(In thousands)**

Function	General Fund	Hospital Enterprise Fund	Total General County
<b>REQUIREMENTS</b>			
General			
General Government	\$ 1,566,733.0	\$ -	\$ 1,566,733.0
General Services	1,087,357.0	-	1,087,357.0
Public Buildings	1,131,472.0	-	1,131,472.0
Total General	\$ 3,785,562.0	\$ -	\$ 3,785,562.0
Public Protection			
Justice	\$ 5,749,537.0	\$ -	\$ 5,749,537.0
Other Public Protection	214,803.0	-	214,803.0
Total Public Protection	\$ 5,964,340.0	\$ -	\$ 5,964,340.0
Health and Sanitation			
Public Assistance	\$ 5,842,546.0	\$ 3,999,868.0	\$ 9,842,414.0
Recreation and Cultural Services	7,547,806.0	-	7,547,806.0
Education	413,550.0	-	413,550.0
Insurance and Loss Reserve	51,286.0	-	51,286.0
Provision for Obligated Fund Balance	67,360.0	-	67,360.0
Appropriation for Contingency	214,891.0	-	214,891.0
	37,775.0	-	37,775.0
<b>Total Requirements</b>	<b>\$ 23,925,116.0</b>	<b>\$ 3,999,868.0</b>	<b>\$ 27,924,984.0</b>
<b>AVAILABLE FUNDS</b>			
Property Taxes			
Fund Balance	\$ 6,043,773.0	\$ -	\$ 6,043,773.0
Cancel Provision for Obligated Fund Balance	2,089,840.0	-	2,089,840.0
	423,064.0	191,886.0	614,950.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	\$ 415,927.0	\$ -	\$ 415,927.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	964,417.0	-	964,417.0
Other Public Assistance	2,436,755.0	-	2,436,755.0
Public Protection	1,424,476.0	-	1,424,476.0
Health and Mental Health	1,331,472.0	46,955.0	1,378,427.0
Capital Projects	148,088.0	-	148,088.0
Other State Revenues	150,718.0	-	150,718.0
Total State Revenues	6,890,853.0	46,955.0	6,937,808.0
Federal Revenues			
Public Assistance Subventions	\$ 2,848,974.0	\$ -	\$ 2,848,974.0
Other Public Assistance	212,135.0	-	212,135.0
Public Protection	61,026.0	-	61,026.0
Health and Mental Health	1,561,481.0	275,130.0	1,836,611.0
Capital Projects	-	-	-
Other Federal Revenues	37,986.0	-	37,986.0
Total Federal Revenues	\$ 4,721,602.0	\$ 275,130.0	\$ 4,996,732.0
Other Governmental Agencies			
Total Intergovernmental Revenues	\$ 11,688,218.0	\$ 322,085.0	\$ 12,010,303.0
Fines, Forfeitures and Penalties			
Licenses, Permits and Franchises	173,523.0	-	173,523.0
Charges for Services	59,367.0	126.0	59,493.0
Other Taxes	2,907,101.0	2,365,468.0	5,272,569.0
Use of Money and Property	217,221.0	-	217,221.0
Miscellaneous Revenues	236,552.0	768.0	237,320.0
Operating Contribution from General Fund	86,457.0	423,208.0	509,665.0
	-	696,327.0	696,327.0
<b>Total Available Funds</b>	<b>\$ 23,925,116.0</b>	<b>\$ 3,999,868.0</b>	<b>\$ 27,924,984.0</b>

(1) Reflects the 2019-20 Final Adopted General County Budget approved by the Board of Supervisors on October 1, 2019

# FINANCIAL SUMMARY

## PROPERTY TAX RATE, VALUATION AND LEVY

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

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

## PAYMENT DATES AND LIENS

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

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

## LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2019-20 secured property tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of \$47,713,583,625 which constitutes only 3.08% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2019-20
SOUTHERN CALIFORNIA EDISON CO	\$ 113,256,955
DOUGLAS EMMETT RESIDENTIAL	47,555,833
MAGUIRE PROPERTIES	45,357,462
SOUTHERN CALIFORNIA GAS COMPANY	36,723,202
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	34,197,131
CHEVRON USA INC	32,719,334
EQR / ERP LIMITED	32,133,445
PINCAY RE LLC LESSOR	30,827,943
UNIVERSAL STUDIOS LLC	28,138,124
TESORO REFINING AND MARKETING CO	27,114,092
PROLOGIS / AMB	25,033,881
ESSEX PORTFOLIO LP	17,883,904
PHILLIPS 66 COMPANY	16,924,407
TORRANCE LOGISTICS COMPANY LLC	16,902,594
DE PARK AVENUE	16,191,762
REXFORD INDUSTRIAL	15,075,934
AT&T / PACIFIC BELL TELEPHONE CO	13,353,861
CENTURY CITY MALL LLC	12,581,400
KAISER FOUNDATION HOSPITALS	11,794,900
WESTFIELD TOPANGA OWNERS LP	11,454,161
	<b>\$ 585,220,325</b>

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

## PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Years 2015-16 through 2019-20.

COUNTY OF LOS ANGELES  
 COMPARISON OF FULL CASH VALUE  
 PROPERTY TAXATION AND COLLECTIONS  
 FISCAL YEARS 2015-16 THROUGH 2019-20

Fiscal Year	Full Cash Value <sup>(1)</sup>	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections <sup>(2)</sup>	Current Collection As a Percent of Levies %
2015-16	\$ 1,218,549,285,645	\$ 2,951,863,733	\$ 2,919,629,056	98.91%
2016-17	1,287,688,313,197	3,134,636,611	3,097,916,528	98.83%
2017-18	1,366,276,412,160	3,316,064,682	3,277,406,885	98.83%
2018-19	1,456,853,755,643	3,524,838,020	3,476,693,412	98.63%
2019-20	1,549,271,724,044	3,748,499,721	3,697,300,190	98.63%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".

(2) Reflects collection within the fiscal year originally levied.

**REDEVELOPMENT AGENCIES**

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

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2014-15 through 2018-19.

PROJECTS IN THE COUNTY OF LOS ANGELES  
 FULL CASH VALUE AND TAX ALLOCATIONS  
 FISCAL YEARS 2014-15 THROUGH 2018-19

Fiscal Year	Full Cash Value Increments <sup>(1)</sup>	Total Tax Allocations <sup>(2)</sup>
2014-15	\$ 159,180,996,812	\$ 1,327,392,835
2015-16	171,855,943,160	1,519,643,764
2016-17	184,568,536,419	1,539,743,198
2017-18	197,952,598,205	1,716,496,079
2018-19	214,839,204,602	1,818,918,890

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.

(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.

**CASH MANAGEMENT PROGRAM**

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

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

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

**2019-20 Tax and Revenue Anticipation Notes**

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 14, 2019, the County issued the 2019-20 TRANs with an aggregate principal amount of \$700,000,000 due on June 30, 2020. The 2019-20 TRANs are general obligations of the County attributable to Fiscal Year 2019-20 and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2019-20 for the purpose of repaying the 2019-20 TRANs on the June 30, 2020 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES  
2019-20 TAX AND REVENUE ANTICIPATION NOTES  
SCHEDULE OF DEPOSITS TO REPAYMENT FUND\*

Deposit Date	Deposit Amount
December, 2019	\$315,000,000
January, 2020	315,000,000
April, 2020	104,902,778
<b>Total</b>	<b>\$734,902,778</b>

\* Includes \$700,000,000 of 2019-20 TRANs principal and 5.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis from Fiscal Year 2014-15 to Fiscal Year 2018-19.

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Property Taxes	\$ 4,581,797	\$ 4,806,915	\$ 5,077,037	\$ 5,391,435	\$ 5,863,749
Other Taxes	204,173	215,228	225,297	224,051	237,801
Licenses, Permits and Franchises	58,488	58,908	60,487	62,683	63,675
Fines, Forfeitures and Penalties	197,663	182,298	178,105	178,502	182,212
Investment and Rental Income	131,053	165,037	178,804	232,312	279,386
State In-Lieu Taxes	407,316	356,888	303,768	205,293	174,428
State Homeowner Exemptions	20,277	19,892	19,673	19,312	18,797
Charges for Current Services	1,577,165	1,597,095	1,792,303	1,801,784	1,937,848
Other Revenue*	622,329	685,637	746,748	620,557	1,040,922
<b>TOTAL UNRESTRICTED RECEIPTS</b>	<b>\$ 7,800,261</b>	<b>\$ 8,087,898</b>	<b>\$ 8,582,222</b>	<b>\$ 8,735,929</b>	<b>\$ 9,798,818</b>

Detail may not add due to rounding.

Source: Los Angeles County Chief Executive Office

\* Includes Tobacco Settlement Revenue



## Intrafund and Interfund Borrowing

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

### Funds Available for Intrafund Borrowing

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

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

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

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

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

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

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2018-19 and Fiscal Year 2019-20.

## General Fund Cash Flow Statements

The Fiscal Year 2018-19 and Fiscal Year 2019-20 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2018-19, the County had an ending General Fund cash balance of \$1.952billion. In Fiscal Year 2019-20, the County is estimating an ending General Fund cash balance of \$TBD billion.

### COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 2020, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<b>Local Agency</b>	<b>Invested Funds (in Billions)</b>
County of Los Angeles and Special Districts	\$ 13.223
Schools and Community Colleges	16.343
Independent Public Agencies	3.108
<b>Total</b>	<b>\$ 32.674</b>

Of these entities, the discretionary participants accounted for 9.51% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

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

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2020, the book value of the Treasury Pool as of March 31, 2020 was approximately \$32.674 billion and the corresponding market value was approximately \$32.790 billion.

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

investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2020:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	9.49
U.S. Government and Agency Obligations	58.91
Bankers Acceptances	0.00
Commercial Paper	31.05
Municipal Obligations	0.24
Corporate Notes & Deposit Notes	0.31
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2020, approximately 37% of the investments mature within 60 days, with an average of 713 days to maturity for the entire portfolio.

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

#### **FINANCIAL STATEMENTS-GAAP BASIS**

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

The basic financial statements for the Fiscal Year ended June 30, 2019, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2019-20 Final Adopted Budget included an available General Fund balance of \$2,089,840,000 as of June 30, 2019.

The 2019-20 Final Adopted Budget uses the fund balance language of the County Budget Act, which has been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

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

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of

budgetary fund balance. The nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.
- General Fund obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.
- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2018-19 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."
- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis of accounting, the effects of such fair value changes have been recognized as a component of investment income.
- The County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis of accounting, the expenditures are adjusted to recognize the OPEB Agency assets as of June 30, 2019.

The tables below provide a reconciliation of the General Fund's June 30, 2019 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2014-15 to Fiscal Year 2018-19.

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COUNTY OF LOS ANGELES  
GENERAL FUND  
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS  
JUNE 30, 2019 (in thousands of \$)

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Unassigned Fund Balance - Budgetary Basis	\$2,089,840
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	197,462
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	170,034
Accrual of liabilities for accrued compensated absences not required by GAAP	92,574
Change in revenue accruals	40,029
Deferral of property tax receivables	(87,063)
Deferral of sale of tobacco settlement revenue	(217,518)
Change in fair value of Investments	(4,393)
Nonspendable long term receivable	(202,354)
Reserve for "Rainy Day" Fund	562,940
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Unassigned Fund Balance - GAAP Basis	\$2,641,551

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**COUNTY OF LOS ANGELES****BALANCE SHEET AT JUNE 30, 2015, 2016, 2017, 2018 and 2019****GENERAL FUND-GAAP BASIS (in thousands of \$)****ASSETS**

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Pooled Cash and Investments	\$2,678,685	\$3,181,151	\$4,149,612	\$4,386,386	\$4,234,098
Other Investments	4,655	4,693	4,483	4,241	3,973
Taxes Receivable	157,215	148,485	159,429	173,423	190,819
Other Receivables	1,888,537	1,875,029	1,930,937	1,969,867	2,466,846
Due from Other Funds	460,987	322,883	308,556	665,194	757,525
Advances to Other Funds	434,849	395,511	167,179	124,840	634,848
Inventories	48,186	59,267	48,824	52,964	58,050
<b>Total Assets</b>	<b>\$5,673,114</b>	<b>\$5,987,019</b>	<b>\$6,769,020</b>	<b>\$7,376,915</b>	<b>\$8,346,159</b>

**LIABILITIES**

Accounts Payable	\$410,671	\$545,739	\$600,827	\$540,193	\$636,560
Accrued Payroll	356,579	374,951	392,096	422,519	445,506
Other Payables	115,998	100,964	102,289	111,361	165,114
Due to Other Funds	271,800	146,886	126,140	208,100	212,300
Advances Payable	853,441	975,135	1,433,485	1,732,965	1,812,610
Third-Party Payor Liability	39,693	39,042	42,051	39,690	56,297
<b>Total Liabilities</b>	<b>\$2,048,182</b>	<b>\$2,182,717</b>	<b>\$2,696,888</b>	<b>\$3,054,828</b>	<b>\$3,328,387</b>

**DEFERRED INFLOWS OF RESOURCES\***

	\$435,109	\$420,060	\$421,159	\$426,896	\$583,763
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**FUND BALANCES**

Nonspendable	\$272,384	\$324,555	\$212,281	\$136,890	\$311,958
Restricted	55,694	67,880	70,157	77,406	79,210
Committed	334,346	364,679	429,440	704,954	780,517
Assigned	491,954	446,579	494,783	480,065	620,773
Unassigned	2,035,445	2,180,549	2,444,312	2,495,876	2,641,551
<b>Total Fund Balances</b>	<b>3,189,823</b>	<b>3,384,242</b>	<b>3,650,973</b>	<b>3,895,191</b>	<b>4,434,009</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$5,673,114</b>	<b>\$5,987,019</b>	<b>\$6,769,020</b>	<b>\$7,376,915</b>	<b>\$8,346,159</b>

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019.

