# COUNTY OF LOS ANGELES
# TREASURER AND TAX COLLECTOR

PUBLIC FINANCE AND INVESTMENTS
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 625-2249

**MARK J. SALADINO**
TREASURER AND TAX COLLECTOR


January 20, 2005

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

The Board of Directors of the Los Angeles
County Public Works Financing Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE OF LOS ANGELES COUNTY**
**PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS**
**2005 MASTER REFUNDING PROJECT, SERIES A**
**(ALL DISTRICTS) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the issuance of up to $575,000,000 in Lease Revenue Refunding Bonds to refund Multiple Capital Facilities Project IV; Multiple Capital Facilities Project V, 1996 Series A; Multiple Capital Facilities Project V, 1996 Series B; Multiple Capital Facilities Project VI, 2000 Series A; Antelope Valley Courthouse Project, Series 2000A; and authorizing the execution and delivery of related documents required to issue the bonds and complete the refunding transaction.

**ACTING AS THE BOARD OF DIRECTORS, IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the issuance of up to $575,000,000 in Lease Revenue Refunding Bonds to refund Multiple Capital Facilities Project IV; Multiple Capital Facilities Project V, 1996 Series A; Multiple Capital Facilities Project V, 1996 Series B; Multiple Capital Facilities Project VI, 2000 Series A; Antelope Valley Courthouse Project, Series 2000A; and authorizing the execution and delivery of related documents required to issue the bonds and complete the refunding transaction.

## PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the recommendations will authorize the issuance of lease revenue refunding bonds by the Los Angeles County Public Works Financing Authority (the Authority) to refinance existing debt obligations and reduce the annual lease payments. A review of the County's outstanding financings identified several potential refunding candidates that can be economically refunded in the current bond market. These financings include the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV); the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V), 1996 Series A and 1996 Series B; and the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI), 2000 Series A.

The one potential refunding candidate that is not currently viable is the County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project), Series 2000A. This financing will be included in the proposed issuance only if market conditions change to permit an economic refunding. A summary of each of these financings and the facilities financed is shown in Exhibit I.

### Implementation of Strategic Plan Goals

This action supports the County's Strategic Goal of Fiscal Responsibility by reducing annual costs.

## FISCAL IMPACT/FINANCING

Based on current market levels, this transaction is projected to generate gross annual savings of approximately $1.9 million beginning in Fiscal Year 2005-06. Actual savings will depend on the final issue size and interest rates at the time of sale. In no instance will the maturity of any of the proposed issues be extended beyond the existing maturity schedules.

The Resolutions provide for an overall interest rate not to exceed 6.0 percent, however, if market conditions remain stable, we expect to issue bonds at much lower rates. Should market conditions change so that we are unable to achieve appropriate savings on any of the individual financings proposed for this refinancing, such issue would be withdrawn from the refunding project.

Appropriations for lease payments associated with these issues are included annually in the County Budget. There will be no change in costs in the current fiscal year.

## FACTS AND PROVISIONS / LEGAL REQUIREMENTS

Based on current market information, we anticipate that offering one series of fixed rate Lease Revenue Refunding Bonds will produce the lowest cost to the County. The maximum issue size for the combined issues is $575,000,000 . The Resolutions provide the Treasurer with delegated authority to consider credit enhancement in the form of bond insurance based on a cost-benefit analysis of the transaction at the time of sale. If warranted for this transaction, the bond insurer will be selected through a competitive bid process based on pricing and value added to the financing.

To implement this structure, some or all of the leases (between the County and various authorities and public corporations) with respect to Multiple Capital Facilities Project IV, Multiple Capital Facilities Project V, 1996 Series A and 1996 Series B, Multiple Capital Facilities Project VI, 2000 Series A, and Antelope Valley Courthouse Project, Series 2000A will be terminated and one or more new Leases and Subleases (with Options to Purchase) will be executed between the County and the Authority. Your Board's adoption of the attached Resolution will authorize the issuance of the bonds and approve the terms and conditions of the leases and other financing documents.

Based on the County's Bond Sale Policies, the Treasurer is recommending a negotiated sale because savings generated by refundings are sensitive to market fluctuations and control over the timing of the issuance is essential. At present, we believe there is some urgency to bring these refunding bonds to market as quickly as possible or the opportunity for the projected savings may dissipate. Based on the results of a modified bid from our approved pool of long-term senior underwriters, it is recommended that Merrill Lynch be appointed Lead Manager and Morgan Stanley be appointed Co-Senior Manager. Additional firms will be selected from the County's approved pool of underwriters to complete the financing team. Fieldman, Rolapp & Associates has been selected from the Board's approved pool of financial advisors to act in that capacity for this transaction.

## IMPACT ON CURRENT SERVICES (OR PROJECTS)

None

**CONCLUSION**

Upon adoption, the Department will require two stamped copies of the Board letter.

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:SVG
Z:Board:2005A Master Refunding Board Letter

Attachments

c: Chief Administrative Officer
County Counsel
Auditor-Controller

Exhibit I

## ISSUES RECOMMENDED FOR REFUNDING

| Project Components | Outstanding/ Callable Amount |
|---|---|
| **Multiple Capital Facilities Project IV – 1993:** | **$200,295,000** |
| ▪ Alhambra Courthouse Expansion | |
| ▪ Burbank Courthouse Addition | |
| ▪ Sheriff's Department Headquarters/Ameron Building | |
| ▪ Sheriff's Emergency Operations Center | |
| ▪ Harbor/UCLA Primary Care and Diagnostic Center | |
| ▪ MLK – Trauma and Diagnostic Center (and Modular Building) | |
| ▪ MLK – Central Plant Upgrade | |
| ▪ Rancho Los Amigos – 150 Bed Inpatient Care Unit A | |
| ▪ Rancho Los Amigos – Parking Structure | |
| ▪ Rancho Los Amigos – Central Heating and Cooling Plant | |
| ▪ Rancho Los Amigos – Master Plan II | |
| **Multiple Capital Facilities Project V - 1996 Series A:** | **$ 34,855,000** |
| ▪ LAC+USC Marengo Parking Structure | |
| ▪ San Fernando Valley Juvenile Hall | |
| **Multiple Capital Facilities Project V - 1996 Series B:** | **$106,340,000** |
| ▪ Los Angeles Courthouse – Airport Branch (and parking structures) | |
| **Multiple Capital Facilities Project VI - 2000 Series A:** | **$ 92,165,000** |
| ▪ West San Fernando Valley Courthouse | |
| ▪ Harbor-UCLA Medical Center Emergency Generators/Power System | |
| **Antelope Valley Courthouse Project - Series 2000A:** | **$113,700,000** |
| ▪ Antelope Valley Courthouse | |

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE LEASING AND SUBLEASING OF CERTAIN PROPERTY IN CONNECTION WITH THE ISSUANCE OF NOT TO EXCEED $575,000,000 LEASE REVENUE REFUNDING BONDS (2005 MASTER REFUNDING PROJECT) SERIES A BY THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, AND RELATED MATTERS**

**WHEREAS,** in connection with the issuance of $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds"), issued pursuant to an Indenture of Trust, dated as of December 1, 1993, by and between the Los Angeles County Public Works Financing Authority (the "Financing Authority") and U.S. Bank National Association, as successor trustee (the "1993 Bonds Trustee"), the County of Los Angeles (the "County") entered into a Master Sublease and Option to Purchase, dated as of December 1, 1993 (the "1993 Sublease"), by and among the County, Los Angeles County Law Enforcement – Public Safety Facilities Corporation ("LACLE-PSFC"), Los Angeles County Courthouse Corporation ("LACCC"), Los Angeles County Martin Luther King, Jr. General Hospital Authority (the "LACMLK Authority") and Los Angeles County Health Facilities Authority (the "LACHF Authority") and a Master Lease, dated as of December 1, 1993 (the "1993 Lease"), by and among the County, LACLE-PSFC, LACCC, the LACMLK Authority and the LACHF Authority; and

**WHEREAS,** in connection with the issuance of $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds"), issued pursuant to an Indenture of Trust, dated as of September 1, 1996, by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of September 1, 1996 (the "1996 Sublease"), by and among the County, LACLE-PSFC and the LACHF Authority and into a Master Lease, dated as of September 1, 1996 (the "1996 Lease"), by and among the County, LACLE-PSFC and the LACHF Authority; and

**WHEREAS,** in connection with the issuance of $115,680,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds"), issued pursuant to a First Supplemental Indenture of Trust, dated as of May 1, 1997, by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee, the County entered into a First Supplemental Sublease and Option to Purchase, dated as of May 1, 1997 (the "1997 Supplemental Sublease"), by and between the County and LACCC and into a First Supplemental Lease, dated as of May 1, 1997 (the "1997 Supplemental Lease"), by and between the County and LACCC; and

**WHEREAS**, in connection with the issuance of $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds"), issued pursuant to an Indenture of Trust, dated as of April 1, 2000, by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of April 1, 2000 (the "2000 Bonds Sublease"), by and among the County, LACCC and the LACHF Authority and into a Master Lease, dated as of April 1, 2000 (the "2000 Bonds Lease"), by and among the County, LACCC and the LACHF Authority; and

**WHEREAS,** in connection with the execution and delivery of $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000A (the "2000 Certificates"), executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2000, by and among the County, LACCC, and U.S. Bank National Association, as successor trustee, the County

entered into a Sublease and Option to Purchase, dated as of November 1, 2000, by and between the County and MBK Real Estate Ltd. (the "2000 Certificates Sublease") and into a Lease, dated as of November 1, 2000, by and between the County and MBK Real Estate Ltd. (the "2000 Certificates Lease") (the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds, the 2000 Bonds and the 2000 Certificates being referred to collectively herein as the "Prior Obligations," and the respective maturities of each being refunded as described herein being referred to as the "Refunded Obligations;" the 1993 Sublease, the 1996 Sublease, the 1997 Supplemental Sublease, the 2000 Bonds Sublease and the 2000 Certificates Sublease being referred to herein as the "Prior Subleases," and the 1993 Lease, the 1996 Lease, the 1997 Supplemental Lease, the 2000 Bonds Lease and the 2000 Certificates Lease being referred to herein as the "Prior Leases); and

**WHEREAS,** the County may provide for the defeasance of the Prior Obligations in whole or in part by exercising its option to purchase the interests of the respective sublessors in the subleased facilities (the "Facilities") under the respective Prior Subleases; and

**WHEREAS,** the County has determined that the prepayment and defeasance of the Refunded Obligations will result in significant cost savings to the County, and therefore to exercise its purchase options under the Prior Subleases in whole or in part so as to provide for the prepayment and defeasance of the Refunded Obligations; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be refunded in their entirety (thereby terminating the Prior Subleases applicable to those Prior Obligations), the County proposes to enter into a Lease (the "Lease") with the Financing Authority, pursuant to which the County will lease its respective interests in certain of the Facilities to the Financing Authority as described in the Lease; and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be refunded in their entirety, it is necessary and desirable for the County to enter into a Sublease and Option to Purchase (the "Sublease") with the Financing Authority, pursuant to which the Financing Authority will lease back to the County the interest in the Facilities that the County leased to the Financing Authority pursuant to the Lease, in consideration for which the County will pay base rental ("Base Rental") and additional rental for the use and occupancy of such Facilities on the terms and conditions contained in the Sublease; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be partially refunded (thereby not terminating the Prior Subleases applicable to those Prior Obligations), the County proposes to enter into one or more Sub-Subleases (the "Sub-Subleases") with the Financing Authority, pursuant to which the County will lease its respective sublease interests in certain of the Facilities (the "Sublease Facilities") to the Financing Authority as described in the Sub-Subleases; and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be partially refunded, it is necessary and desirable for the County to enter into one or more Sub-Sub-Subleases and Options to Purchase (the "Sub-Sub-Subleases") with the Financing Authority, pursuant to which the Financing Authority will lease back to the County the interest in certain of the Sublease Facilities that the County leased to the Financing Authority pursuant to the Sub-Subleases, in consideration for which the County will pay Base Rental and additional rental for the use and occupancy of such Sublease Facilities on the terms and conditions contained in the Sub-Sub-Subleases; and

**WHEREAS**, in order to defease the Refunded Obligations the County proposes to enter into a separate Escrow Agreement for each of the series of Refunded Obligations (the "Escrow Agreements"); and

**WHEREAS**, the County and the Financing Authority propose to enter into an Indenture of Trust (the "Indenture") with U.S. Bank National Association (the "Trustee"), pursuant to which the Financing Authority will issue and the Trustee will authenticate and deliver its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A in an aggregate principal amount not to exceed $575,000,000 (the "Bonds") payable from Base Rental payments to be made by the County under the Subleases and the Sub-Sub-Subleases; and

**WHEREAS,** the Financing Authority proposes to assign and transfer to the Trustee certain of its respective rights, obligations, title and interest under the Subleases and the Sub-Sub-Subleases; and

**WHEREAS**, the County is authorized to undertake all of the above pursuant to the Government Code and other applicable laws of the State of California;

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** by the Board of Supervisors of the County (the "Board") as follows:

**SECTION 1.** The leasing of certain of the Facilities by the County is hereby authorized and approved, on the terms and conditions set forth in the Lease. The form of the Lease, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, is hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of, the County, to execute by manual or facsimile signature and deliver the Lease in such form with such changes therein as may be necessary or they may approve, in their discretion, as being in the best interest of the County, including but not limited to substituting or adding other nonprofit public benefit corporations or joint powers authorities as lessees, such approvals to be conclusively evidenced by the execution and delivery thereof.

**SECTION 2.** The subleasing of certain of the Facilities to the County is hereby authorized and approved, on the terms and conditions set forth in the Sublease. The form of the Sublease, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, is hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of, the County, to execute by manual or facsimile signature and deliver the Sublease in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interest of the County, including but not limited to substituting or adding other nonprofit public benefit corporations or joint powers authorities as lessors, such approvals to be conclusively evidenced by the execution and delivery thereof.

**SECTION 3.** The sub-subleasing of certain of the Sublease Facilities by the County is hereby authorized and approved, on the terms and conditions set forth in the Sub-Subleases. The forms of the Sub-Subleases, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, are hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of the County, to execute by manual or facsimile signature and deliver the Sub-Subleases in such form with such changes therein as may be necessary or they may approve, in their discretion, as being in the best interest of the County, including but not limited to substituting or adding other nonprofit public benefit corporations or joint powers authorities as lessees, such approvals to be conclusively evidenced by the execution and delivery thereof.

**SECTION 4.** The sub-sub-subleasing of certain of the Sublease Facilities to the County is hereby authorized and approved, on the terms and conditions set forth in the Sub-Sub-Subleases. The forms of the Sub-Sub-Subleases, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, are hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of the County, to execute by manual or facsimile signature and deliver the Sub-Sub-Subleases in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interest of the County, including but not limited to substituting or adding other nonprofit public benefit corporations or joint powers authorities as lessors, such approvals to be conclusively evidenced by the execution and delivery thereof.

**SECTION 5.** The form of the Indenture, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, is hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of the County, to execute by manual or facsimile signature and deliver the Indenture in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 6.** The form of the Agency Agreement (the "Agency Agreement"), as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, is hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of, the County, to execute by manual or facsimile signature and deliver the Agency Agreement in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 7.** The forms of the Escrow Agreements, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, are hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of, the County, to execute by manual or facsimile signature and deliver each of the Escrow Agreements in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 8.** The form of the Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as representative of the several underwriters named or to be named therein (the "Underwriters"), the County and the Financing Authority, as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, is hereby approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of, the County, to execute by manual or facsimile signature and deliver the Bond Purchase Agreement in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof. In connection with the execution and delivery of said Bond Purchase Agreement, the officers and their authorized representatives are further authorized and directed to negotiate the price and the interest rates for the Bonds to be sold pursuant to such Bond Purchase Agreement such that the true interest cost to the Financing Authority with respect to the aggregate principal amount of the Bonds shall not exceed 6% (in the case of fixed rate bonds). Interest on variable rate bonds may not exceed applicable statutory restrictions. The Bonds may be executed and delivered with all or any portion of the Bonds having variable interest rates, including rates that vary in proportion to each other, subject to the yield and true interest cost set forth in this

paragraph. In addition, all or a portion of the Bonds may be issued as capital appreciation bonds. All or any portion of the Bonds may be sold with (i) credit enhancement (such as a letter of credit, a surety bond or a policy of municipal bond insurance), if the Treasurer and Tax Collector of the County (the "Treasurer and Tax Collector"), in consultation with the Underwriters, determines that the savings to the County resulting from the purchase of such credit enhancement exceeds the cost thereof, or (ii) bank liquidity support agreements in the event that Bonds with variable interest rates are executed and delivered.

In the event the Treasurer and Tax Collector determines that the Bonds shall be executed and delivered in more than one series, the officers of the County and their authorized representatives are, and each of them is, hereby further authorized and directed, for, and in the name of the County, to execute and deliver such additional bond purchase agreements as such officers may deem necessary or appropriate in connection with such additional series of Bonds, in each case with such underwriter(s) as the Treasurer and Tax Collector may select; provided that each such bond purchase agreement shall be in the form of the Bond Purchase Agreement and shall be subject to the yield and true interest cost set forth in the preceding paragraph.

**SECTION 9.** The form of the Continuing Disclosure Certificate of the County (the "Continuing Disclosure Certificate"), as filed with the Executive Officer - Clerk of the Board and by this reference incorporated herein, is hereby authorized and approved. The officers of the County and their authorized representatives are, and each of them is, hereby authorized for and in the name of, and on behalf of, the County, to execute by manual or facsimile signature and deliver the Continuing Disclosure Certificate in such form with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interest of the County, such approvals to be conclusively evidenced by the execution and delivery thereof.

**SECTION 10.** In connection with the issuance of the Bonds, the officers of the County and their authorized representative are, and each of them acting alone is, hereby authorized and directed, for, and in the name of the County, to prepare or cause to be prepared a preliminary official statement and an official statement regarding the Bonds, which the Underwriters are hereby authorized to distribute to persons who may be interested in the purchase of the Bonds. Such officers and their authorized representatives are hereby further authorized to deem the preliminary official statement to be final as of its respective date for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, promulgated by the U.S. Securities and Exchange Commission.

**SECTION 11.** The County hereby consents to the assignment by the Financing Authority to the Trustee for the benefit of the owners of the Bonds of certain of the Financing Authority's rights, title and interest under the Subleases and the Sub-Sub-Subleases, including the right to receive payments as assignee of Base Rental under the Subleases and the Sub-Sub-Subleases, pursuant to the Indentures.

**SECTION 12.** The County hereby authorizes the issuance of the Bonds by the Financing Authority in the aggregate principal amount not to exceed $575,000,000 in accordance with the terms and provisions of the Indentures (as executed and delivered).