**COUNTY OF LOS ANGELES**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**GENERAL FUND-GAAP BASIS FISCAL YEARS 2014-15 THROUGH 2018-19 (in thousands of \$)**

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>REVENUES:</b>					
Taxes	\$4,772,762	\$5,003,124	\$5,333,532	\$5,655,160	\$6,034,742
Licenses, Permits & Franchises	61,561	60,666	59,197	61,198	63,538
Fines, Forfeitures and Penalties	207,684	189,312	183,400	175,827	187,979
Use of Money and Property	141,816	186,443	155,878	189,399	366,116
Aid from Other Government	8,574,288	8,939,412	9,377,215	9,730,931	10,224,347
Charges for Services	1,491,656	1,651,883	1,800,657	1,751,140	2,505,049
Miscellaneous Revenues	204,966	159,346	172,055	162,610	169,320
<b>TOTAL</b>	<b>\$15,454,733</b>	<b>\$16,190,186</b>	<b>\$17,081,934</b>	<b>\$17,726,265</b>	<b>\$19,551,091</b>
<b>EXPENDITURES</b>					
General	\$1,155,070	\$1,039,188	\$1,159,100	\$1,253,758	\$1,284,824
Public Protection	5,136,461	5,418,926	5,546,279	5,618,266	5,893,865
Health and Sanitation	2,931,257	3,161,202	3,460,315	3,996,450	5,065,138
Public Assistance	5,682,198	5,892,530	6,034,942	6,260,375	6,501,712
Recreation and Cultural Services	304,895	321,414	341,272	364,316	386,217
Debt Service	27,060	29,600	31,079	33,559	37,519
Capital Outlay	866	547	63	5,161	1,586
<b>Total</b>	<b>\$15,237,807</b>	<b>\$15,863,407</b>	<b>\$16,573,050</b>	<b>\$17,531,885</b>	<b>\$19,170,861</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$216,926</b>	<b>\$326,779</b>	<b>\$508,884</b>	<b>\$194,380</b>	<b>\$380,230</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers from (to)					
Other Funds-Net	(\$131,647)	(\$133,714)	(\$243,604)	\$43,178	\$155,233
Sales of Capital Assets	870	807	1,388	1,499	1,769
Capital Leases	866	547	63	5,161	1,586
<b>OTHER FINANCING SOURCES (USES)-Net</b>	<b>(\$129,911)</b>	<b>(\$132,360)</b>	<b>(\$242,153)</b>	<b>\$49,838</b>	<b>\$158,588</b>
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	<b>87,015</b>	<b>194,419</b>	<b>266,731</b>	<b>244,218</b>	<b>538,818</b>
Beginning Fund Balance	3,102,808	3,189,823	3,384,242	3,650,973	3,895,191
<b>Ending Fund Balance</b>	<b>\$3,189,823</b>	<b>\$3,384,242</b>	<b>\$3,650,973</b>	<b>\$3,895,191</b>	<b>\$4,434,009</b>

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019.

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**COUNTY OF LOS ANGELES BORROWABLE RESOURCES  
FUNDS AVAILABLE FOR INTRAFUND BORROWING**

**2018-19: 12 MONTHS ACTUAL  
2019-20: 10 MONTHS ACTUAL**

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COUNTY OF LOS ANGELES BORROWABLE RESOURCES

AVERAGE DAILY BALANCES: Fiscal Year 2018-19

FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of \$)

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018
<b>PROPERTY TAX GROUP</b>						
Tax Collector Trust Fund	\$ 95,823	\$ 58,321	\$ 44,046	\$ 523,298	\$ 1,856,100	\$ 2,908,353
Auditor Unapportioned Property Tax	428,157	109,751	132,676	183,373	571,425	2,374,829
Unsecured Property Tax	171,779	174,914	131,230	170,177	167,872	74,549
Miscellaneous Fees & Taxes	6,276	6,261	6,263	6,247	6,312	6,231
State Redemption Fund	26,128	40,386	41,000	47,904	41,068	24,551
Education Revenue Augmentation	39,444	119,213	40,967	720	18,571	497,904
State Reimbursement Fund	0	0	0	0	429	8,993
Sales Tax Replacement Fund	0	0	0	0	0	0
Vehicle License Fee Replacement Fund	0	0	143,040	183,760	184,462	196,831
Property Tax Rebate Fund	7,277	11,986	22,120	18,080	29,692	12,199
Utility User Tax Trust Fund	12,498	4,473	4,781	9,609	12,946	18,786
Subtotal	\$ 787,382	\$ 525,305	\$ 566,123	\$ 1,143,168	\$ 2,888,877	\$ 6,123,226
<b>VARIOUS TRUST GROUP</b>						
Departmental Trust Fund	\$ 524,262	\$ 616,649	\$ 589,179	\$ 574,915	\$ 533,128	\$ 469,179
Payroll Revolving Fund	56,488	38,650	45,118	41,145	35,277	56,212
Asset Development Fund	53,584	59,309	59,683	59,698	59,722	59,737
Productivity Investment Fund	7,797	7,671	7,653	7,458	7,301	7,109
Motor Vehicle Capital Outlays	594	688	713	713	713	673
Civic Center Parking	155	146	241	214	172	37
Reporters Salary Fund	537	363	634	530	466	227
Cable TV Franchise Fund	13,497	13,353	13,338	13,859	13,797	14,060
Megaflex Long-Term Disability	11,751	11,635	11,603	11,457	11,455	11,431
Megaflex Long-Term Disability & Health	11,772	11,844	11,936	12,017	12,101	12,202
Megaflex Short-Term Disability	58,087	58,378	58,654	58,923	59,173	59,548
Subtotal	\$ 738,524	\$ 818,686	\$ 798,752	\$ 780,929	\$ 733,305	\$ 690,415
<b>HOSPITAL GROUP</b>						
Harbor-UCLA Medical Center	\$ 9,880	\$ (8,046)	\$ 3,864	\$ 18,249	\$ (4,706)	\$ 3,231
Olive View-UCLA Medical Center	30,183	9,417	3,514	21,041	10,592	6,027
LAC+USC Medical Center	9,868	15,942	1,916	22,815	8,585	1,900
MLK Ambulatory Care Center	0	0	0	0	0	0
Rancho Los Amigos Rehab Center	(692)	(7,554)	584	6,215	7,694	4,078
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	\$ 49,239	\$ 9,759	\$ 9,878	\$ 68,320	\$ 22,165	\$ 15,236
<b>GRAND TOTAL</b>	<b>\$ 1,575,145</b>	<b>\$ 1,353,750</b>	<b>\$ 1,374,753</b>	<b>\$ 1,992,417</b>	<b>\$ 3,644,347</b>	<b>\$ 6,828,877</b>

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	
<b>PROPERTY TAX GROUP</b>						
\$ 1,083,544	\$ 692,363	\$ 947,783	\$ 2,285,226	\$ 842,277	\$ 199,414	<b>Tax Collector Trust Fund</b>
1,331,532	945,011	711,383	1,613,184	972,152	177,327	<b>Auditor Unapportioned Property Tax</b>
72,570	69,847	63,778	49,121	65,635	102,600	<b>Unsecured Property Tax</b>
6,282	6,318	6,258	6,302	6,307	6,240	<b>Miscellaneous Fees &amp; Taxes</b>
21,976	23,091	22,417	21,715	17,985	16,720	<b>State Redemption Fund</b>
460,340	218,012	35,106	376,848	315,705	257,839	<b>Education Revenue Augmentation</b>
17,157	1,088	1,088	2,090	19,133	8,005	<b>State Reimbursement Fund</b>
0	0	0	0	0	0	<b>Sales Tax Replacement Fund</b>
595,307	354,258	661,325	702,571	685,393	0	<b>Vehicle License Fee Replacement Fund</b>
23,657	15,161	11,668	19,200	18,154	13,525	<b>Property Tax Rebate Fund</b>
22,432	4,252	8,936	1,541	5,176	7,994	<b>Utility User Tax Trust Fund</b>
<b>\$ 3,634,797</b>	<b>\$ 2,329,401</b>	<b>\$ 2,469,742</b>	<b>\$ 5,077,798</b>	<b>\$ 2,947,917</b>	<b>\$ 789,664</b>	<b>Subtotal</b>
<b>VARIOUS TRUST GROUP</b>						
\$ 457,910	\$ 443,128	\$ 470,522	\$ 505,003	\$ 486,048	\$ 460,659	<b>Departmental Trust Fund</b>
41,220	36,012	43,410	72,529	66,943	73,739	<b>Payroll Revolving Fund</b>
59,899	60,166	60,369	60,453	60,546	60,733	<b>Asset Development Fund</b>
6,863	6,606	6,551	8,599	9,247	9,218	<b>Productivity Investment Fund</b>
647	626	603	603	616	621	<b>Motor Vehicle Capital Outlays</b>
269	212	99	288	166	74	<b>Civic Center Parking</b>
539	354	370	516	340	347	<b>Reporters Salary Fund</b>
14,107	13,947	14,342	14,164	14,007	14,422	<b>Cable TV Franchise Fund</b>
11,453	11,508	11,456	11,356	11,348	11,354	<b>Megaflex Long-Term Disability</b>
12,257	12,262	12,351	12,426	12,517	12,605	<b>Megaflex Long-Term Disability &amp; Health</b>
59,902	60,257	60,848	61,527	62,086	62,526	<b>Megaflex Short-Term Disability</b>
<b>\$ 665,066</b>	<b>\$ 645,078</b>	<b>\$ 680,921</b>	<b>\$ 747,464</b>	<b>\$ 723,864</b>	<b>\$ 706,298</b>	<b>Subtotal</b>
<b>HOSPITAL GROUP</b>						
\$ (1,271)	\$ (3,097)	\$ (2,869)	\$ 6,941	\$ 18	\$ 4,620	<b>Harbor-UCLA Medical Center</b>
(2,098)	155	775	12,447	12,585	1,922	<b>Olive View-UCLA Medical Center</b>
8,064	3,736	3,490	7,595	6,997	2,141	<b>LAC + USC Medical Center</b>
0	0	0	0	0	0	<b>MLK Ambulatory Care Center</b>
3,050	398	23	(60)	27,808	35,449	<b>Rancho Los Amigos Rehab Center</b>
0	0	0	0	0	0	<b>LAC+USC Medical Center Equipment</b>
<b>\$ 7,745</b>	<b>\$ 1,192</b>	<b>\$ 1,419</b>	<b>\$ 26,923</b>	<b>\$ 47,408</b>	<b>\$ 44,132</b>	<b>Subtotal</b>
<b>\$ 4,307,608</b>	<b>\$ 2,975,671</b>	<b>\$ 3,152,082</b>	<b>\$ 5,852,185</b>	<b>\$ 3,719,189</b>	<b>\$ 1,540,094</b>	<b>GRAND TOTAL</b>



**COUNTY OF LOS ANGELES BORROWABLE RESOURCES**  
**AVERAGE DAILY BALANCES: Fiscal Year 2019-20**  
**FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of \$)**

	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019
<b>PROPERTY TAX GROUP</b>						
Tax Collector Trust Fund	139,285	88,512	63,541	597,088	2,152,970	3,475,665
Auditor Unapportioned Property Tax	195,631	104,512	135,163	219,460	744,446	2,147,586
Unsecured Property Tax	178,530	180,300	139,744	176,267	155,727	78,956
Miscellaneous Fees & Taxes	6,222	6,250	6,237	6,270	6,255	6,244
State Redemption Fund	31,017	43,962	49,270	49,764	40,285	28,063
Education Revenue Augmentation	18,606	46,618	11,567	708	21,975	508,083
State Reimbursement Fund	0	0	0	0	1,683	8,808
Sales Tax Replacement Fund	0	0	0	0	0	0
Vehicle License Fee Replacement Fund	0	42,108	142,611	154,084	155,030	181,818
Property Tax Rebate Fund	9,561	15,714	8,458	12,589	15,490	9,676
Utility User Tax Trust Fund	1,664	978	4,356	8,366	6,575	9,903
Subtotal	\$ 580,516	\$ 528,954	\$ 560,947	\$ 1,224,596	\$ 3,300,436	\$ 6,454,802
<b>VARIOUS TRUST GROUP</b>						
Departmental Trust Fund	494,637	484,580	480,858	469,831	447,544	444,878
Payroll Revolving Fund	69,436	66,424	80,757	68,960	64,501	87,017
Asset Development Fund	60,868	50,835	49,283	49,525	49,600	49,666
Productivity Investment Fund	9,114	9,046	8,978	8,873	8,750	8,418
Motor Vehicle Capital Outlays	610	612	709	709	709	685
Civic Center Parking	105	207	162	70	232	93
Reporters Salary Fund	389	350	429	359	462	527
Cable TV Franchise Fund	14,267	13,880	14,338	14,315	14,314	14,633
Megaflex Long-Term Disability	11,314	11,303	11,268	11,144	11,091	11,044
Megaflex Long-Term Disability & Health	12,691	12,771	12,876	12,928	13,015	13,112
Megaflex Short-Term Disability	62,791	63,006	63,416	63,811	64,180	64,790
Subtotal	\$ 736,222	\$ 713,014	\$ 723,074	\$ 700,525	\$ 674,398	\$ 694,863
<b>HOSPITAL GROUP</b>						
Harbor-UCLA Medical Center	19,034	(2,483)	(418)	18,473	5,100	(4,237)
Olive View-UCLA Medical Center	13,355	9,992	743	117,435	111,010	36,968
LAC+USC Medical Center	(7,190)	11,940	7,597	17,093	12,142	7,950
MLK Ambulatory Care Center	0	0	0	0	0	0
Rancho Los Amigos Rehab Center	16,443	(1,480)	925	37,010	19,500	506
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	\$ 41,642	\$ 17,969	\$ 8,847	\$ 190,011	\$ 147,752	\$ 41,187
<b>GRAND TOTAL</b>	<b>\$ 1,358,380</b>	<b>\$ 1,259,937</b>	<b>\$ 1,292,868</b>	<b>\$ 2,115,132</b>	<b>\$ 4,122,586</b>	<b>\$ 7,190,852</b>

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	
<b>PROPERTY TAX GROUP</b>						
1,090,022	725,213	880,307	2,881,400			Tax Collector Trust Fund
1,322,632	857,678	805,522	1,312,206			Auditor Unapportioned Property Tax
74,769	68,946	66,821	48,254			Unsecured Property Tax
6,302	6,331	6,342	6,366			Miscellaneous Fees & Taxes
26,022	24,016	17,714	18,318			State Redemption Fund
1,072,832	341,836	23,546	343,066			Education Revenue Augmentation
15,862	1,029	1,029	2,012			State Reimbursement Fund
0	0	0	0			Sales Tax Replacement Fund
(33,746)	218,727	657,313	687,570			Vehicle License Fee Replacement Fund
8,024	9,060	10,772	18,969			Property Tax Rebate Fund
13,127	16,063	7,617	10,602			Utility User Tax Trust Fund
<b>\$ 3,595,846</b>	<b>\$ 2,268,899</b>	<b>\$ 2,476,983</b>	<b>\$ 5,328,763</b>	<b>\$ -</b>	<b>\$ -</b>	<b>Subtotal</b>
<b>VARIOUS TRUST GROUP</b>						
466,511	486,572	506,395	502,838			Departmental Trust Fund
68,964	74,858	80,745	67,585			Payroll Revolving Fund
49,705	49,788	49,842	50,377			Asset Development Fund
8,401	8,376	8,285	8,276			Productivity Investment Fund
678	652	613	599			Motor Vehicle Capital Outlays
283	179	19	12			Civic Center Parking
513	457	368	509			Reporters Salary Fund
14,485	14,436	14,746	14,645			Cable TV Franchise Fund
11,059	11,125	11,109	11,102			Megaflex Long-Term Disability
13,148	13,140	13,220	13,310			Megaflex Long-Term Disability & Health
65,245	65,948	66,594	66,991			Megaflex Short-Term Disability
<b>\$ 698,992</b>	<b>\$ 725,531</b>	<b>\$ 751,936</b>	<b>\$ 736,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>Subtotal</b>
<b>HOSPITAL GROUP</b>						
6,569	3,473	3,606	1,602	0	0	Harbor-UCLA Medical Center
8,042	2,530	5,719	19,955	0	0	Olive View-UCLA Medical Center
(6,099)	6,363	8,356	386	0	0	LAC + USC Medical Center
0	0	0	0	0	0	MLK Ambulatory Care Center
(272)	1,490	546	1,103	0	0	Rancho Los Amigos Rehab Center
0	0	0	0	0	0	LAC+USC Medical Center Equipment
<b>\$ 8,240</b>	<b>\$ 13,856</b>	<b>\$ 18,227</b>	<b>\$ 23,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>Subtotal</b>
<b>\$ 4,303,078</b>	<b>\$ 3,008,286</b>	<b>\$ 3,247,146</b>	<b>\$ 6,088,053</b>	<b>\$ -</b>	<b>\$ -</b>	<b>GRAND TOTAL</b>

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**COUNTY OF LOS ANGELES  
GENERAL FUND CASH FLOW STATEMENTS**

**2018-19: 12 MONTHS ACTUAL  
2019-20: 10 MONTHS ACTUAL**

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**COUNTY OF LOS ANGELES**  
**GENERAL FUND CASH FLOW ANALYSIS**  
**FISCAL YEAR 2018-19**  
**(in thousands of \$)**

	July 2018	August 2018	September 2018	October 2018	November 2018
<b>BEGINNING BALANCE</b>	\$ 2,358,936	\$ 2,076,959	\$ 1,846,102	\$ 1,035,639	\$ 679,155
<b>RECEIPTS</b>					
Property Taxes	\$ 98,925	\$ 125,803	\$ 0	\$ 1,718	\$ 53,409
Other Taxes	16,883	20,935	29,088	7,873	20,730
Licenses, Permits & Franchises	3,785	2,600	4,448	3,638	5,988
Fines, Forfeitures & Penalties	31,954	20,215	7,750	7,890	13,993
Investment and Rental Income	27,374	23,547	18,772	15,966	33,976
Motor Vehicle (VLF) Realignment	0	(209,978)	45,369	36,140	61,201
Sales Taxes - Proposition 172	78,011	65,649	61,099	59,695	77,326
1991 Program Realignment	0	138,342	66,180	58,382	87,458
Other Intergovernmental Revenue	117,776	513,896	120,208	189,254	473,094
Charges for Current Services	33,554	236,876	98,403	178,379	118,838
Other Revenue & Tobacco Settlement	100,063	69,216	36,467	28,237	157,653
Transfers & Reimbursements	11,964	825	(61)	7,226	47,482
Hospital Loan Repayment*	0	109,607	0	292,307	90,820
Welfare Advances	375,468	345,083	473,683	332,316	401,070
Other Financing Sources/MHSA	3,417	224,561	23,149	3,764	34,446
Intrafund Borrowings	0	0	0	0	0
TRANS Sold	700,000	0	0	0	0
Total Receipts	\$ 1,599,174	\$ 1,687,177	\$ 984,555	\$ 1,222,785	\$ 1,677,484
<b>DISBURSEMENTS</b>					
Welfare Warrants	\$ 193,595	\$ 191,403	\$ 192,469	\$ 187,159	\$ 184,333
Salaries	515,304	521,680	514,319	509,336	539,810
Employee Benefits	330,234	335,420	318,364	337,161	332,605
Vendor Payments	724,498	476,188	420,230	424,365	390,489
Loans to Hospitals*	0	0	264,020	32,497	238,367
Hospital Subsidy Payments	51,660	324,449	56,854	0	60,507
Transfer Payments	65,860	68,894	28,762	88,751	10,104
TRANS Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	\$ 1,881,151	\$ 1,918,034	\$ 1,795,018	\$ 1,579,269	\$ 1,756,215
<b>ENDING BALANCE</b>	<b>\$ 2,076,959</b>	<b>\$ 1,846,102</b>	<b>\$ 1,035,639</b>	<b>\$ 679,155</b>	<b>\$ 600,424</b>
Borrowable Resources (Avg. Balance)	\$ 1,575,145	\$ 1,353,750	\$ 1,374,753	\$ 1,992,417	\$ 3,644,347
<b>Total Cash Available</b>	<b>\$ 3,652,104</b>	<b>\$ 3,199,852</b>	<b>\$ 2,410,392</b>	<b>\$ 2,671,572</b>	<b>\$ 4,244,771</b>

\* The net change in the outstanding Hospital Loan Balance is an increase of \$429.03 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	Total 2018-19
\$ 600,424	\$ 910,213	\$ 1,140,594	\$ 1,023,697	\$ 149,330	\$ 734,180	\$ 1,790,497	
\$ 1,388,009	\$ 1,367,759	\$ 230,352	\$ 17,410	\$ 1,007,328	\$ 1,248,905	\$ 324,131	\$ 5,863,749
14,277	15,541	33,837	12,117	24,203	15,018	27,299	237,801
3,805	2,576	3,999	7,452	15,413	5,843	4,128	63,675
7,921	8,189	23,070	14,161	8,782	28,750	9,537	182,212
17,032	18,915	22,394	20,224	20,506	36,354	24,326	279,386
31,105	36,301	44,308	33,298	34,286	36,055	26,343	174,428
58,890	60,233	89,455	60,470	52,513	71,430	61,969	796,740
59,399	61,317	93,650	62,467	52,883	73,777	63,702	817,557
160,192	237,425	313,251	187,039	137,575	429,905	318,926	3,198,541
131,327	316,035	136,861	140,255	188,859	130,943	227,518	1,937,848
79,482	45,545	58,015	115,120	150,716	78,223	138,551	1,057,288
10,472	10,390	4,399	5,786	14,104	9,219	37,145	158,951
0	285,146	183,688	0	360,728	585,573	141,461	2,049,330
546,766	310,021	352,546	510,067	429,009	244,724	596,375	4,917,128
61,323	34,212	36,621	43,599	49,665	34,061	60,688	609,506
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	700,000
\$ 2,570,000	\$ 2,809,605	\$ 1,626,446	\$ 1,229,465	\$ 2,546,570	\$ 3,028,780	\$ 2,062,099	\$ 23,044,140
\$ 183,458	\$ 472,975	\$ 182,800	\$ 262,585	\$ 231,695	\$ 249,796	\$ 261,626	\$ 2,793,894
609,681	557,253	538,365	531,352	551,155	520,527	531,028	6,439,810
339,019	382,007	336,634	363,169	339,723	340,557	335,324	4,090,217
393,251	471,317	369,045	549,156	431,223	528,339	486,307	5,664,408
372,083	295,009	220,823	362,586	186,065	257,871	249,034	2,478,355
0	(2,901)	82,674	0	0	(10,196)	26,830	589,877
47,719	88,564	13,002	34,984	124,170	85,569	9,946	666,325
315,000	315,000	0	0	97,689	0	0	727,689
0	0	0	0	0	0	0	0
\$ 2,260,211	\$ 2,579,224	\$ 1,743,343	\$ 2,103,832	\$ 1,961,720	\$ 1,972,463	\$ 1,900,095	\$ 23,450,575
<b>\$ 910,213</b>	<b>\$ 1,140,594</b>	<b>\$ 1,023,697</b>	<b>\$ 149,330</b>	<b>\$ 734,180</b>	<b>\$ 1,790,497</b>	<b>\$ 1,952,501</b>	
\$ 6,828,877	\$ 4,307,608	\$ 2,975,671	\$ 3,152,082	\$ 5,852,185	\$ 3,719,189	\$ 1,540,094	
<b>\$ 7,739,090</b>	<b>\$ 5,448,202</b>	<b>\$ 3,999,368</b>	<b>\$ 3,301,412</b>	<b>\$ 6,586,365</b>	<b>\$ 5,509,686</b>	<b>\$ 3,492,595</b>	