**SECTION 13.** In connection with, or incidental to, the issuance of the Bonds by the Financing Authority, or the acquisition or carrying out of any investment or program of investment by any officers of the County, the Treasurer and Tax Collector and each other officer of the County responsible for the Bonds or such investment or program of investment, acting alone, may 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 stocks or other indices; contracts to exchange cash flows or a series of payments; municipal bond warrants; custodial receipts; contracts relating to the establishment of a reserve fund

surrogate; investment contracts; 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 and Tax Collector or such other officer of the County, as appropriate, determines to be necessary or appropriate to place the Bonds or such investment or program of investment, or such other contract or contracts, in whole or in part, on the interest rate or other basis determined by the Treasurer and Tax Collector or such other officer of the County, as appropriate, or to eliminate or reduce any potential difference between the amounts paid as interest or a discount in the amount received as interest or other investment income in connection with the Bonds or such investment or program of investment, as applicable.

These contracts and arrangements shall be entered into with the parties selected by the means, and contain the payment, security, default, remedy and other terms and conditions, determined by the Treasurer and Tax Collector or any officer of the County executing such contracts, after giving due consideration to the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or other criteria as may be appropriate. This Board hereby determines that the contracts authorized hereby are designed to reduce the amount or duration of payment, rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is entered into.

The County hereby directs the respective sublessors under the Prior Subleases, as appropriate, to execute, upon the exercise by the County of its purchase options thereunder, the quitclaim deeds or other documents as required pursuant to the Prior Subleases.

**SECTION 14.** The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to timely instruct the 1993 Bonds Trustee to send a notice of redemption to holders of the 1993 Bonds, as required pursuant to the 1993 Bonds Indenture and the Escrow Agreement for the 1993 Bonds, in such form as they may approve, in their discretion, as being in the best interest of the County, such approvals to be conclusively evidenced by the execution and delivery thereof.

**SECTION 15.** The officers of the County and their authorized representatives are hereby authorized to take any and all actions they deem necessary or advisable to carry out the purposes of this Resolution and all actions heretofore taken by any of them with respect to the execution, authentication, delivery and sale of the Bonds or in connection with or related to any of the agreements referenced herein for the financing of the Facilities are hereby approved, confirmed and ratified.

Without limiting the foregoing, the officers of the County and their authorized representatives are, and each of them is, hereby further authorized to execute and deliver, for, and in the name of the County, such amendments or supplements to the Lease, the Sublease, the Sub-Subleases, the Sub-Sub-Subleases, the Indentures, the Agency Agreement, the Escrow Agreements, the Continuing Disclosure Certificate and the Bond Purchase Agreement as may be necessary or desirable, in the judgment of such officers, to effectuate the execution, authentication, delivery and sale of the Bonds in more than one series, to substitute parties to such financing agreements or to otherwise carry out the purposes of this Resolution, and such other documents referred to in this Resolution or as may be necessary or desirable to effectuate the purpose of this Resolution, including but not limited to documents necessary or desirable for the termination of any of the Prior Leases or Prior Subleases, and the employment or retention of title companies, escrow trustees and other consultants.

**SECTION 16.** This Resolution shall take effect immediately upon its passage.

The foregoing Resolution was on the ____ day of _____, 2005, 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.

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

By _____
Deputy

Approved as to Form:
RAYMOND G. FORTNER, JR.
County Counsel

By _____
Principal Deputy County Counsel

Draft of 1/19/05

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

FULBRIGHT & JAWORSKI L.L.P.
29th Floor
865 South Figueroa Street
Los Angeles, California 90017-4518

Attention: Donald Hunt, Esq.

(Space above for Recorder's use)

# LEASE

**Dated as of March 1, 2005**

**Between the**

**COUNTY OF LOS ANGELES**

**and the**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

**Pertaining to:**

**Los Angeles County Public Works Financing Authority**
**Lease Revenue Refunding Bonds**
**(2005 Master Refunding Project) Series A**

**No Documentary Transfer Tax.**

**This Lease is exempt pursuant to Section 4.60.050 of the Los Angeles County Code adopted pursuant to Part 6.7 (commencing with Section 11901) of Division 2 of the California Revenue and Taxation Code.**

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# LEASE

THIS LEASE, dated as of March 1, 2005 (the "Lease"), and entered into between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a California joint powers authority (the "Financing Authority");

W I T N E S S E T H:

WHEREAS, the County desires to lease to the Financing Authority, and the Financing Authority desires to lease from the County, certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described in Exhibit A hereto (the "Facilities");

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained and for other good and valuable consideration, the County and the Financing Authority agree as follows:

**Section 1.** **Definitions**. All capitalized terms used herein without definition shall have the meanings given to such terms pursuant to the Sublease and Option to Purchase, dated as of the date hereof (the "Sublease"), between the Financing Authority and the County, or the Indenture of Trust, dated as of the date hereof (the "Indenture of Trust"), among the Financing Authority, the County and [Trustee], as trustee (the "Trustee").

**Section 2.** **Facilities**. The County hereby leases to the Financing Authority, together with the rights of ingress and egress over property owned by the County, the Facilities, consisting of the real property described in Exhibit A attached hereto and made part hereof, including certain buildings, fixtures and improvements currently thereon, subject to the terms hereof and subject to any conditions, reservations, exceptions and rights-of-way which are of record.

**Section 3.** **Ownership**. The County represents and covenants that it is title owner of and holds title in fee simple to the Facilities described in Exhibit A hereto.

**Section 4.** **Term**. The term of this Lease shall commence on the date hereof and end on the earlier of (i) [the scheduled maturity of the Bonds], or (ii) the date of termination of the Sublease. Notwithstanding the foregoing, the term of this Lease shall automatically be extended ten years if, on [the scheduled maturity of the Bonds], the Indenture of Trust has not been fully discharged, and shall terminate on the date when the Indenture of Trust has been fully discharged.

**Section 5.** **Consideration**. As full and complete consideration to the County for the lease of the Facilities to the Financing Authority, the Financing Authority agrees to pay to the County the Lease Payment and to execute and deliver the Sublease to the County.

**Section 6.** **Purpose**. The Financing Authority shall use the Facilities for the purposes described in the Sublease and for such other purposes as may be incidental thereto.

**Section 7.** **Assignment and Sublease**. The Financing Authority shall not assign, mortgage, hypothecate or otherwise encumber this Lease nor any rights hereunder nor the leasehold or assignment created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Facilities or any portion thereof, except that the County expressly approves and consents to the assignment by the Financing Authority to the Trustee of the Financing Authority's rights, title and interest

in and to this Lease pursuant to the Indenture of Trust, the subleasing of the Facilities in accordance with the Sublease, and the granting of rights relating to the Facilities contained in the Sublease in accordance with the Sublease.

**Section 8.** **Right of Entry**. The County reserves the right for any of its duly authorized representatives to enter upon the Facilities and any parking areas relating thereto at any reasonable time.

**Section 9.** **Expiration**. The Financing Authority agrees, upon the expiration of the term of this Lease to quit and surrender the Facilities, including all buildings, improvements, fixtures and equipment existing thereon at the time of the termination of this Lease, in good order and condition, reasonable wear and tear excepted, it being the understanding of the County and the Financing Authority, and the County and the Financing Authority hereby agree, that upon the termination of this Lease, any title to and any interest of the Authority in the Facilities, shall vest in the County free and clear of the interests of the Authority.

**Section 10.** **Quiet Enjoyment**. The Financing Authority, at all times during the term of this Lease, shall peaceably and quietly have, hold and enjoy the Facilities.

**Section 11.** **Taxes**. The County covenants and agrees to pay any and all taxes and assessments levied or assessed upon the Facilities.

**Section 12.** **Eminent Domain**. If the whole or any portion of the Facilities shall be taken under the power of eminent domain, the interest of the Financing Authority shall be recognized and is hereby determined to be that amount which would then be required under the provisions of Section 4.08 of the Indenture of Trust to be used to redeem or provide for the redemption or the payment, as applicable, of all those Outstanding Bonds which would have been payable from that portion of Base Rental payments which are abated as a result of such taking. Upon any such taking, the County agrees to deposit with the Trustee the full amount of the condemnation award or other moneys received in compensation for the Facilities as provided in Section 4.08 of the Indenture of Trust to be used as provided in such Section 4.08.

**Section 13.** **Default**. In the event that the Financing Authority or any assignee of the Financing Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease or any applicable provision of law, the County may exercise any and all remedies granted by law, except that no merger of this Lease and of the Sublease shall be deemed to occur as a result thereof; and except that the County shall have no power to terminate this Lease by reason of any such default on the part of the Financing Authority if (i) such termination would adversely affect the County's right or obligation to use and possession of any of the Facilities as provided in the Sublease; or (ii) such termination would impair the obligation of the Financing Authority to pay principal of and interest on the Bonds or prejudice the exercise of the remedies provided in Section 12 of the Sublease. Any successor in interest to or assignee of the Financing Authority shall be deemed to be and shall become the tenant of the County hereunder and shall be entitled to all of the rights and privileges granted herein or under any such assignment.

**Section 14.** **Notices**. All notices under this Lease shall be in writing and shall be sufficiently given and served upon such party if delivered by hand directly to the offices named below or sent by United States first class mail, postage prepaid, and addressed as follows:

(a) if to the County, to
County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;

(b) if to the Financing Authority, to
Los Angeles Public Works Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer - Clerk of
the Board of Supervisors;

or to such other address or addresses as any such party may designate to the others by notice given in accordance with the provisions of this Section 14.