**COUNTY OF LOS ANGELES**  
**GENERAL FUND CASH FLOW ANALYSIS**  
**FISCAL YEAR 2019-20**  
**(in thousands of \$)**

	<b>July 2019</b>	<b>August 2019</b>	<b>September 2019</b>	<b>October 2019</b>	<b>November 2019</b>
<b>BEGINNING BALANCE</b>	\$ 1,952,501	\$ 1,724,091	\$ 1,359,182	\$ 424,086	\$ 727,072
<b>RECEIPTS</b>					
Property Taxes	\$ 55,174	\$ 128,180	\$ -	\$ -	\$ 62,079
Other Taxes	18,457	17,535	16,420	15,991	26,328
Licenses, Permits & Franchises	3,649	3,673	4,162	1,760	5,413
Fines, Forfeitures & Penalties	34,969	18,637	8,436	9,017	18,117
Investment and Rental Income	27,900	23,040	16,560	18,428	25,428
Motor Vehicle (VLF) Realignment	-	(42,792)	45,260	38,294	55,448
Sales Taxes - Proposition 172	75,593	63,224	63,890	64,380	77,931
1991 Program Realignment	-	127,634	75,739	71,651	85,194
Other Intergovernmental Revenue	156,214	330,941	156,168	306,424	386,687
Charges for Current Services	192,155	234,942	83,988	238,311	141,006
Other Revenue & Tobacco Settlement	69,466	128,318	40,960	98,082	81,863
Transfers & Reimbursements	1,682	(836)	782	6,007	23,658
Hospital Loan Repayment*	-	149,121	-	819,471	-
Welfare Advances	354,144	197,841	584,883	382,821	346,052
Other Financing Sources/MHSA	175,063	87,352	50	-	93,917
Intrafund Borrowings	-	-	-	-	-
TRANS Sold	700,000	-	-	-	-
<b>Total Receipts</b>	<b>\$ 1,864,466</b>	<b>\$ 1,466,810</b>	<b>\$ 1,097,298</b>	<b>\$ 2,070,637</b>	<b>\$ 1,429,121</b>
<b>DISBURSEMENTS</b>					
Welfare Warrants	\$ 194,253	\$ 193,655	\$ 200,668	\$ 208,021	\$ 202,782
Salaries	539,331	554,279	537,101	535,703	546,055
Employee Benefits	339,469	352,356	347,466	355,342	346,681
Vendor Payments	728,562	492,468	440,402	564,580	476,207
Loans to Hospitals*	-	-	287,410	64,350	28,908
Hospital Subsidy Payments	240,766	208,020	180,367	(69,424)	78,416
Transfer Payments	50,495	30,941	38,980	109,079	66,797
TRANS Pledge Transfer	-	-	-	-	-
Intrafund Repayment	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 2,092,876</b>	<b>\$ 1,831,719</b>	<b>\$ 2,032,394</b>	<b>\$ 1,767,651</b>	<b>\$ 1,745,846</b>
<b>ENDING BALANCE</b>	<b>\$ 1,724,091</b>	<b>\$ 1,359,182</b>	<b>\$ 424,086</b>	<b>\$ 727,072</b>	<b>\$ 410,347</b>
Borrowable Resources (Avg. Balance)	\$ 1,358,380	\$ 1,259,937	\$ 1,292,868	\$ 2,115,132	\$ 4,122,586
<b>Total Cash Available</b>	<b>\$ 3,082,471</b>	<b>\$ 2,619,119</b>	<b>\$ 1,716,954</b>	<b>\$ 2,842,204</b>	<b>\$ 4,532,933</b>

December 2019	January 2020	February 2020	March 2020	April 2020	Estimated May 2020	Estimated June 2020	Total 2019-20
\$ 410,347	\$ 1,089,937	\$ 1,594,897	\$ 951,668	\$ 48,617	\$ 895,841	\$ 985,441	
\$ 1,489,006	\$ 1,460,562	\$ 221,789	\$ 16,779	\$ 1,094,142	\$ 1,269,708	\$ 282,379	\$ 6,079,798
12,668	17,688	15,158	23,049	14,372	8,235	10,390	196,291
2,133	2,664	4,310	4,791	12,804	4,115	3,223	52,698
8,448	9,044	23,610	13,594	9,260	9,714	4,188	167,034
14,866	21,552	17,536	15,400	24,291	14,221	12,181	231,403
32,526	37,047	43,599	33,492	32,392	18,027	6,586	299,879
63,859	64,893	91,344	58,744	51,909	35,412	15,361	726,540
70,678	72,155	101,092	65,637	58,242	40,117	17,540	785,679
282,258	144,005	254,595	270,991	216,455	236,179	276,347	3,017,265
263,659	331,118	128,023	119,926	266,876	119,241	97,049	2,216,294
115,554	100,837	(23,355)	140,769	210,227	8,773	7,962	979,456
36,733	8,664	6,583	8,708	20,955	10,015	27,257	150,208
34,024	116,682	97,465	230,911	268,910	162,012	350,883	2,229,479
628,723	368,703	323,891	541,010	345,669	329,637	552,891	4,956,265
52,514	32,737	35,979	462	81,116	22,991	16,983	599,164
-	-	-	-	-	-	-	-
25,601	-	-	-	-	-	-	725,601
\$ 3,133,250	\$ 2,788,351	\$ 1,341,619	\$ 1,544,263	\$ 2,707,620	\$ 2,288,396	\$ 1,681,221	\$ 23,413,052
\$ 207,507	\$ 207,440	\$ 492,295	\$ 365,412	\$ 258,190	\$ 225,479	\$ 221,127	\$ 2,976,829
576,288	587,379	572,796	558,890	575,348	572,662	576,137	6,731,969
377,670	382,667	359,617	367,232	357,641	357,964	349,560	4,293,665
588,563	554,845	422,754	813,523	416,501	637,760	651,055	6,787,221
355,304	121,598	24,698	325,827	58,983	316,197	324,186	1,907,461
26,064	2,807	108,925	-	(7,972)	-	-	767,969
7,264	111,655	3,763	16,430	96,802	88,733	19,738	640,677
315,000	315,000	-	-	104,903	-	-	734,903
-	-	-	-	-	-	-	-
\$ 2,453,660	\$ 2,283,391	\$ 1,984,848	\$ 2,447,314	\$ 1,860,396	\$ 2,198,795	\$ 2,141,803	\$ 24,840,693
<b>\$ 1,089,937</b>	<b>\$ 1,594,897</b>	<b>\$ 951,668</b>	<b>\$ 48,617</b>	<b>\$ 895,841</b>	<b>\$ 985,441</b>	<b>\$ 524,860</b>	
\$ 7,190,852	\$ 4,303,078	\$ 3,008,286	\$ 3,247,146	\$ 6,088,053	\$ 3,291,283	\$ 1,469,004	
\$ 8,280,789	\$ 5,897,975	\$ 3,959,954	\$ 3,295,763	\$ 6,983,894	\$ 4,276,724	\$ 1,993,864	

# DEBT SUMMARY

## INTRODUCTION

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

## OUTSTANDING OBLIGATIONS

As of July 1, 2019, approximately \$1.936 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of \$1.043 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining \$893 million of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2019-20.

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

#### 2019-20 Payments

Funding Source	2019-20 Payment
Total 2019-20 Payment Obligations	\$159,302,024
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	52,934,921
Courthouse Construction Funds	15,002,335
Special Districts/Special Funds	2,772,114
Net 2019-20 General Fund Obligations	\$88,592,654

Source: Los Angeles County Auditor-Controller

As of May 1, 2020, the County has \$1.079 billion of outstanding short-term obligations, which includes \$700.0 million in TRANS, \$55.0 million in Bond Anticipation Notes, and \$324.8 million in Lease Revenue Tax-exempt Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

### COUNTY OF LOS ANGELES SUMMARY OF OUTSTANDING PRINCIPAL

#### As of May 1, 2020 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	\$700,000
Bond Anticipation Notes	55,000
Lease Revenue Notes	324,790
Intermediate & Long-Term Obligations	2,135,116
Total Outstanding Principal	\$3,214,906

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

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

## SHORT-TERM OBLIGATIONS

### Tax and Revenue Anticipation Notes

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

Pursuant to a resolution adopted by the Board of Supervisors on May 14, 2019, the County issued \$700 million of TRANS for Fiscal Year 2019-20 on July 1, 2019. The 2019-20 TRANS will mature on June 30, 2020. The TRANS are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2019-20, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2019-20 and Revenue Anticipation Notes" of this Appendix A.

### Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance date from the proceeds of long-term bonds or other available funds. The repayment of the BANs is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2020, \$55.0 million in BANs are outstanding. The County expects to issue \$5 million of additional BANs on June 17, 2020 and repay \$20 million of the outstanding BANs with cash by June 30, 2020. The County plans to redeem an additional \$35 million of outstanding BANs with the proceeds of intermediate-term bonds to be issued by LAC-CAL in July 2020.

### Lease Revenue Note Program

In April 2019, the County successfully closed a restructuring of the Lease Revenue Note Program (the "Note Program"). The Note Program provides the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which will eventually be refinanced with the issuance of long-term bonds upon completion. Under the restructured Note Program, the County is authorized to issue up to \$600 million in aggregate principal amount of short-term commercial paper notes supported by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by Bank of the West (Series A - \$100 million); U.S. Bank (Series B - \$200 million); Wells Fargo (Series C - \$200 million) and State Street (Series D - \$100 million). The maximum aggregate principal amount of \$600 million represents an increase of \$100 million from the previous Note Program.

The Note Program is secured by a lease-revenue financing structure between LAC-CAL and the County, and a portfolio of fifteen County-owned properties pledged as collateral to secure the credit facilities. The four LOCs, which are scheduled to terminate on April 30, 2024, provide credit enhancement and liquidity support for both tax-exempt and taxable commercial paper notes. The commercial paper notes issued through the Note Program will continue to finance construction



COUNTY OF LOS ANGELES COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE AS OF JULY 1, 2019						
Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service	
2019-20	\$ 88,592,654	\$ 52,934,921	\$ 15,002,335	\$ 2,772,114	\$	159,302,024
2020-21	\$ 85,292,096	50,681,389	14,997,342	2,770,155		153,740,981
2021-22	\$ 85,899,841	50,423,184	14,991,788	2,772,727		154,087,540
2022-23	\$ 88,506,189	50,420,052	14,991,568	2,770,179		156,687,988
2023-24	\$ 65,740,020	50,410,165	14,985,583	2,771,524		133,907,291
2024-25	\$ 65,734,539	50,403,888	14,971,366	2,772,880		133,882,674
2025-26	\$ 65,725,041	50,395,048	14,968,875	2,772,804		133,861,767
2026-27	\$ 65,716,651	50,391,691	14,959,875	2,772,537		133,840,753
2027-28	\$ 65,628,686	50,383,353	14,947,750	2,771,073		133,730,861
2028-29	\$ 65,331,406	50,371,753	14,945,875	2,773,632		133,422,666
2029-30	\$ 65,108,404	50,364,260	14,937,625	2,770,541		133,180,829
2030-31	\$ 65,100,335	50,345,701	8,340,500	2,770,790		126,557,326
2031-32	\$ 65,093,482	50,341,280	8,336,375	2,771,350		126,542,487
2032-33	\$ 65,089,187	50,331,926	6,115,375	2,770,272		124,306,760
2033-34	\$ 65,080,741	50,315,721	6,119,250	2,772,755		124,288,466
2034-35	\$ 63,905,204	50,309,705	-	2,774,794		116,989,702
2035-36	\$ 63,900,049	50,294,766	-	2,769,980		116,964,796
2036-37	\$ 63,889,088	50,283,745	-	2,774,430		116,947,263
2037-38	\$ 63,880,619	50,278,866	-	2,772,883		116,932,369
2038-39	\$ 63,873,669	50,259,691	-	2,773,883		116,907,244
2039-40	\$ 63,864,844	50,246,289	-	2,773,659		116,884,793
2040-41	\$ 63,853,160	50,237,761	-	2,772,601		116,863,522
2041-42	\$ 43,234,575	19,945,100	-	2,774,050		65,953,725
2042-43	\$ 43,238,575	19,948,218	-	2,774,482		65,961,275
2043-44	\$ 43,239,075	-	-	808,250		44,047,325
2044-45	\$ 43,233,900	-	-	809,750		44,043,650
2045-46	\$ 34,035,575	-	-	-		34,035,575
2046-47	\$ 18,133,800	-	-	-		-
2047-48	\$ 18,132,300	-	-	-		-
2048-49	\$ 18,127,400	-	-	-		-
2049-50	\$ 18,131,375	-	-	-		-
2050-51	\$ 18,140,375	-	-	-		-
2051-52	\$ 18,132,250	-	-	-		-
<b>Total</b>	<b>\$ 1,830,585,107</b>	<b>\$ 1,150,318,471</b>	<b>\$ 193,611,481</b>	<b>\$ 68,154,095</b>	<b>\$</b>	<b>3,242,669,155</b>

COUNTY OF LOS ANGELES OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE AS OF JULY 1, 2019						
Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal	
2019-20	\$ 1,043,075,443	\$ 708,963,922	\$ 144,035,000	\$ 39,872,265	\$	1,935,946,630
2020-21	1,018,135,942	688,722,303	135,205,000	39,017,435		1,881,080,679
2021-22	988,159,023	669,817,455	126,135,000	38,120,777		1,822,232,255
2022-23	947,983,559	650,368,047	116,790,000	37,175,498		1,752,317,104
2023-24	903,267,302	630,069,623	107,130,000	36,184,357		1,676,651,281
2024-25	879,479,815	608,863,906	97,130,000	35,141,008		1,620,614,729
2025-26	854,546,357	586,643,269	86,730,000	34,042,763		1,561,962,389
2026-27	828,386,235	563,319,690	75,825,000	32,888,277		1,500,419,202
2027-28	800,935,089	538,830,160	64,370,000	31,674,859		1,435,810,108
2028-29	772,202,909	513,114,829	52,340,000	30,400,717		1,368,058,455
2029-30	742,331,152	486,115,239	39,695,000	29,058,609		1,297,200,000
2030-31	711,176,720	457,762,435	26,410,000	27,650,845		1,223,000,000
2031-32	678,449,828	427,999,539	19,210,000	26,170,633		1,151,830,000
2032-33	644,150,098	396,740,964	11,645,000	24,613,939		1,077,150,000
2033-34	608,195,124	363,916,356	5,970,000	22,978,519		1,001,060,000
2034-35	570,424,529	329,453,785	-	21,256,686		921,135,000
2035-36	531,985,780	293,295,333	-	19,448,887		844,730,000
2036-37	491,721,347	255,401,290	-	17,562,363		764,685,000
2037-38	449,547,750	215,683,273	-	15,583,977		680,815,000
2038-39	405,396,190	174,133,219	-	13,515,591		593,045,000
2039-40	359,241,097	130,747,077	-	11,346,826		501,335,000
2040-41	311,003,169	85,416,324	-	9,070,508		405,490,000
2041-42	260,590,000	38,047,845	-	6,682,155		305,320,000
2042-43	228,885,000	19,481,371	-	4,173,629		252,540,000
2043-44	195,550,000	-	-	1,540,000		197,090,000
2044-45	160,505,000	-	-	790,000		161,295,000
2045-46	123,735,000	-	-	-		123,735,000
2046-47	94,650,000	-	-	-		-
2047-48	80,525,000	-	-	-		-
2048-49	65,825,000	-	-	-		-
2049-50	50,530,000	-	-	-		-
2050-51	34,525,000	-	-	-		-
2051-52	17,690,000	-	-	-		-

Source: Los Angeles County Chief Executive Office

**COUNTY OF LOS ANGELES  
CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE  
AS OF JULY 1, 2019**

<b>Title</b>	<b>Total Debt Service</b>	<b>General Fund</b>	<b>Hospital Enterprise Fund</b>	<b>Courthouse Construction Fund</b>	<b>Special Districts / Special Funds</b>
<b>Long-Term Obligations</b>					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	\$ 18,380,000	\$ 18,380,000			
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	\$ 731,203	\$ 731,203			
Patriotic Hall Renovation	1,180,760	1,180,760			
Hall of Justice Rehabilitation	6,095,696	6,095,696			
Olive View Medical Center ER/TB Unit	1,360,544		\$ 1,360,544		
Olive View Medical Center Seismic	560,491		560,491		
Harbor/UCLA Surgery/ Emergency	8,525,804		8,525,804		
Harbor/UCLA Seismic Retrofit	1,314,715		1,314,715		
<b>Total 2010 Multiple Capital Projects I, Series A</b>	<b>\$ 19,769,212</b>	<b>\$ 8,007,659</b>	<b>\$ 11,761,554</b>	<b>\$ 0</b>	<b>\$ 0</b>
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	\$ 1,166,023	\$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Hall of Justice Rehabilitation	9,720,589	9,720,589			
Olive View Medical Center ER/TB Unit	2,169,611		\$ 2,169,611		
Olive View Medical Center Seismic	893,795		893,795		
Harbor/UCLA Surgery/ Emergency	13,595,795		13,595,795		
Harbor/UCLA Seismic Retrofit	2,096,529		2,096,529		
<b>Total 2010 Multiple Capital Projects I, Series B</b>	<b>\$ 31,525,258</b>	<b>\$ 12,769,528</b>	<b>\$ 18,755,731</b>	<b>\$ 0</b>	<b>\$ 0</b>
2011 High Desert Solar Complex (Federally Taxable)	\$ 595,899	\$ 595,899			
2012 Refg COPs: Disney Parking Project	\$ 2,533,750	\$ 2,533,750			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	\$ 8,845,190		\$ 8,845,190		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,767,482		10,767,482		
Martin Luther King Jr. Data Center	341,963		341,963		
Fire Station 128	297,079				\$ 297,079
Fire Station 132	480,492				480,492
Fire Station 150	745,280				745,280
Fire Station 156	442,389				442,389
<b>Total 2012 Multiple Capital Projects II, Series 2012</b>	<b>\$ 21,919,875</b>	<b>\$ 0</b>	<b>\$ 19,954,636</b>	<b>\$ 0</b>	<b>\$ 1,965,239</b>
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	\$ 9,196,250	\$ 9,196,250			
Manhattan Beach Library	806,875				\$ 806,875
<b>Total 2015 Multiple Capital Projects, Series A</b>	<b>\$ 10,003,125</b>	<b>\$ 9,196,250</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 806,875</b>
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	\$ 3,189,625	\$ 3,189,625			
LAX Area Courthouse	2,533,000			\$ 2,533,000	
Chatsworth Courthouse	2,124,500			2,124,500	
<b>Total 2015 Multiple Capital Projects, Series B</b>	<b>\$ 7,847,125</b>	<b>\$ 3,189,625</b>	<b>\$ 0</b>	<b>\$ 4,657,500</b>	<b>\$ 0</b>
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	\$ 10,344,835			\$ 10,344,835	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	\$ 15,902,994	\$ 15,902,994			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	\$ 14,156,700	\$ 14,156,700			
Vermont Corridor Administration Building, Series B (Federally Taxable)	165,750	165,750			
<b>Total 2018 Vermont Corridor Series A &amp; B</b>	<b>\$ 14,322,450</b>	<b>\$ 14,322,450</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Long-Term Obligations</b>	<b>\$ 153,144,524</b>	<b>\$ 84,898,154</b>	<b>\$ 50,471,921</b>	<b>\$ 15,002,335</b>	<b>\$ 2,772,114</b>
<b>Intermediate-Term Obligations</b>					
Equipment					
2017 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	\$ 6,157,500	\$ 3,694,500	\$ 2,463,000		
<b>Total Intermediate-Term Obligations</b>	<b>\$ 6,157,500</b>	<b>\$ 3,694,500</b>	<b>\$ 2,463,000</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Obligations</b>	<b>\$ 159,302,024</b>	<b>\$ 88,592,654</b>	<b>\$ 52,934,921</b>	<b>\$ 15,002,335</b>	<b>\$ 2,772,114</b>

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

**COUNTY OF LOS ANGELES  
OUTSTANDING PRINCIPAL BY FUNDING SOURCE  
AS OF JULY 1, 2019**

<b>Title</b>	<b>Total Outstanding Principal</b>	<b>General Fund</b>	<b>Hospital Enterprise Fund</b>	<b>Courthouse Construction Fund</b>	<b>Special Districts / Special Funds</b>
<b>Long-Term Obligations</b>					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	\$ 4,465,857	\$ 4,465,857			
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	\$ 713,478	\$ 713,478			
Patriotic Hall Renovation	1,152,138	1,152,138			
Hall of Justice Rehabilitation	5,947,934	5,947,934			
Olive View Medical Center ER/TB Unit	1,327,564		\$ 1,327,564		
Olive View Medical Center Seismic	546,904		546,904		
Harbor/UCLA Surgery/ Emergency	8,319,135		8,319,135		
Harbor/UCLA Seismic Retrofit	1,282,846		1,282,846		
<b>Total 2010 Multiple Capital Projects I, Series A</b>	<b>\$ 19,290,000</b>	<b>\$ 7,813,550</b>	<b>\$ 11,476,450</b>	<b>\$ 0</b>	<b>\$ 0</b>
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	\$ 25,447,194	\$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Olive View Medical Center ER/TB Unit	47,349,441		\$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
<b>Total 2010 Multiple Capital Projects I, Series B</b>	<b>\$ 688,005,000</b>	<b>\$ 278,681,262</b>	<b>\$ 409,323,738</b>	<b>\$ 0</b>	<b>\$ 0</b>
2011 High Desert Solar Complex (Federally Taxable)	\$ 5,230,773	\$ 5,230,773			
2012 Refg COPs: Disney Parking Project	\$ 50,675,000	\$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	\$ 126,573,298		\$ 126,573,298		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	154,080,996		154,080,996		
Martin Luther King Jr. Data Center	4,893,441		4,893,441		
Fire Station 128	4,251,148				\$ 4,251,148
Fire Station 132	6,875,769				6,875,769
Fire Station 150	10,664,835				10,664,835
Fire Station 156	6,330,513				6,330,513
<b>Total 2012 Multiple Capital Projects II, Series 2012</b>	<b>\$ 313,670,000</b>	<b>\$ 0</b>	<b>\$ 285,547,735</b>	<b>\$ 0</b>	<b>\$ 28,122,265</b>
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	\$ 133,810,000	\$ 133,810,000			
Manhattan Beach Library	11,750,000				\$ 11,750,000
<b>Total 2015 Multiple Capital Projects, Series A</b>	<b>\$ 145,560,000</b>	<b>\$ 133,810,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,750,000</b>
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	\$ 9,095,000	\$ 9,095,000			
LAX Area Courthouse	50,660,000			\$ 50,660,000	
Chatsworth Courthouse	42,490,000			42,490,000	
<b>Total 2015 Lease Revenue Refunding Bonds, Series B</b>	<b>\$ 102,245,000</b>	<b>\$ 9,095,000</b>	<b>\$ 0</b>	<b>\$ 93,150,000</b>	<b>\$ 0</b>
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	\$ 50,885,000			\$ 50,885,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	\$ 247,000,000	\$ 247,000,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	\$ 297,280,000	\$ 297,280,000			
Vermont Corridor Administration Building, Series B (Federally Taxable)	5,100,000	5,100,000			
<b>Total 2018 Vermont Corridor Series A &amp; B</b>	<b>\$ 302,380,000</b>	<b>\$ 302,380,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Long-Term Obligations</b>	<b>\$ 1,929,406,630</b>	<b>\$ 1,039,151,443</b>	<b>\$ 706,347,922</b>	<b>\$ 144,035,000</b>	<b>\$ 39,872,265</b>
<b>Intermediate-Term Obligations</b>					
Equipment					
2017 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	\$ 6,540,000	\$ 3,924,000	\$ 2,616,000		
<b>Total Intermediate-Term Obligations</b>	<b>\$ 6,540,000</b>	<b>\$ 3,924,000</b>	<b>\$ 2,616,000</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Obligations</b>	<b>\$ 1,935,946,630</b>	<b>\$ 1,043,075,443</b>	<b>\$ 708,963,922</b>	<b>\$ 144,035,000</b>	<b>\$ 39,872,265</b>

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

**COUNTY OF LOS ANGELES  
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS  
AS OF MAY 1, 2020**

Title	Outstanding Principal	Total Future Payments	2019-20 FY Payment Remaining
<b>Long-Term Obligations</b>			
Long-Term Capital Projects			
1993 COPs: Disney Parking Project	\$ 1,483,886	\$ 9,625,000	\$ 0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,088,686,531 (1)	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	4,686,793	4,898,330 (1)	0
2012 Refg COPs: Disney Parking Project	50,675,000	55,763,000	0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	306,645,000	503,988,225	0
2015 Multiple Capital Projects, Series A	142,765,000	253,665,000	3,569,125
2015 Lease Revenue Refunding Bonds Series B	99,440,000	142,315,000	2,486,000
2015 Lease Revenue Refunding Bonds Series C (Taxable)	42,055,000	46,091,552	700,905
2016 Lease Revenue Bonds Series D	242,330,000	419,101,550	5,569,797
2018 Lease Revenue Bonds (Vermont Corridor) Series A	297,280,000	588,255,000	7,078,350
2018 Lease Revenue Bonds (Vermont Corridor) Series B (Federally Taxable)	5,100,000	5,597,250	82,875
2019 Lease Revenue Refunding Bonds Series E-1	219,335,000	428,175,750	5,377,675
2019 Lease Revenue Refunding Bonds Series E-2	32,555,000	62,941,650	767,650
Total Long-Term Obligations	\$ 2,132,355,679	\$ 3,609,103,838	\$ 25,632,377
<b>Intermediate-Term Obligations</b>			
Equipment			
2017 Lease Rev Bonds Series A - LAC-CAL Equipment Program	\$ 2,760,000	\$2,844,375	\$2,214,000
Total Intermediate-Term Obligations	\$ 2,760,000	\$ 2,844,375	\$ 2,214,000
Total Obligations	\$ 2,135,115,679	\$ 3,611,948,213	\$ 27,846,377
COPs = Certificates of Participation			
(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.			
Source: Los Angeles County Chief Executive Office			
Note: Amounts do not include Tax Exempt Commercial Paper			