**Section 15.** **Partial Invalidity**. If any one or more of the terms, provisions, promises, covenants or conditions of this Lease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Lease shall be held by a court of competent jurisdiction void, voidable or unenforceable by the Financing Authority or by the County or if for any reason it is held by such a court that any of the covenants and agreements of the Financing Authority hereunder is unenforceable for the full term of this Lease, then and in such event for and in consideration of the right of the Financing Authority to possess, occupy and use the Facilities which right is hereby granted, this Lease shall thereupon become a lease from year-to-year.

**Section 16.** **Indemnification and Hold Harmless Agreement**. To the extent permitted by law, the County hereby agrees to indemnify and hold harmless the Financing Authority and its officers and directors against any and all liabilities which arise out of or are related to the Facilities or any portion thereof or this Lease, and the County further agrees to defend the Financing Authority and its officers and directors in any action arising out of or related to the Facilities or any portion thereof or this Lease.

**Section 17.** **Counterparts**. This Lease may be executed in any number of counterparts each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same Lease.

**Section 18.** **Governing Law**. This Lease is made in the State under the Constitution and laws of the State and is to be so construed.

**Section 19.** **Amendment**. This Lease may be amended only in accordance with and as permitted by the applicable terms of Sections 7.02 and 7.03 of the Indenture of Trust.

**Section 20.** **Binding Effect; Successors**. This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns. Except as otherwise provided in Section 7 hereof, whenever in this Lease any party is named or referred to, such reference shall be deemed to include such party's successors and assigns and all covenants and agreements contained in this Lease by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

**IN WITNESS WHEREOF,** the parties hereto have caused this Lease to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

COUNTY OF LOS ANGELES

By_____
Chair, Board of Supervisors

[SEAL]

ATTEST:

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By_____
Chair, Board of Directors

ATTEST:

By _____
Assistant Secretary

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF THE BOARD OF SUPERVISORS**

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By_____
Deputy

[SEAL]

State of California )
) SS
County of Los Angeles )

On _____ before me, _____
personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

**EXHIBIT A**
**LEGAL DESCRIPTION OF THE FACILITIES**

Draft of 1/19/05

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

FULBRIGHT & JAWORSKI L.L.P.
29th Floor
865 South Figueroa Street
Los Angeles, California 90017-4518

Attention: Donald Hunt, Esq.

(Space above for Recorder's use)

# SUBLEASE AND OPTION TO PURCHASE

**Dated as of March 1, 2005**

**Between the**

**COUNTY OF LOS ANGELES**

**and the**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

**Pertaining to:**

**Los Angeles County Public Works Financing Authority**
**Lease Revenue Refunding Bonds**
**(2005 Master Refunding Project) Series A**

**No Documentary Transfer Tax.**

**This Sublease is exempt pursuant to Section 4.60.050 of the Los Angeles County Code adopted pursuant to Part 6.7 (commencing with Section 11901) of Division 2 of the California Revenue and Taxation Code.**

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## SUBLEASE AND OPTION TO PURCHASE

**THIS SUBLEASE AND OPTION TO PURCHASE**, dated as of March 1, 2005 (the "Sublease"), between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County") and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers authority formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority");

## W I T N E S S E T H:

**WHEREAS,** in connection with the issuance of $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds"), issued pursuant to an Indenture of Trust, dated as of December 1, 1993 (the "1993 Indenture"), by and between the Financing Authority and U.S. Bank National Association, as successor trustee, the County entered into a Master Sublease and Option to Purchase, dated as of December 1, 1993 (the "1993 Sublease"), by and among the County, Los Angeles County Law Enforcement – Public Safety Facilities Corporation ("LACLE-PSFC"), Los Angeles County Courthouse Corporation ("LACCC"), Los Angeles County Martin Luther King, Jr. General Hospital Authority ("LACMLKGHA") and Los Angeles County Health Facilities Authority (the "LACHF Authority"); and

**WHEREAS,** in connection with the issuance of $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds"), issued pursuant to an Indenture of Trust, dated as of September 1, 1996 (the "1996 Series A Indenture"), by and between the Financing Authority and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of September 1, 1996 (the "1996 Sublease"), by and among the County, LACLE-PSFC and the LACHF Authority; and

**WHEREAS,** in connection with the issuance of $115,680,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds"), issued pursuant to a First Supplemental Indenture of Trust, dated as of May 1, 1997 (the "1996 Series B Supplemental Indenture"), by and between the Financing Authority and The Bank of New York Trust Company, N.A., as trustee, the County entered into a First Supplemental Sublease and Option to Purchase, dated as of May 1, 1997 (the "1996 Series B Supplemental Sublease"), by and between the County and LACCC; and

**WHEREAS**, in connection with the issuance of $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds"), issued pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "2000 Bonds Indenture"), by and between the Financing Authority and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of April 1, 2000 (the "2000 Bonds Sublease"), by and between the County, LACCC and the LACHF Authority; and

**WHEREAS,** in connection with the execution and delivery of $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000A (the "2000 Certificates"), executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2000 (the "2000 Certificates Trust Agreement"), by and among the County, LACCC, and U.S. Bank National Association, as successor trustee, the County entered into a Sublease and Option to Purchase, dated as of November 1, 2000, by and between the County and MBK Real Estate Ltd. (the "2000 Certificates

Sublease") (the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds, the 2000 Bonds and the 2000 Certificates being referred to collectively herein as the "Prior Obligations," and the respective maturities of each being refunded as described herein being referred to as the "Refunded Obligations," and the 1993 Sublease, the 1996 Sublease, the 1997 Supplemental Sublease, the 2000 Bonds Sublease and the 2000 Certificates Sublease being referred to herein as the "Prior Subleases"); and

**WHEREAS,** the County may provide for the defeasance of the Prior Obligations in whole or in part by exercising its option to purchase the interests of the respective sublessors in the subleased facilities (the "Prior Facilities") under the respective Prior Subleases; and

**WHEREAS,** the County has determined that the prepayment and defeasance of the Refunded Obligations will result in significant cost savings to the County, and therefore to exercise its purchase options under the Prior Subleases in whole or in part so as to provide for the prepayment and defeasance of the Refunded Obligations; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be refunded in their entirety (thereby terminating the Prior Subleases applicable to those Prior Obligations), it is necessary and desirable for the County to enter into a Lease, dated the date hereof (the "Lease") with the Financing Authority, pursuant to which the County agrees, among other things, to lease to the Financing Authority certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described therein and in Exhibit A hereto (the "Sublease Facilities"); and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be refunded in their entirety, it is necessary and desirable for the County to enter into this Sublease and Option to Purchase (the "Sublease") with the Financing Authority, pursuant to which the Financing Authority will lease back to the County the interest in the Sublease Facilities that the County leased to the Financing Authority pursuant to the Lease, in consideration for which the County will pay base rental ("Sublease Base Rental") and additional rental for the use and occupancy of such Sublease Facilities on the terms and conditions contained in the Sublease; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be partially refunded (thereby not terminating the Prior Subleases applicable to those Prior Obligations), it is necessary and desirable for the County to enter into a Sub-Sublease (the "Sub-Sublease") with the Financing Authority, pursuant to which the County will lease its respective sublease interests in certain of the Prior Facilities (the "Sub-Sublease Facilities") to the Financing Authority as described in the Sub-Sublease; and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be partially refunded, it is necessary and desirable for the County to enter into a Sub-Sub-Sublease and Option to Purchase (the "Sub-Sub-Sublease") with the Financing Authority, pursuant to which the Financing Authority will lease back to the County the interest in certain of the Sub-Sublease Facilities that the County leased to the Financing Authority pursuant to the Sub-Sublease, in consideration for which the County will pay base rental ("Sub-Sub-Sublease Base Rental") and additional rental for the use and occupancy of such Sublease Facilities on the terms and conditions contained in the Sub-Sub-Sublease; and

**WHEREAS**, the County is authorized pursuant to the laws of the State of California to enter into leases and subleases for such purpose; and

**WHEREAS**, pursuant to an Indenture of Trust, dated as of the date hereof (the "Indenture of Trust"), among the County, the Financing Authority and [Trustee], as trustee thereunder (the "Trustee"),

the Financing Authority will issue and the Trustee will authenticate and deliver its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A; and

**WHEREAS**, pursuant to an Agency Agreement, dated as of the date hereof (the "Agency Agreement"), by and between the County and the Financing Authority, the Financing Authority appoints the County as its agent for the purpose of constructing the Project; and

**WHEREAS**, pursuant to the Indenture of Trust, the Financing Authority provides for the transfer of certain of its rights, obligations, title and interest in and to this Sublease to the Trustee under the Indenture of Trust;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

**Section 1.** **Definitions**. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Sublease, have the meanings as set forth below. All other capitalized terms used herein without definition shall have the meanings as set forth in the Indenture of Trust.

"Component" means each component of each of the Project as generally described in Exhibit B to this Sublease and as more particularly described in the Plans and Specifications for such component, as such Exhibit B and as such Plans and Specifications may be amended from time to time.

"Environmental Regulations" means all laws and regulations now or hereafter in effect with respect to hazardous materials including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.), Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.), and any similar state or local laws and regulations and any so-called local, state or federal "superfund" or "superlien" law applicable to the County.