<b>COUNTY OF LOS ANGELES</b>		
<b>ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2020</b>		
2019-20 Assessed Valuation: \$1,632,701,705,411: (includes unitary valuation)		
	<b>Applicable %</b>	<b>Debt as of 5/1/20</b>
<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		
Metropolitan Water District	48.640 %	\$ 18,142,720
Los Angeles Community College District	100.000	4,234,460,000
Other Community College Districts	Various (1)	3,990,145,650
Arcadia Unified School District	100.000	217,495,890
Beverly Hills Unified School District	100.000	504,205,649
Glendale Unified School District	100.000	273,764,986
Long Beach Unified School District	100.000	1,473,970,702
Los Angeles Unified School District	100.000	9,681,070,000
Pasadena Unified School District	100.000	286,685,000
Pomona Unified School District	100.000	301,283,209
Redondo Beach Unified School District	100.000	210,431,206
Santa Monica-Malibu Unified School District	100.000	711,375,232
Torrance Unified School District	100.000	468,959,196
Other Unified School Districts	Various (1)	4,220,280,109
High School and School Districts	Various (1)	2,163,711,522
City of Los Angeles	100.000	729,520,000
City of Industry	100.000	58,520,000
Other Cities	100.000	45,565,000
Community Facilities Districts	100.000	616,457,353
1915 Act and Benefit Assessment Bonds - Estimate	100.000	126,385,232
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 30,332,428,656</b>
Less: Los Angeles Unified School District economically defeased general obligation bonds		(27,330,000)
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>30,305,098,656</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		
<b>Los Angeles County General Fund Obligations</b>	<b>100.000 %</b>	<b>\$ 2,321,185,679</b>
Los Angeles County Office of Education Certificates of Participation	100.000	5,182,434
Community College District Certificates of Participation	Various (2)	23,593,652
Baldwin Park Unified School District Certificates of Participation	100.000	28,470,000
Compton Unified School District Certificates of Participation	100.000	33,495,000
Los Angeles Unified School District Certificates of Participation	100.000	164,430,000
Paramount Unified School District Certificates of Participation	100.000	27,860,000
Other Unified School District Certificates of Participation	Various (2)	168,299,081
High School and Elementary School District General Fund Obligations	Various (2)	162,688,236
City of Beverly Hills General Fund Obligations	100.000	131,050,000
City of Los Angeles General Fund and Judgment Obligations	100.000	1,442,350,696
City of Long Beach General Fund Obligations	100.000	108,565,000
City of Long Beach Pension Obligations Bonds	100.000	13,200,000
City of Pasadena General Fund Obligations	100.000	407,042,944
City of Pasadena Pension Obligations Bonds	100.000	136,820,000
Other Cities' General Fund Obligations	100.000	1,735,017,323
Los Angeles County Sanitation Districts Financing Authority	100.000	55,590,000
Antelope Valley Hospital District General Fund Obligation	100.000	9,034,910
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 6,973,874,955</b>
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(9,623,000)
Cities' supported bonds		(422,478,736)
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 6,541,773,219</b>
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		\$ (2,900,552,470)
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$ 40,206,856,081 (3)</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$ 39,747,424,345</b>
<p>(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.</p> <p>(2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.</p> <p>(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.</p>		
<b>RATIOS TO 2019-20 ASSESSED VALUATION</b>		
Total Gross Overlapping Tax and Assessment Debt	1.86 %	
Total Gross Direct Debt (\$2,321,185,679)	0.14 %	
Gross Combined Total Debt	2.46 %	
Net Combined Total Debt	2.43 %	
Ratios to Redevelopment Successor Agency Incremental Valuation (\$221,201,325,408):		
Total Overlapping Tax Increment Debt	1.31 %	
Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.		

costs for various capital projects throughout the County. As of May 1, 2020, \$324.8 million of commercial paper notes are outstanding.

In June 2019, the County issued \$117.5 million of tax-exempt commercial paper notes to finance the remaining balance of its \$125 million contribution to the Los Angeles County Museum of Art (LACMA) Building for the Permanent Collection Project (the "LACMA Project"), which was approved by the Board of Supervisors on April 9, 2019. The \$650 million LACMA Project will be funded through the \$125 million County contribution and a LACMA private fundraising campaign. Based on the current financing plan for the LACMA Project, the County intends to issue \$425 million of long-term lease revenue bonds in the fall of 2020 to refinance its \$125 million contribution and to generate \$300 million of additional proceeds to finance construction costs. LACMA will be responsible for the payment of debt service costs on the \$300 million component of this financing through its private fundraising campaign.

## INTERMEDIATE AND LONG-TERM OBLIGATIONS

### Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2019, approximately \$1.936 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The Fiscal Year 2019-20 Final Adopted Budget and the Fiscal Year 2020-21 Recommended Budget (drafted prior to the COVID-19) contain sufficient appropriations to fund the debt service on the County's lease payment obligations. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

### DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Roll") increased from 0.112% in Fiscal Year 2018-19 to 0.121% in Fiscal Year 2019-20. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Roll over the past ten years.

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

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%
2014-15	1,576,510,029	1,191,806,972,618	0.132%
2015-16	1,633,835,517	1,264,906,464,546	0.129%
2016-17	1,785,310,693	1,335,525,121,301	0.134%
2017-18	1,761,081,064	1,416,125,372,989	0.124%
2018-19	1,695,142,404	1,509,888,186,608	0.112%
2019-20	1,935,946,630	1,604,296,790,020	0.121%

## OTHER DEBT OBLIGATIONS

### Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued \$319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (the "TSRs") paid by the tobacco companies participating in the Master Settlement Agreement. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County. In March 2020, the County issued a Preliminary Offering Circular to refund the 2006 Tobacco Bonds. As a result of the disruption to the financial markets caused by the COVID-19 outbreak, the transaction has been postponed indefinitely until conditions in the tobacco bond market improve.

### DPSS Lease Obligations

From January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate the construction of the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the debt securities. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations is \$186.1 million as of May 1, 2020.

### Vermont Corridor Project

The County, working in conjunction with the Community Development Commission (CDC), is developing County-owned property in the area known as the "Vermont Corridor" in the City of Los Angeles. The Vermont Corridor Project includes the development of three sites in the Vermont Corridor area, including: Site 1 – new Department of Mental Health (DMH) headquarters facility and parking garage; Site 2 – mixed-use market rate housing; and Site 3 – affordable senior housing. On July 26, 2018, the County financed the Site 1 project with the issuance of \$302.3 million of lease revenue bonds through a not-for-profit special purpose entity, Los Angeles County Facilities, Inc., which will also serve as the construction and facility manager for the project. The development of Site 2 and Site 3 will be financed with private capital provided through TC LA Development, Inc., the private developer for the Vermont Corridor Project.

### 2019 Lease Revenue Bonds

On August 29, 2019, the County issued \$251.9 million of long-term lease revenue bonds to refinance \$318.75 million of outstanding commercial paper notes that were used as the initial financing vehicle for multiple capital projects, which include the East Antelope Valley Animal Care Center, Martin Luther King Jr. Medical Campus Parking Structure, Rancho Los Amigos National Rehabilitation Center, Fire Station 143, Music Center Plaza Improvement Project, and the Los Angeles County Probation Department Building Renovation. The 2019 Lease Revenue Bonds are scheduled to mature on December 1, 2049.

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COUNTY OF LOS ANGELES  
DEBT SUMMARY TABLES

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REPORTS AS OF JULY 1, 2019

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE  
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE  
CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE  
OUTSTANDING PRINCIPAL BY FUNDING SOURCE

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REPORTS AS OF MAY 1, 2020

SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS

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REPORTS AS OF MAY 1, 2020

ESTIMATED OVERLAPPING DEBT STATEMENT

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# ECONOMIC AND DEMOGRAPHIC INFORMATION

## Economic Overview

With a 2019 Gross Product of \$861 billion, Los Angeles County's economy is larger than that of 45 states and all but 17 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy continued to experience steady growth in 2019 with an increase in economic output of 3.6% as measured by Gross Product, and an estimated increase in total taxable sales of 2.9%.

The County's unemployment rate fell to 4.5% in 2019, which reflected a long-term trend of continued improvement in the job market, and the lowest rate of the post-recession period. Prior to the onset of the COVID-19 pandemic, the positive trend in the job market was expected to continue, with a projected decline in the average unemployment rate in 2020 and 2021 to 4.3% and 4.1%, respectively.

However, the recession and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in economic activity, which will have a profound adverse impact on employment and job growth, the magnitude of which is unknown at this time.

During Fiscal Year 2016-17, voters approved various State and local ballot measures that generated approximately \$151.0 billion in funding for capital infrastructure and public services in the County. In the June and November 2016 elections, the voters in school and community college districts passed over \$9.4 billion in general obligation bond measures supported by ad valorem taxes to finance new capital construction and improvement projects, with an average approval rate of over 73%. As of December 31, 2019, K-12 schools and community college districts in the County had approximately \$16.4 billion of previously authorized, but unissued bond capacity. The Measure A parcel tax is expected to generate approximately \$94 million per year for the County's local parks, beaches, and open space areas, and will replace the expiring funding from voter approved Propositions A in 1992 and 1996.

The increase in sales tax revenue resulting from the 2008 voter-approved Measure R and the corresponding 2016 voter-approved Measure M will continue to provide funding for major highway and transit projects throughout the County. Measure M provides an indefinite extension of the increase in sales tax revenue approved by voters through Measure R, which was originally set to expire on July 1, 2039. Measure M is projected to generate \$120.0 million of sales tax revenue over the next 40 years for the Los Angeles County Metropolitan Transportation Authority ("MTA") to finance new transportation infrastructure projects.

On March 7, 2017, the voters approved Measure H authorizing a one-quarter percent (0.25%) County sales tax for ten years in order to fund homeless services and prevention. The increase in sales tax revenue resulting from the voter-approved Measure H provides funding to prevent and combat homelessness within the County. Measure H is projected to generate approximately \$355.0 million of sales tax revenue per year for the County.

In 2020, the County will experience a significant reduction in total sales tax revenue as a result of the economic downturn caused by the COVID-19 pandemic, which will have an adverse impact on

the funding available for various programs and services. The magnitude of the revenue decrease is unknown at this time.

On November 6, 2018, voters passed Measure W authorizing the Los Angeles County Flood Control District to levy a special tax annually at the rate of 2.5 cents per square foot of impermeable area to assist in the capture of stormwater and related pollution clean-up. This Measure is projected to generate approximately \$300 million in tax revenue per year for the County until ended by voters (no sunset clause).

In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Port of Los Angeles and Port of Long Beach), the expansion of the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to an improving job market in the County.

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 343,300 workers employed in this sector in 2019. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's information technology sector employed 215,200 workers in 2019.

## Quality of Life

### *Higher Education*

The County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental College and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

### *Culture*

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world," offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.



The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, the Huntington Library and the Broad Museum of Contemporary Art. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall, and has helped to further strengthen and establish downtown Los Angeles as a premiere cultural destination on the west coast.

In March 2018, the Lucas Museum of Narrative Art in Exposition Park broke ground and is set to open in 2021. The \$1.5 billion museum facility was co-founded by George Lucas, and will include an art exhibition space, archive, library, an expansive lobby, classrooms, two state-of-the-art theaters, a museum shop, and a café. The museum is located directly across the street from the University of Southern California and west of the Natural History Museum.

#### *Sports and Recreation*

With its geographic size, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages over 183 parks, over 200 miles of horse, biking, and hiking trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 25 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade & Rose Bowl game, Long Beach Grand Prix, Grammy Awards, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, X Games, BCS College Football National Championship, and the Super Bowl.

In January 2016, National Football League (NFL) team owners voted to allow the St. Louis Rams to move to Los Angeles for the 2016 NFL season. A year later, NFL team owners voted to allow the San Diego Chargers to relocate to Los Angeles for the 2017 NFL season. The future home of the Los Angeles Rams and the Los Angeles Chargers is currently under construction and will feature a new 70,000 seat glass-roofed stadium on a 298 acre site in Inglewood. The new stadium is part of a larger privately financed multibillion-dollar entertainment, retail and housing

complex located on the former site of Hollywood Park. The Rams' and Chargers' new stadium is projected to open for the 2020 NFL season at a cost expected to exceed \$2 billion. The Rams will play their home games in the Los Angeles Coliseum, and the Chargers will play their home games at the Dignity Health Sports Park (formerly named the StubHub Center) in Carson until the new stadium is completed.

In July 2017, the International Olympic Committee announced that the City of Los Angeles will host the 2028 Summer Olympics. This will be the third time that Los Angeles has hosted the Summer Olympics, with the previous occasions occurring in 1932 and 1984. A study prepared by Beacon Economics and the University of California Riverside estimated that the Olympic Games will have a significant economic impact to the regional economy, with an estimated \$9.6 billion in visitor spending generating approximately \$152 million to \$167 million of additional tax revenues.

On April 18, 2018, a new soccer stadium in Exposition Park was opened to the public. This Gensler-designed stadium seats 22,000, and is the home stadium to the Major League Soccer franchise the Los Angeles Football Club. This \$350 million facility also includes shops, restaurants, and conference space.