"Permitted Encumbrances" means, with respect to the Sublease Facilities, as of any particular time, (i) to the extent in effect on the Closing Date, the right, title and interest of the County to the Sublease Property and the existing interests of the Financing Authority to the Sublease Property as lessee of the County, and the existing interests of the County to the Sublease Facilities as lessee of the Financing Authority; (ii) the Lease; (iii) this Sublease, (iv) the Indenture of Trust and the Trustee's and the Financing Authority's interests in the Sublease Facilities, (v) liens for taxes and assessments not then delinquent, (vi) utility, access and other easements and rights of way, restrictions and exceptions existing on the Closing Date that a County Representative certifies will not interfere with or impair the use intended to be made of the Sublease Facilities; (vii) any additions and improvements to the Sublease Facilities as permitted in this Sublease, (viii) any sublease or use permitted by this Sublease, (ix) covenants, conditions or restrictions or liens of record relating to the Sublease Facilities and existing on the Closing Date, and (x) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Sublease Facilities and as do not materially impair the use intended to be made of property affected thereby as exist on the Closing Date.

"Term" means the term of this Sublease as provided in Section 2 hereof.

**Section 2.** **Agreement to Lease and to Sublease; Term**. The Financing Authority hereby agrees to cause the Project to be designed, constructed, acquired, delivered and installed in accordance with the Plans and Specifications and on the terms prescribed in the Agency Agreement. The Financing Authority hereby subleases to the County the Sublease Facilities, together with the right of ingress and egress over property owned by the County, and the County agrees to sublease the Sublease Facilities from the Financing Authority and agrees to pay Sublease Base Rental and Sublease Additional Rental as provided herein for the right to the use and possession of the Sublease Facilities, all on the terms and conditions set forth herein. The Term of this Sublease shall begin on the Closing Date and shall end on (a) [June] 1, 2025, or (b) with respect to all or any portion of the Sublease Facilities, at such earlier time as (i) the Bonds payable from Sublease Base Rental attributable to such portion of the Sublease Facilities shall have been paid or provision for their payment shall have been made in accordance with the provisions of this Sublease and the Indenture of Trust as determined by the Financing Authority and as provided in writing to the Trustee and the County by the Financing Authority Representative, or (ii) the date on which the County has exercised its right to purchase the whole of the Financing Authority's rights, title and interest in the Sublease Facilities pursuant to Section 15 hereof. Notwithstanding the foregoing, the term of this Sublease shall automatically be extended ten years, if, on [June] 1, 2025 the Indenture of Trust has not been fully discharged, and shall terminate on the date when the Indenture of Trust has been fully discharged.

At the end of the Term of this Sublease, all of the Financing Authority's rights, title and interest in and to the Sublease Facilities and any other improvements thereon or additions thereto, including all of the Financing Authority's leasehold interest therein granted pursuant to the Lease and this Sublease, shall be transferred directly to the County, or, at the option of the County, to any assignee or nominee of the County, free and clear of any interest of the Financing Authority.

Upon termination of this Sublease with respect to any portion of the Sublease Facilities, the Financing Authority agrees to execute and deliver all documents necessary to evidence the County's complete and absolute title to such portion of the Sublease Facilities, as directed by the County.

**Section 3.** **Rent.**

**Section 3.1.** **Rental Payments**. The County hereby agrees, subject to the terms hereof, to pay to the Financing Authority the Sublease Base Rental and Sublease Additional Rental in the amounts, at the times and in the manner hereinafter set forth, such amounts constituting in the aggregate the rent payable under this Sublease.

(a) **Sublease Base Rental**. The County agrees to pay from legally available funds Sublease Base Rental for the right to use and possession of the Sublease Facilities in the amounts, at the times and in the manner hereinafter set forth. In the event that the County exercises its option, pursuant to Section 15 hereof, to purchase the Financing Authority's rights, title and interest in the Sublease Facilities or any portion thereof, then from and after the date of such purchase the Sublease Base Rental due hereunder shall be reduced in an amount equal to the principal and interest of the Bonds redeemed (or for which sufficient moneys are held in accordance with the Indenture of Trust to be applied to such redemption).

The Sublease Base Rental payable by the County hereunder shall be due on June 1 and December 1 of each year, commencing June 1, 2005. In order to secure its obligation to pay the Sublease Base Rental due in each Lease Year, the County agrees to deposit with the Trustee, for application to the Sublease Base Rental Fund, amounts equal to the Sublease Base Rental due on or prior to the Deposit Date immediately preceding such June 1 or December 1; provided, however, that the Sublease Base Rental to be

deposited by the County on the first Deposit Date shall be that amount necessary to pay the amount of interest which will accrue on the Bonds to June 1, 2005. The amount of the Sublease Base Rental due on each June 1 and December 1 shall be determined in accordance with Exhibit C hereto. The County's obligation to make such deposits shall be discharged to the extent of that portion of all amounts on deposit in the Sublease Base Rental Fund and the Principal Account and Interest Account of the Bond Fund that are not required to pay the redemption price of Bonds called for redemption between the Deposit Date and the date for which such deposit is being made.

In no event shall the aggregate Sublease Base Rental payments in any Fiscal Year exceed the fair rental value of the Sublease Facilities as set forth in a certificate delivered by the County to the Financing Authority on the Closing Date.

If payment of any installment of Sublease Base Rental is delinquent, interest shall accrue on the delinquent amounts and be payable by the County at a rate of interest sufficient to pay all interest due under the Indenture of Trust until the day such payment is made.

The obligation of the County to pay Sublease Base Rental shall commence on the Closing Date.

(b) **Sublease Additional Rental**. In addition to the Sublease Base Rental set forth herein, the County agrees to pay as Sublease Additional Rental all of the following:

(i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Sublease Facilities or upon any interest of the Financing Authority, the Trustee or the Owners therein or in this Sublease or the Lease and all amounts payable pursuant to Section 4.2 of this Sublease;

(ii) Insurance premiums, if any, on all insurance required under the provisions of Section 4.3 of this Sublease;

(iii) All fees and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Bonds) of the Trustee in connection with the Indenture of Trust, the Lease or this Sublease; and

(iv) Any other fees, costs or expenses incurred by the County (including, without limitation, the provision pursuant to Section 4.7 of this Sublease of monies to or for the benefit of the Financing Authority in an amount sufficient to enable compliance with the requirements of section 148(f) of the Code, relating to the payment of rebate to the United States) or the Financing Authority in connection with the execution, performance or enforcement of this Sublease or any assignment hereof, the Lease, the Agency Agreement or the Indenture of Trust or any of the transactions contemplated hereby or thereby or related to the Sublease Facilities, including amounts owed to the Insurer pursuant to Section 11.10 of the Indenture.

Amounts constituting Sublease Additional Rental payable hereunder shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts of Sublease Additional Rental when due or at such later time as such amounts may be paid without penalty or, in any case, within

60 days after notice in writing from the Trustee to the County stating the amount of Sublease Additional Rental then due and payable and the purpose thereof.

**Section 3.2.** **Consideration**. The payments of Sublease Base Rental and Sublease Additional Rental under this Sublease for each Fiscal Year or portion thereof during the Term of this Sublease shall constitute the total rental for such Fiscal Year or portion thereof and shall be paid by the County for and in consideration of the right to use and possess, and the continued quiet use and enjoyment of, the Sublease Facilities by the County for and during such Fiscal Year or portion thereof. The parties hereto have agreed and determined that such total rental is not in excess of the total fair rental value of the Sublease Facilities. In making such determination, consideration has been given to the uses and purposes served by the Sublease Facilities and the benefits therefrom that will accrue to the parties by reason of this Sublease and to the general public by reason of the County's use and possession of the Sublease Facilities.

**Section 3.3.** **Budget**. The County hereby covenants to take such action as may be necessary to include all Sublease Base Rental and Sublease Additional Rental due hereunder in its annual budget and to make the necessary annual appropriations for all such Sublease Base Rental and Sublease Additional Rental, subject only to Section 3.5 hereof. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the County to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the County to carry out and perform the covenants and agreements on the part of the County contained in this Sublease. The obligation of the County to make Sublease Base Rental or Sublease Additional Rental payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to make Sublease Base Rental or Sublease Additional Rental payments constitutes an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Financing Authority has no obligation to pay Sublease Base Rental.

**Section 3.4.** **Payment**. Amounts necessary to pay Sublease Base Rental shall be deposited by the County on the dates set forth in Section 3.1(a) hereof in lawful money of the United States of America, at the Principal Office of the Trustee, or at such other place or places as may be established in accordance with the Indenture of Trust. Except as provided in Section 3.5 hereof, any amount necessary to pay any Sublease Base Rental or portion thereof which is not so deposited shall remain due and payable until received by the Trustee. Notwithstanding any dispute between the County and the Financing Authority hereunder, the County shall make all rental payments when due and shall not withhold any rental payments pending the final resolution of such dispute or for any other reason whatsoever. The County's obligation to make rental payments in the amounts and on the terms and conditions specified hereunder shall be absolute and unconditional without any right of setoff or counterclaim, subject only to the provisions of Section 3.5 hereof.

**Section 3.5.** **Rental Abatement**. Except to the extent of (i) amounts held by the Trustee in the Sublease Base Rental Fund, the Bond Fund and the Reserve Fund, (ii) amounts received in respect of rental interruption insurance, title insurance, condemnation awards and liquidated damages, if any, and (iii) amounts, if any, otherwise legally available to the County and deposited with the Trustee for the purpose of making payments on the Bonds, rental payments due hereunder for the County's right to use and possession of the Sublease Facilities shall be abated during any period in which, by reason of material damage, destruction, condemnation, theft or defects in the title to the Sublease Facilities or a portion thereof, there is substantial interference with the County's right to use or possession of the Sublease Facilities or any material portion thereof; provided, however, if the County shall elect in its sole

discretion to relocate any portion of the Sublease Facilities consisting of a modular assembled building to another parcel or parcels of real property, rental payments with respect to such portion of the Sublease Facilities shall not be abated during any period of relocation; further provided, however, that the County shall have complied with the provisions of Section 7.02 of the Indenture of Trust and Section 3.7 hereof with respect to the substitution or release of property. The amount of rental abatement shall be such that the resulting total rental payments in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (i), (ii) or (iii) above, do not exceed the total fair rental value of the remaining portions of the Sublease Facilities as to which such damage, destruction, condemnation, theft or title defect do not substantially interfere with the County's right of use or possession. The Trustee may require a certificate of a County Representative to the effect that the resulting total rental represents such fair consideration as elaborated in the preceding sentence. The resulting rental payments shall be applied first to the payment of Sublease Base Rental and second to the payment of Sublease Additional Rental. Any such abatement shall continue for the period commencing with the date on which any such interference with the County's right to use or possession of the Sublease Facilities, or a material portion thereof, as a result of such damage, destruction, condemnation, theft or title defect, commences and ending with the restoration of the Sublease Facilities, or the affected portion thereof, to tenantable condition. The County shall notify the Insurer as soon as practicable, but in no event more than ten days, after an event of abatement, as to the effect of the abatement on Sublease Base Rental and indicating the action which the County has or intends to take with respect to the condition which resulted in the abatement.

**Section 3.6.** **Triple Net Lease**. This Sublease is intended to be a triple net lease. The County agrees that the Sublease Base Rental provided for herein shall be an absolute net return to the Financing Authority free and clear of any expenses, charges or setoffs whatsoever.

**Section 3.7.** **Substitution of Sublease Property**. The County shall have, so long as this Sublease is in effect, and is hereby granted, the right at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Sublease Facilities (the "Former Property"), or to remove Former Property from the Sublease Facilities without the addition of Substitute Property, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution or removal:

(a) No Event of Default shall have occurred and be continuing;

(b) The County shall file with the Authority and the Trustee, and cause to be recorded in the office of the Los Angeles County Recorder, sufficient memorialization of an amended Exhibit A hereto describing the Sublease Facilities after such substitution and/or removal;

(c) The County shall obtain a California Land Title Association ("CLTA") policy of title insurance insuring the County's leasehold estate hereunder (and the Authority's leasehold estate therein under the Lease) in the Sublease Facilities as amended by such substitution and/or removal, subject only to Permitted Encumbrances, in an amount sufficient to satisfy the requirement of clause (6) of Section 4.4 hereof;

(d) The County shall certify in writing to the Authority and to the Trustee that such Substitute Property constitutes property which the County is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the County to violate any of its covenants, representations and warranties made herein; and

(f) The County shall file with the Authority and the Trustee a certificate of a County Representative stating that the total fair rental value of the Sublease Facilities after such substitution and/or removal is at least equal to 100% of the maximum amount of Sublease Base Rental and Sublease Additional Rental payments coming due in the then current Lease Year and in any subsequent Lease Year and that the useful life of the Sublease Facilities after such substitution at least equals the lesser of (i) the useful life of the Sublease Facilities before such substitution and/or removal, or (ii) the date of the final Sublease Base Rental payment.

Upon the satisfaction of all such conditions precedent, and upon the County delivering to the Authority and the Trustee a written certification of the County certifying that the conditions set forth in subsections (a) and (e) above have been satisfied, the Term of this Sublease shall thereupon end as to the Former Property and shall thereupon commence as to the Substitute Property, and all references to the Sublease Facilities shall apply with full force and effect to the Sublease Facilities as amended by such substitution and/or removal. The County shall not be entitled to any reduction, diminution, extension or other modification of the Sublease Base Rental Payments or Sublease Additional Rental whatsoever as a result of such substitution. The County and the Authority shall execute, deliver and cause to be recorded all documents required to discharge this Sublease of record against the Former Property.

**Section 4.** **Affirmative Covenants of the Financing Authority and the County**. The Financing Authority and the County are entering into this Sublease in consideration of, among other things, the following covenants.

**Section 4.1.** **Acceptance of Project**. The Financing Authority and the County agree to proceed with all due diligence to complete the design, construction, acquisition, delivery and installation of the Project in accordance with the terms hereof and of the Agency Agreement. The County agrees that upon substantial completion of the design, construction, acquisition, delivery and installation of each Component, it will promptly deliver to the Trustee a Certificate of Component Completion with respect to such Component and will take possession of the Component under the terms and provisions of this Sublease. Upon delivery of the final Certificate of Component Completion, the County further agrees to promptly deliver to the Trustee a Certificate of Project Completion.

**Section 4.2.** **Replacement, Maintenance and Repairs**. The County shall, at its own expense, maintain the Sublease Facilities, or cause the same to be maintained, in good order, condition and repair and furnish all parts, mechanisms, devices and servicing required therefor so that the value and condition thereof will at all times be maintained, ordinary wear and tear excepted. All such parts, mechanisms and devices shall immediately, without further act, become part of the Sublease Facilities without cost to the Financing Authority. The County shall apply, from any source of legally available funds, an amount sufficient to repair or replace the Sublease Facilities or portion thereof which is destroyed, damaged or stolen to such an extent that there is substantial interference with the use and right of possession by the County of the Sublease Facilities or any portion thereof which would result in an abatement of rental payments or any portion thereof pursuant to Section 3.5 hereof, provided, however, that the County shall not be required to repair or replace any such portion of the Sublease Facilities pursuant to this Section 4.2 if there shall be applied to the redemption of Outstanding Bonds insurance proceeds or other legally available funds sufficient to redeem (i) all of the Bonds Outstanding or (ii) any portion thereof and the resulting Sublease Base Rental payments under Section 3.1 hereof in any Lease Year following such partial redemption are sufficient to pay the Bonds to remain Outstanding after such partial redemption.

The County shall provide or cause to be provided all maintenance service, security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Sublease Facilities. It is understood and agreed that in consideration of the payment by the County of

the rental payments herein provided for, the County is entitled to use and possession of the Sublease Facilities and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Sublease Facilities during the Term of this Sublease. The Financing Authority shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Sublease Facilities other than as specified in the Plans and Specifications. The County hereby expressly waives the right to make repairs or to perform maintenance of the Sublease Facilities at the expense of the Financing Authority and (to the extent applicable and to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto. The County shall keep the Sublease Facilities free and clear of all liens, charges and encumbrances other than those existing on or prior to the Closing Date and other than Permitted Encumbrances, any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed or materials furnished in connection with the Sublease Facilities which are not due and payable or the amount, validity or application of which is being contested in accordance with Section 3.4 hereof and those expressly approved by the County prior to the Closing Date, subject only to the provisions of Section 4.4 hereof. Notwithstanding anything herein, the County shall keep the Sublease Facilities free and clear of any and all liens senior to the lien of the Sublease except that Permitted Encumbrances and any laborers' and mechanics' liens shall be permitted.

**Section 4.3.** **Taxes, Other Governmental Charges and Utility Charges**. The Financing Authority and the County contemplate that the Sublease Facilities will be used for a governmental or proprietary purpose of the County and, therefore, that the Sublease Facilities will be exempt from all taxes presently assessed and levied. Nevertheless, the County will pay during the Term of this Sublease, as the same respectively become due, all taxes, utility charges and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Sublease Facilities; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are accrued during such time as this Sublease is in effect, and provided further that the County may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner which does not in the opinion of Independent Counsel adversely affect the County's leasehold or subleasehold interest in the Sublease Facilities or the County's right to the use and possession thereof or adversely affect the estate of the Financing Authority in and to any portion of the Sublease Facilities or its rights or interests under this Sublease or subject any portion of the Sublease Facilities to loss or forfeiture. Any such additional taxes or charges shall constitute Sublease Additional Rental under Section 3.1(b) hereof and shall be payable directly to the entity assessing such taxes or charges.

**Section 4.4.** **Insurance**. The County shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, rated "A" or better by Standard & Poor's, Moody's or A.M. Best in Best's Insurance Reports, or through a program of self-insurance to the extent specifically permitted in this Section 4.4, all coverage with respect to the Sublease Facilities required by this Section 4.4. Notwithstanding the foregoing, the County shall not be required to maintain the insurance required by this Section 4.4 (except title insurance as required in Section 4.4(6)) with respect to any Component of the Project prior to the date on which a Certificate of Component Completion is filed with respect thereto.

Such insurance shall consist of:

(1) A policy or policies of insurance against loss or damage to the Sublease Facilities known as "all risk," including earthquake and flood. Such insurance shall be maintained at any time in an amount not less than the lesser of (i) the full replacement value of the Sublease Facilities, or (ii) the aggregate principal amount of all Outstanding

Bonds. Such insurance may at any time include a deductible clause providing for a deductible not to exceed $1,000,000 for all losses in any year. Such policy or policies shall apply to the Sublease Facilities and must be available to repair and rebuild the Sublease Facilities under all circumstances after the occurrence of an insured peril. The policy or policies shall explicitly waive any co-insurance penalty. The County's obligation under this clause (1) may be satisfied by self-insurance.