#### **Population**

The County is the most populous county in the U.S. with nearly 10.3 million people estimated to be residing within its borders. The County's population makes it equivalent to the tenth largest state in the nation and accounts for approximately 25.7% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 48.6% Hispanic, 26.1% White, 15.4% Asian, 9.0% African American and 0.9% other. The County is home to the highest number of foreign-born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 103 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 78.7% of the adult population has a high school diploma or higher, and 31.8% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

#### **Employment**

Since the 2008 economic downturn, which had a significant adverse impact on the local economy, the County experienced a steady recovery in the job market from 2010 to 2019. The average unemployment rate increased from 5.1% in 2007 to 12.5% in 2010, but experienced a steady decrease over the last nine years to 4.5% in 2019. In comparison, the average unemployment rates for the State of California and the United States in 2019 were 4.1% and 3.7%, respectively. Prior to the COVID-19 pandemic, the unemployment rate in the County was expected to experience continued improvement over the next two years, falling to 4.3% in 2020 and 4.1% in 2021, as the County approached full employment. Table E details the County's historical unemployment rates from 2015 through 2019. The employment situation in the County showed additional signs of improvement in 2019, with estimated total net job growth of 115,800 among the various sectors of the local economy. Table F details the non-agricultural employment statistics by sector for the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will have a significant

adverse impact on the unemployment rate and job growth, the magnitude and duration of which is unknown at this time.

### **Personal Income**

Total personal income in the County grew by an estimated 4.4% in 2019. The 2019 total personal income of \$652.9 billion represents an estimated 24.7% of the total personal income generated in California. Prior to the COVID-19 pandemic, The LAEDC was projecting continued growth in personal income of 1.8% for 2020 and 2.1% for 2021. Table C provides a summary of the personal income statistics for the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in total personal income, the magnitude and duration of which is unknown at this time.

### **Consumer Spending**

As the most populous county in the nation with a vibrant and diverse economy, the County is recognized as a national leader in consumer spending. Based on estimates provided by LAEDC, the County experienced a 3.6% increase in total taxable sales in 2018, with continued growth of 2.9% estimated for 2019. The \$170.8 billion of total estimated taxable sales in the County for 2019 represents 23.5% of the total taxable sales in California, which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in consumer spending, the magnitude and duration of which is unknown at this time.

### **Industry**

With an estimated annual economic output of \$861 billion in 2019, the County continues to rank among the world's largest economies. The County's 2019 Gross Product represents approximately 27.4% of the total economic output in California and 4.0% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in economic activity, the magnitude and duration of which is unknown at this time.

### **International Trade**

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of \$357.1 billion in 2008. After decreasing to \$340.2 billion in 2009, the value of two-way trade in the LACD grew by 25.9% from 2009 to 2019. The \$428.2 billion worth of international trade processed through the LACD in 2019 represents a 6.1% decrease from 2018. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant adverse impact to

international trade, the magnitude and duration of which is unknown at this time.

### **Transportation/Infrastructure**

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

#### *Airports and Harbors*

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the third busiest airport in the world and second in the United States for passenger traffic. In 2019, LAX served 88.1 million passengers, representing a 0.6% increase from the previous year. The 2.3 million tons of air cargo handled at LAX in 2019, represents a decrease of 5.4% from 2018 levels. The \$14 billion capital improvement project currently underway at LAX is expected to generate approximately 121,000 local jobs and is projected to last through 2028. On May 2, 2016, the Bob Hope Airport changed its branding name to Hollywood Burbank Airport in an effort to increase name recognition outside of Southern California. The Hollywood Burbank Airport is currently in the pre-planning stage to replace its 14-gate terminal with a new state of the art facility. Construction is expected to begin on the replacement terminal 1<sup>st</sup> quarter of 2021. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in airport passenger traffic, the magnitude and duration of which is unknown at this time.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been one of the fastest growing port facilities in the United States, and is the busiest port complex in the U.S. and western hemisphere, and the tenth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2018, it was ranked as the busiest container port in the United States and the seventeenth (17<sup>th</sup>) busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2019, the Port handled 9.3 million TEUs, which represents a 2.1% decrease in container volume from 2018.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twenty-first (21<sup>st</sup>) busiest in the world in 2018. The Port of Long Beach covers 3,520 acres with 10 separate piers, 62 berths, 68 cranes and 22 shipping terminals. In 2019, the port handled nearly 7.6 million TEUs of container cargo, which represents a decrease of 5.7% from 2018.

The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in international trade and the volume of container cargo handled at the Port of Los Angeles and the Port of Long Beach, the magnitude and duration of which is unknown at this time.

### *Port Expansion*

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will have a positive future economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

### *Metro System*

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. With over 380 million in annual boardings, the Metro System is the largest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the MTA, which is responsible for the planning, design, construction and operation of the public transportation system for the County.

The Fiscal Year 2018-19 operating budget for the MTA is \$7.2 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants. The MTA is currently working on approximately \$18.3 billion of multiple transportation infrastructure projects which include but not limited to, the Airport Rail Connector and Green Line Extension; East San Fernando Valley Transit Corridor; Gold Line Rail Extension; Purple Line Rail Subway Extension; West Santa Anita Light Rail Corridor; Orange Line BRT Improvements; South Bay Green Line Rail Extension and the Crenshaw/LAX Light Rail Extension.

The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant reduction in passenger boardings and MTA revenue, the magnitude and duration of which is unknown at this time.

### **Visitor and Convention Business (To Be Updated)**

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2018, the Los Angeles region hosted a record high of 50 million visitors, representing a 3.1% increase from 2017. According to the Los Angeles Convention and Visitors Bureau, a record 7.5 million foreign residents visited the region in 2018, which represents a 3.6% increase compared to 2017. Recently constructed hotels in downtown Los Angeles, Beverly Hills and Hollywood are attracting additional business and leisure travelers to the County. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant reduction to travel and tourism to Southern California, the magnitude and duration of which is unknown at this time.

### **Real Estate and Construction**

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market experienced a strong and steady recovery from 2012 to 2019. The average median price for new and existing homes, decreased by nearly 46% from a peak of \$532,281 in 2007 to a cyclical low of

\$290,015 in January 2012. However, the real estate market stabilized in 2012 and experienced a strong recovery, with an increase in the average median home price of 85.8% from 2012 to 2019.

In 2019, the real estate market continued to experience strong growth, as the average median home price increased by 2.6% to \$614,094 from 2018. After a record high of 105,433 in 2009, notices of default recorded decreased by 90.7% to 9,821 in 2019. Foreclosures, as measured by the number of trustees deeds recorded, has experienced a significant decrease of over 95% from a cyclical high of 39,774 in 2008 to 1,649 in 2019. The number of trustees deeds recorded in 2019 represents a 8% decrease from 2018 (1,792 to 1,649).

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained stable assessed valuations. The stability of the property tax base is primarily due to the significant amount of "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2019-20, the County Assessor reported a Net Local Roll of 1.604 trillion, which represents a 6.25% increase from the Net Local Roll of \$1.510 trillion in Fiscal Year 2018-19. The Net Local Roll in Fiscal Year 2019-20 represents a 48.6% increase from Fiscal Year 2011-12, and the ninth consecutive year of growth in assessed valuation after the most recent economic downturn.

The commercial real estate sector declined in 2019. Construction lending experienced a decline of 30.5% from \$20,419 billion in 2018 to \$14,193 billion in 2019. Office market vacancy rates declined slightly from 2018 to 2019, with an increase in the average vacancy rate from 14.0% to 14.1%, which is still significantly higher than the 9.7% rate in 2007, prior to the economic downturn. Industrial market vacancy rates decreased to 1.1% in 2019 from 1.3% in 2018, which is lower than the 1.5% vacancy rate in 2007 prior to the economic downturn.

On June 23, 2017, the InterContinental hotel in the Wilshire Grand Center in Downtown Los Angeles opened after several years of construction. The 73-story, 1,100-foot tall structure, includes an InterContinental hotel, office space and condominiums, represents a \$1.35 billion private investment in Downtown Los Angeles. In August 2017, the University of Southern California completed a \$700 million mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The 1.2 million-square foot complex includes seven residential halls, a 30,000 square-foot fitness center, and is home to commercial tenants such as Trader Joes, Target and CVS. In November 2018, demolition began on the Grand, a \$1 billion mixed use development project designed by Frank Gehry. Construction of the Grand, with 39 stories and more than 400 condos and apartments is expected to be completed by the fall of 2021.

The impact to the real estate market as a result of the economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 is unknown at this time,

GROSS PRODUCT

POPULATION LEVELS

TOTAL PERSONAL INCOME

TOTAL TAXABLE SALES

UNEMPLOYMENT RATES

AVERAGE ANNUAL EMPLOYMENT

SUMMARY OF AIRPORT AND PORT ACTIVITY

VALUE OF INTERNATIONAL TRADE AT MAJOR U.S. CUSTOMS DISTRICTS

TOTAL TONNAGE OF MAJOR WEST COAST PORTS

TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS

REAL ESTATE AND CONSTRUCTION INDICATORS

BUILDING PERMITS AND VALUATIONS

LARGEST PRIVATE SECTOR EMPLOYERS

DRAFT

**TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in billions of \$)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Los Angeles County	\$722	\$745	\$787	\$831	\$861
State of California	2,554	2,658	2,819	2,998	3,139
United States	18,225	18,715	19,519	20,580	21,427
Los Angeles County as a % of California	28.3%	28.0%	27.9%	27.7%	27.4%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast; Bureau of Economic Analysis-US Department of Commerce

**TABLE B: POPULATION LEVELS (in thousands )**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Los Angeles County	10,156	10,186	10,227	10,255	10,254
State of California	38,952	39,215	39,505	39,741	39,927
Los Angeles County as a % of California	26.1%	26.0%	25.9%	25.8%	25.7%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

**TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of \$)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Los Angeles County	\$560,071	\$578,280	\$595,322	\$625,195	\$652,865
Orange County	193,256	199,821	209,174	222,513	233,297
San Diego County	179,992	186,512	193,789	205,858	216,539
Riverside and San Bernardino Counties	162,857	170,765	179,312	191,041	200,960
Ventura County	47,166	48,470	50,670	53,587	55,938
State of California	2,171,947	2,263,890	2,370,112	2,514,129	2,642,277
Los Angeles County as a % of California	25.8%	25.5%	25.1%	24.9%	24.7%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

**TABLE D: TOTAL TAXABLE SALES IN LOS ANGELES COUNTY (in millions of \$)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019e</u>
Los Angeles County	\$151,982	\$155,156	\$160,280	\$166,024	\$170,802
State of California	638,632	653,856	677,823	706,835	726,311
Los Angeles County as a % of California	23.8%	23.7%	23.6%	23.5%	23.5%

Source: Board of Equalization; Please note that BOE is no longer updating taxable sales. LAEDC forecast taxable sales for 2017 and 2018.

**TABLE E: UNEMPLOYMENT RATES**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Los Angeles County	6.6%	5.3%	4.8%	4.7%	4.5%
State of California	6.2%	5.5%	4.8%	4.2%	4.1%
United States	5.3%	4.9%	4.4%	3.9%	3.7%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

**TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR****Non-Agricultural Wage and Salary Workers (in thousands)**

<b>Employment Sector</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019e</b>
Health Care & Social Assistance	629.9	650.8	675.9	702.9	741.7
Wholesale & Retail Trade	639.6	640.0	644.9	645.6	644.8
Government	549.8	561.9	568.2	572.4	591.5
Lesiure and Hospitality	484.5	506.3	520.6	535.3	543.7
Manufacturing	357.5	355.4	346.4	342.2	343.3
Professional Scientific & Technical Services	277.4	274.3	281.4	291.2	298.8
Administrative & Support & Waste Services	263.7	266.5	267.4	268.1	272.4
Transportation, Warehousing & Utilities	164.1	173.8	184.0	196.2	205.8
Other	180.4	182.8	178.5	162.7	168.8
Information	204.2	227.7	200.5	198.9	215.2
Construction	126.0	132.6	137.4	145.6	150.4
Finance & Insurance	133.2	136.8	136.1	135.7	133.4
Educational Services	97.8	97.9	100.4	103.2	104.4
Real Estate & Rental & Leasing	79.2	81.0	83.6	86.4	87.1
Management of Companies & Enterprises	57.4	56.3	56.6	59.4	60.3
<b>Total</b>	<b>4,244.7</b>	<b>4,344.1</b>	<b>4,381.9</b>	<b>4,445.8</b>	<b>4,561.6</b>

Source: Los Angeles County Economic Development Corporation; California Employment Development Department

**TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)**

<b>Type of Activity</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
International Air Cargo (Tons)					
Los Angeles International Airport	1,284.7	1,336.3	1,476.7	1,557.6	1,436.0
As Percentage of Total Air Cargo	60.24%	60.59%	61.80%	63.68%	62.08%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,132.5	2,205.3	2,389.5	2,446.1	2,313.2
Long Beach Airport	23.9	25.2	23.0	21.6	21.1
Hollywood Burbank Airport	54.8	53.3	54.4	56.5	53.8
<b>Total</b>	<b>2,211.2</b>	<b>2,283.8</b>	<b>2,466.9</b>	<b>2,524.2</b>	<b>2,388.1</b>
International Air Passengers					
Los Angeles International Airport	20,740.1	22,850.2	24,829.4	26,053.6	25,696.3
As Percentage of Total Passengers	27.68%	28.24%	29.36%	29.76%	29.20%
Total Air Passengers					
Los Angeles International Airport	74,936.3	80,921.5	84,558.0	87,534.4	88,068.0
Long Beach Airport	2,523.7	2,841.1	3,783.8	3,884.7	3,584.2
Hollywood Burbank Airport	3,943.6	4,142.9	4,739.5	4,739.5	5,983.7
<b>Total</b>	<b>81,403.6</b>	<b>87,905.5</b>	<b>93,081.3</b>	<b>96,158.6</b>	<b>97,635.9</b>
Container Volume (TEUs)					
Port of Los Angeles	8,160.5	8,856.8	9,343.2	9,458.7	9,337.6
Port of Long Beach	7,192.1	6,775.2	7,544.5	8,091.0	7,632.0
<b>Total</b>	<b>15,352.6</b>	<b>15,632.0</b>	<b>16,887.7</b>	<b>17,549.7</b>	<b>16,969.6</b>

Source: Los Angeles World Airports, Hollywood Burbank Airport, Long Beach Airport, Port of Long Beach, Port of Los Angeles

**TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of \$)**

Customs District	2015	2016	2017	2018	2019
Los Angeles, CA	\$393,668	\$397,960	\$430,929	\$455,914	428,227
New York, NY	370,287	356,426	364,165	392,360	381,357
Laredo, TX	285,179	282,841	302,561	326,826	324,549
Detroit, MI	245,239	247,973	264,323	270,340	261,935
Chicago, IL	201,755	198,242	223,480	251,933	255,353
New Orleans, LA	199,241	193,279	217,456	238,462	218,096
Houston-Galveston, TX	195,467	161,457	192,003	234,024	237,002
Savannah, GA	148,736	143,792	155,837	173,173	180,731
Seattle, WA	154,761	147,293	149,164	155,249	142,508
Cleveland, OH	129,921	131,794	142,684	152,342	151,329

Source: Los Angeles County Economic Development Corporation; USA Trade Online

**TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)**

Port	2014	2015	2016	2017	2018
Los Angeles-Long Beach, CA	210,440	204,800	209,685	222,980	222,979
Tacoma, WA	34,936	34,149	38,153	34,697	33,830
Oakland, CA	30,540	29,020	31,100	31,388	31,773
Seattle, WA	14,422	14,906	15,134	17,848	19,786
Kalama, WA	9,725	12,080	14,241	14,071	15,513
Portland, OR	14,573	9,798	9,743	12,184	13,418
Port Hueneme	5,240	5,774	5,381	5,911	5,948
San Diego, CA	5,358	5,591	5,999	5,193	5,386
Vancouver, WA	2,855	3,014	2,748	2,866	3,086

Source: Los Angeles County Economic Development Corporation; Pacific Maritime Association, Annual Reports

**TABLE J: TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (TEUs in thousands)**

Port	2015	2016	2017	2018	2019
Los Angeles-Long Beach, CA	15,353	15,632	16,888	17,550	16,970
New York-New Jersey, NY	6,372	6,252	6,711	7,180	7,471
Savannah, GA	3,737	3,645	4,046	4,352	4,599
Seattle-Tacoma, WA	3,529	3,616	3,702	3,798	3,775
Norfolk, VA	2,549	2,656	2,841	2,856	2,938
Houston, TX	2,131	2,183	2,459	2,670	2,988
Oakland, CA	2,278	2,370	2,421	2,546	2,500
Charleston, SC	1,973	1,996	2,178	2,316	2,436

Source: Los Angeles County Economic Development Corporation; Port of Los Angeles, Port of Long Beach, The Port Authority of New York and New Jersey, Port of Oakland, Port of Virginia, The Northwest Seaport Alliance, Port of Houston Authority, South Carolina Ports

**TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY**

<b>Indicator</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
1. Construction Lending (in millions)	\$9,711	\$11,979	\$13,619	\$20,419	\$14,193
2. Residential Purchase Lending (in millions)	\$48,832	\$53,362	\$53,764	\$48,203	\$56,476
3. New & Existing Median Home Prices	\$490,083	\$521,558	\$561,335	\$598,387	\$614,094
4. New & Existing Home Sales	81,188	81,061	82,318	75,086	73,549
5. Notices of Default Recorded	17,422	13,802	11,402	9,726	9,821
6. Unsold New Housing (at year-end)	620	1,217	N/A*	N/A*	N/A*
7. Office Market Vacancy Rates	14.7%	14.1%	14.3%	14.0%	14.1%
8. Industrial Market Vacancy Rates	0.8%	0.8%	1.2%	1.3%	1.1%

\*Q4 2017, 2018, and 2019 data are unavailable.

Source: Real Estate Research Council of Southern California - 4th Quarter 2019

**TABLE L: BUILDING PERMITS AND VALUATIONS**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Residential Building Permits</b>					
1. New Residential Permits (Units)					
a. Single Family	4,297	4,664	5,559	5,800	5,558
b. Multi-Family	18,638	15,272	16,451	16,765	15,804
<b>Total Residential Building Permits</b>	<b>22,935</b>	<b>19,936</b>	<b>22,010</b>	<b>22,565</b>	<b>21,362</b>
<b>Building Valuations</b>					
2. Residential Building Valuations (in millions of \$)					
a. Single Family	\$1,868	\$2,096	\$2,376	\$2,155	\$1,907
b. Multi-Family	2,877	2,765	3,173	3,162	2,947
c. Alterations and Additions	1,591	1,550	1,692	1,754	1,561
<b>Residential Building Valuations Subtotal</b>	<b>\$6,336</b>	<b>\$6,411</b>	<b>\$7,241</b>	<b>\$7,071</b>	<b>\$6,415</b>
3. Non-Residential Building Valuations (in millions of \$)					
a. Office Buildings	\$347	\$345	\$498	\$426	\$470
b. Retail Buildings	472	541	688	770	1,174
c. Hotels and Motels	327	332	89	213	203
d. Industrial Buildings	85	154	132	91	63
e. Alterations and Additions	2,629	2,774	2,999	2,424	3,258
f. Other	1,025	618	876	1,724	723
<b>Non-Residential Building Valuations Subtotal</b>	<b>\$4,885</b>	<b>\$4,764</b>	<b>\$5,282</b>	<b>\$5,648</b>	<b>\$5,891</b>
<b>Total Building Valuations (in millions)</b>	<b>\$11,221</b>	<b>\$11,175</b>	<b>\$12,523</b>	<b>\$12,719</b>	<b>\$12,306</b>

Source: Real Estate Research Council of Southern California - 4th Quarter 2018



**TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY**

Company (in order of 2017 Ranking)	Industry	Headquarters	No. of Employees	
			L.A. County	Total
1 Kaiser Permanente	Health Care Provider	Oakland, CA	40,309	217,712
2 University of Southern California	Education-Private University	Los Angeles, CA	21,710	22,193
3 Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	85,000
4 Providence St. Joseph Health Southern California	Health Care	Renton, WA	15,952	119,000
5 Target Corp.	Retailer	Minneapolis, MN	15,000	350,000
6 Cedars-Sinai	Medical Center	Los Angeles, CA	14,713	15,200
7 Allied Universal	Security Professional and Safety Services	Santa Ana, CA/ Conshohocken, PA	13,972	215,000
8 Ralphps/Food 4 Less (Kroger Co. division)	Grocery Retailer	Cincinnati, OH	13,721	443,000
9 Walt Disney Co.	Entertainment	Burbank, CA	13,000	201,000
10 NBCUniversal	Entertainment	New York, NY	12,000	N/A
11 AT&T Inc.	Telecommunications	Dallas, TX	11,500	268,220
12 Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	400,000
13 Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	10,200	270,000
14 California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	9,015	9,761
15 Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	9,000	153,000
16 UPS	Transportation and Freight	Atlanta, GA	8,417	481,000
17 Wells Fargo	Diversified Financial Services	San Francisco, CA	8,263	263,000
18 ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,000	140,000
19 Bank of America Corp.	Banking and Financial Services	Charlotte, NC	7,500	N/A
20 FedEx Corp.	Shipping and Logistics	Memphis, TN	7,000	450,000
21 City of Hope	Cancer Treatment and Research Center	Duarte, CA	6,350	6,451
22 Dignity Health	Hospitals	San Francisco, CA	6,000	N/A
23 Space Exploration Technologies Corp. (SpaceX)	Rockets and Spacecraft	Hawthorne, CA	6,000	N/A
24 Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,000	6,000
25 Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	5,800	67,000
26 Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,475	255,196

N/A - Not Available

Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, August 2019

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**APPENDIX B**

**COUNTY OF LOS ANGELES FINANCIAL STATEMENTS**

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**APPENDIX C**

**PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL**

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**PROPOSED FORM OF BOND COUNSEL OPINION**

*Upon delivery of the Series A Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:*

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**APPENDIX D**

**BOOK-ENTRY ONLY SYSTEM**

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*The information in this Appendix D concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC, and the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series A Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series A Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company, New York, NY, will act as securities depository for the Series A Notes (the “Series A Notes”). The Series A Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Series A Notes in the aggregate principal amount thereof and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information on this website is not incorporated herein by reference.

3. Purchases of Series A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series A Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series A Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series A Notes, except in the event that use of the book-entry system for the Series A Notes is discontinued.

4. To facilitate subsequent transfers, all Series A Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series A Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series A Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series A Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Series A Notes may wish to ascertain that the nominee holding the Series A Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series A Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Distributions and other payments on the Series A Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Series A Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

9. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Series A Notes will apply.

10. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR ANY OF THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OF THE SERIES A NOTES OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.



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**APPENDIX E**

**FORM OF DISCLOSURE CERTIFICATE**

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**[\$[Principal Amount]  
COUNTY OF LOS ANGELES  
2020-21 TAX AND REVENUE ANTICIPATION NOTES, SERIES A**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the County of Los Angeles (the “**County**”) in connection with the issuance of \$[Principal Amount] aggregate principal amount of the County’s 2020-21 Tax and Revenue Anticipation Notes, Series A (the “**2020-21 TRANs**”). The 2020-21 TRANs are being issued pursuant to a Resolution adopted by the County on \_\_\_\_\_, 2020 (the “**Resolution**”), and a Financing Certificate executed by the Treasurer on July 1, 2020 (the “**Certificate**”). The County covenants and agrees as follows:

**Section 1. Purpose of this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the 2020-21 TRANs and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “**Rule**”).

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

“**Beneficial Owner**” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2020-21 TRANs (including persons holding 2020-21 TRANs through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020-21 TRANs for federal income tax purposes.

“**Dissemination Agent**” shall initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“**EMMA System**” shall mean the MSRB’s Electronic Municipal Market Access system.

“**Financial Obligation**” means “financial obligation” as such term is defined in the Rule.

“**Holders**” or “**Noteholders**” shall mean the registered owners of the 2020-21 TRANs.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

**“Participating Underwriters”** shall mean any of the original underwriters of the 2020-21 TRANs required to comply with the Rule in connection with offering of the 2020-21 TRANs.

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

**“State”** shall mean the State of California.

**Section 3. Reporting of Listed Events.**

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2020-21 TRANs in a timely manner not later than ten business days after the occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;
4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;
5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the 2020-21 TRANs;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 2020-21 TRANs, or other material events affecting the tax status of the 2020-21 TRANs;
7. modifications to rights of Noteholders, if material;
8. redemption or call of the 2020-21 TRANs, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the 2020-21 TRANs, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal

agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of the trustee, if material;
15. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Certain of the foregoing events may not be applicable to the 2020-21 TRANs.

**Section 4. Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the 2020-21 TRANs. If such termination occurs prior to the final maturity of the 2020-21 TRANs, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

**Section 5. Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2020-21 TRANs, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2020-21 TRANs, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2019-20 TRANs in the same manner as provided in the Resolution and the Certificate for amendments to the Resolution and the Certificate with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2020-21 TRANs.

**Section 7. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

**Section 8. Default.** In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the 2020-21 TRANs may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 9. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2020-21 TRANs.

**Section 10. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2020-21 TRANs, and shall create no rights in any other person or entity.

DATED: July 1, 2020

**COUNTY OF LOS ANGELES, CALIFORNIA**

By: \_\_\_\_\_

KEITH KNOX  
Treasurer and Tax Collector

[Signature Page to Disclosure Certificate of the County  
for the 2020-21 Tax and Revenue Anticipation Notes, Series A]