(2) Comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from the condition of, or operations involving, the Sublease Facilities. Such insurance shall afford protection with a combined single limit of not less than $1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the County Chief Administrative Officer or an independent insurance consultant retained by the County for that purpose; provided, however, that the County's obligations under this clause (2) may be satisfied by self-insurance.

(3) To the extent that facilities included in the Sublease Facilities qualify for such insurance, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereinafter installed in an amount not less than $5,000,000 per accident; provided, however, that the County's obligation under this clause (3) may be satisfied by self-insurance.

(4) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the California Labor Code, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the County in connection with the Sublease Facilities and to cover full liability for compensation under any such aforesaid act; provided, however, that the County's obligations under this clause (4) may be satisfied by self-insurance.

(5) Rental interruption insurance to cover loss, total or partial, of the use of any part of the Sublease Facilities as a result of any of the hazards required to be covered pursuant to clause (1) above in an amount sufficient at all times to pay an amount not less than the fair rental value thereof during any period when there is substantial interference with the County's right to the use or possession of the Sublease Facilities or any portion thereof as a result of the occurrence of such hazards. Such rental interruption insurance shall be payable for a period adequate to cover the period of repair or reconstruction; provided, however, that such policy shall provide that the aggregate amount payable thereunder shall not be less than an amount equal to two years' Sublease Base Rental. The County shall not be permitted to self-insure its obligation under this clause (5).

(6) A CLTA policy or policies of title insurance for the Sublease Property not less than the aggregate principal amount of all Outstanding Bonds. Such policy or policies of title insurance shall insure the leasehold interest or subleasehold interest, as applicable, of the County in the Sublease Property in the name of the Trustee, subject to Permitted Encumbrances. The County shall not be permitted to self-insure its obligation under this clause (6).

All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Trustee.

Annually on or before August 1 of each year, and upon the provision of any new insurance policy or the renewal of any existing policy, the County shall provide the Trustee with a certificate stating that the County is in full compliance with the requirements of this Section 4.3. The Trustee shall be entitled to rely upon any certificate so provided as to the County's compliance with this Section 4.3, and the Trustee shall have no further duties in that regard.

All policies or certificates of insurance provided for herein shall name, where applicable, the County as a named insured, and, as applicable, the Financing Authority and its directors and the Trustee as additional insureds.

Notwithstanding the generality of the foregoing, the County shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or, except with respect to rental interruption insurance, any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market; provided, however, that if the County determines that any such insurance, except for rental interruption insurance and title insurance, is not offered by reputable insurers at a reasonable cost on the open market, and elects with respect to those risks set forth above for which self-insurance is permitted, not to maintain the insurance with outside insurers as described above, it will self-insure those risks for which insurance is otherwise required. If the County is permitted to and does self-insure under this provision, then, except for any self-insurance for workers' compensation to which this sentence shall not apply, the County will establish and fund reserves which, in the opinion of the County Chief Administrative Officer are adequate and such reserves shall be valued annually by the County Chief Administrative Officer. The County agrees that if, upon any such valuation, the County Chief Administrative Officer determines that such self-insurance reserves are not adequate, the County will make such additional deposit thereto as the risk manager deems necessary.

**Section 4.5.** **Liens**. Other than the sums of money due in connection with the Permitted Encumbrances, the County shall promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about the Sublease Facilities and which may be secured by any mechanic's, materialman's or other lien against the Sublease Facilities or any portion thereof or the interest of the County or any of the Financing Authority therein, and shall cause each such lien to be fully discharged and released; provided, however, that the County or any of the affected Financing Authority (i) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the County shall forthwith pay and discharge such judgment or lien; or (ii) may delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture.

**Section 4.6.** **Laws and Ordinances**. The County agrees to observe and comply with all rules, regulations and laws applicable to the County with respect to the Sublease Facilities and the operation thereof, including without limitation the Environmental Regulations. The cost, if any, of such observance and compliance shall be borne by the County, and the Financing Authority shall not be liable therefor. The County further agrees to place, keep, use, maintain and operate the Sublease Facilities in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants and licensees and the public.

**Section 4.7. County to Perform Pursuant to Sublease.** The County covenants and agrees with the Owners of the Bonds under the Indenture of Trust to perform all obligations and duties imposed on it under this Sublease.

**Section 4.8. Tax Matters.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any Proceeds and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

"Proceeds", with respect to an issue of governmental obligations, has the meaning set forth in has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds).

"Rebate Amount" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Tax Regulations" means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

"Yield" of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The County covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond or Prior Obligation to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond or Prior Obligation from the gross income of the owner thereof for federal income tax purposes, the County shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond or Prior Obligation to become a "private activity bond" within the meaning of section 141 of the Code and

the Tax Regulations, the County shall take all actions necessary to assure that the County at all times prior to the final cancellation of the last of the Bonds or Prior Obligation to be retired:

(1) exclusively owns, operates, possesses and provides any services necessary to allow and maintain each function of every property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds or the Refunded Obligations and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) does not directly or indirectly impose or accept any charge or other payment by or for the benefit of any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or the Refunded Obligations or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(d) No Private Loan. Except as would not cause any Bond to become a "private activity bond" within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the County shall not use or permit the use of Gross Proceeds of the Bonds or the Refunded Obligations to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become "arbitrage bonds" within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the County shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the County shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The County shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(1) The County shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the County may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the County shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The County shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, within 60 days of each Computation Date the County shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the County at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Agency.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the County shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

(i) The County represents that none of the Bonds or Refunded Obligations is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(ii) Without limitation of clause (i) of this subsection (j): (A) on the date of issuance of the Prior Obligations the County reasonably expected that at least 85% of the spendable proceeds thereof would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Prior Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more

(iii) Without limitation of clause (i) of this subsection (j): (A) the County will not execute and deliver the Bonds unless as of the date of issuance of the Bonds the County reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The County hereby directs and authorizes any County Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such County Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The County agrees to execute and deliver the Nonarbitrage Certificate in connection with the issuance of the Bonds, containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 4.9. Essentiality**. The County covenants and agrees that the Sublease Facilities are essential to the County's exercise of its governmental functions.

**Section 4.10. Condemnation**. The County covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to all or any portion of the Sublease Facilities. The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fail or refuse to abide by such covenant and condemns all or any portion of the Sublease Facilities, the appraised value of the Sublease Facilities so condemned shall not be less than the greater of (i) if such Bonds are then subject to redemption, the principal and interest components of the Bonds outstanding through the date of their redemption, or (ii) if such Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Indenture of Trust.

**Section 5. Application of Insurance Proceeds**. All proceeds of insurance maintained under clauses (1) or (3) of Section 4.4 hereof shall be deposited with the Trustee for application pursuant to the provisions of Section 4.08 of the Indenture of Trust. All proceeds of insurance maintained under clause (5) of Section 4.4 hereof shall be deposited with the Trustee for application pursuant to the provisions of Section 4.04 of the Indenture of Trust. All proceeds of insurance maintained under clauses

(2) and (4) of Section 4.4 hereof shall be paid to the County. All proceeds of insurance maintained under clause (6) of Section 4.4 hereof shall be applied and disbursed pursuant to the provisions of Section 4.09 of the Indenture of Trust.

**Section 6.** **Application of Eminent Domain Awards**. Any award made in eminent domain proceedings for the taking of the Sublease Facilities or a portion thereof shall be paid to the Trustee for application in accordance with the provisions of Section 4.08 of the Indenture of Trust.

**Section 7.** **Assignment and Sublease**. The County shall not mortgage, pledge, assign or transfer any interest of the County in this Sublease by voluntary act or by operation of law, or otherwise; provided, however, that the County may sublease all or any portion of the Sublease Facilities, may grant concessions to others involving the use of all or any portion of the Sublease Facilities, whether such concessions purport to convey a leasehold interest or a license to use all or a portion of the Sublease Facilities, and may assign its right to purchase the Financing Authority's rights, title and interest in the Sublease Facilities, or any portion thereof, pursuant to Section 15 hereof, provided that any such action does not cause the County to be in breach of the covenants set forth in Section 8.05 of the Indenture of Trust. The County shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve the County from its obligation to pay Sublease Base Rental and Sublease Additional Rental as provided in this Sublease or to relieve the County from any other obligations contained herein. In no event will the County permit the "use" (within the meaning of section 141 of the Code and the Treasury Regulations promulgated thereunder) of all or any portion of the Sublease Facilities, by sublease, services contract or otherwise, by any person if such "use" might cause the interest on the Bonds to be included in gross income for federal income tax purposes or to be subject to State personal income taxes.

The County expressly approves and consents to the assignment by the Financing Authority of certain of their rights, obligations, title and interest herein and in the Lease to the Trustee. The parties hereto further agree to execute any and all documents necessary and proper in connection therewith.

**Section 8.** **Additions and Improvements**. The County shall have the right during the Term of this Sublease to make any additions or improvements to the Sublease Facilities, to attach fixtures, structures or signs and to affix any personal property to the Sublease Facilities, so long as the fair rental value of the Sublease Facilities is not thereby materially reduced. Title to all such additions and improvements, including but not limited to fixtures, equipment or personal property placed by the County on the Sublease Facilities, shall remain in the County. The title to any additions, improvements, personal property, equipment or fixtures placed on the Sublease Facilities by any sublessee or licensee of the County shall be controlled by the sublease or license agreement between such sublessee or licensee and the County, which sublease or license agreement shall not be inconsistent with this Sublease or the Indenture of Trust.

**Section 9.** **Right of Entry**. Representatives of the Financing Authority, subject to reasonable security precautions, shall have the right to enter upon the Sublease Facilities during reasonable business hours (and in emergencies at all times) (i) to inspect the same, (ii) for any purpose connected with the rights and obligations of the Financing Authority under this Sublease, or (iii) for all other lawful purposes.

**Section 10.** **Quiet Enjoyment**. The Financing Authority covenants and agrees that the County shall, at all times during the Term hereof, peaceably and quietly have, hold and enjoy the Sublease Facilities subject to the terms of this Sublease.

**Section 11.** **Indemnification and Hold Harmless Agreement**. To the extent permitted by law, the County hereby agrees to indemnify and hold harmless the Financing Authority and its officers, directors and assigns against any and all liabilities which arise out of or are related to the Sublease Facilities including, without limitation, liabilities arising as the result of the use, storage, presence or release of any Hazardous Substances on or about the Sublease Property, or the Bonds, and the County further agrees to defend the Financing Authority and its officers, directors and assigns in any action arising out of or related to the Sublease Facilities or the Bonds.

**Section 12.** **Default by County**.

**Section 12.1.** **Default**. If the County shall (i) fail to deposit with the Trustee any Sublease Base Rental payment required to be so deposited pursuant to Section 3.1(a) hereof by the close of business on the day such deposit is required pursuant to Section 3.1(a) hereof to be made, (ii) fail to pay any item of Sublease Additional Rental as and when the same shall become due and payable pursuant to Section 3.1(b) hereof, or (iii) breach any other terms, covenants or conditions contained herein or in the Indenture of Trust, and shall fail to remedy any such breach with all reasonable dispatch within a period of 60 days after receipt of written notice thereof from any of the Financing Authority, or its assignee, to the County, or, if such breach cannot be remedied within such 60 day period, shall fail to institute corrective action within such 90 day period and diligently pursue the same to completion, then and in any such event the County shall be deemed to be in default hereunder.

**Section 12.2.** **Remedies**. The Financing Authority or its assignee shall have the right to pursue any remedy available at law or in equity, except as otherwise expressly provided herein, including the remedy described in California Civil Code Section 1951.4 as the same may be amended from time to time. The Financing Authority or its assignee shall have the right, at its option, to sublet the Sublease Facilities whether or not this Sublease has terminated.

Notwithstanding anything to the contrary contained herein, in addition to the remedies set forth above, the Financing Authority or its assignee shall have the right, at its option, without any further demand or notice to re-enter the Sublease Property or any portion thereof and eject all parties therefrom, and, without terminating this Sublease, relet such Sublease Property or any portion thereof as the agent for the account of the County upon such terms and conditions as the Financing Authority or its assignee may deem advisable, in which event the rental received on such re-letting shall be applied first to the expenses of re-letting and collection, including expenses necessary for repair or restoration of such Sublease Property to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commission, actually paid, second to Sublease Base Rental in accordance with this Sublease and the Indenture of Trust and third to Sublease Additional Rental in accordance with this Sublease and the Indenture of Trust and if a sufficient sum shall not be thus realized to pay such sums and other charges, then the County shall pay to the Financing Authority or its assignee any net deficiency existing on the date when Sublease Base Rental or Sublease Additional Rental is due hereunder; provided, however, that such re-entry and re-letting under this paragraph shall be done only with the consent of the County, which consent is hereby irrevocably given. Any re-entry shall be allowed by the County without hindrance, and the Financing Authority and its assignee shall not be liable for damages for any such re-entry or be guilty of trespass.

All damages and other payments received by the Financing Authority pursuant to the exercise of its rights and remedies pursuant to this Section 12 shall be applied in the manner set forth in Section 9.07 of the Indenture of Trust.

**Section 12.3.** **Remedies Cumulative**. Each and every remedy of the Financing Authority hereunder shall be available to any assignee of the rights of the Financing Authority hereunder

and is cumulative and the exercise of one remedy is not intended to impair the right of the Financing Authority or its assignee to any or all other remedies. If any statute or rule validly shall limit the remedies given to the Financing Authority or any assignee of the rights of the Financing Authority hereunder, the Financing Authority or its assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law except as otherwise expressly provided herein.

**Section 12.4.** **Limitations**. The Financing Authority or any assignee of the rights of the Financing Authority hereunder shall not exercise their or its remedies, respectively, hereunder so as to cause the interest on the Bonds to be includable in gross income for federal income tax purposes or subject to State personal income taxes. Notwithstanding any other provision of this Sublease or the Indenture of Trust, in no event shall the Financing Authority or any assignee of the rights of the Financing Authority hereunder have the right to accelerate the payment of any Sublease Base Rental hereunder or otherwise declare any Sublease Base Rental not then in default to be immediately due and payable.

**Section 12.5.** **Insurer Right to Control Remedies**. Notwithstanding any thing to the contrary in any other Section hereof, the Insurer shall have the right to direct the pursuit of any remedies provided in this Section 12, and the Financing Authority or its assignee agrees to act at such direction, provided that the Insurer has not failed to perform its obligations under the Insurance Policy.

**Section 13.** **Waiver**. The waiver by the Financing Authority of any breach by the County, and the waiver by the County of any breach by the Financing Authority of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

**Section 14.** **Disclaimer of Warranties**. NEITHER THE FINANCING AUTHORITY OR ITS ASSIGNEE NOR ANY PERSON ACTING ON BEHALF THEREOF, HAS MADE OR MAKES ANY WARRANTY OR REPRESENTATION AS TO THE PAST, PRESENT OR FUTURE CONDITION OF THE SUBLEASE FACILITIES NOT HEREIN EXPRESSED, AND THE COUNTY HAS ENTERED INTO THIS SUBLEASE WITHOUT REPRESENTATIONS OR WARRANTIES WITH RESPECT THERETO ON THE PART OF THE FINANCING AUTHORITY, ITS AGENTS, REPRESENTATIVES OR EMPLOYEES OR ANY ASSIGNEE OF THE RIGHTS OF THE FINANCING AUTHORITY HEREUNDER.

In no event shall the Financing Authority or its assignee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing or functioning of the Sublease Facilities, or the County's use thereof.

The Financing Authority hereby irrevocably appoints the County its agent and attorney-in-fact during the Term of this Sublease, so long as the County shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the manufacturers and vendors of any item constituting a portion of the Sublease Facilities. The County's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor of such item and not against the Financing Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Financing Authority with respect to this Sublease, including the right to receive full and timely payments hereunder. The County expressly acknowledges that the Financing Authority and its assignee, if any, make, and have made, no representation or warranties whatsoever as to the existence or availability of such warranties of any manufacturer or vendor.

The County will not install, operate or maintain any item constituting a portion of the Sublease Facilities or otherwise located on the Sublease Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Sublease. The County shall provide

all permits and licenses, if any, necessary for the installation and operation of any item constituting a portion of the Sublease Facilities or otherwise located on the Sublease Facilities.

**Section 15. Option to Purchase.**

(a) The County shall have the exclusive right and option, which shall be irrevocable during the Term of this Sublease, to purchase the Financing Authority's right, title and interest under the Lease in the Sublease Facilities in whole or in part, but only if the purchase is made in accordance with the provisions of this Section 15, and if the County is not in default under clause (i) or (ii) of Section 12.1 hereof and the Financing Authority is not in default under subsection (a) of Section 9.01 of the Indenture of Trust, or any such default under such clause or subsection has been cured and the Trustee is able to pay the principal and interest on the Bonds on or before the time the County intends to exercise its option to purchase pursuant to this Section 15. Notwithstanding the foregoing, if the County is in default under clause (iii) of Section 12.1 hereof or the Financing Authority is in default under subsection (c) of Section 9.01 of the Indenture of Trust, the County shall only be able to exercise its option to purchase the Sublease Facilities in whole and shall not be able to exercise its option to purchase the Sublease Facilities in part pursuant to this Section 15. The County shall exercise its option to purchase the Sublease Facilities in part pursuant to this Section 15 only with the prior written consent of the Insurer.

(b) The option price for the purchase of the Financing Authority's right, title and interest under the Lease in the Sublease Facilities in whole shall be the amount necessary to pay all principal, premium, if any, and accrued interest on the Bonds payable from the Sublease Base Rental due hereunder on the date of such purchase. Subject to paragraph (d) below, the County shall exercise its option to purchase by giving notice thereof to the Trustee not later than five days prior to the Business Day on which it desires to purchase the Financing Authority's interest under the Lease in the Sublease Facilities. If the Business Day on which the County intends to exercise its option hereunder is not an Interest Payment Date, the option price shall be the amount necessary to pay all principal, premium, if any, and accrued interest on the Bonds payable from the Sublease Base Rental due hereunder on the date of such purchase plus an amount equal to the amount of interest to accrue on such Bonds until the next succeeding Interest Payment Date.

(c) The option price for the purchase of the Financing Authority's right, title and interest under the Lease in any portion of the Sublease Facilities shall be the amount sufficient to pay or redeem the principal amount of the Bonds relating to such portion thereof as determined and directed by the Financing Authority and as provided in writing to the Trustee and the County by an authorized representative of the Financing Authority in Authorized Denominations, premium, if any, and accrued but unpaid interest on the Bonds to be paid or redeemed with such option price on the date of such purchase plus the amount of interest to accrue until the next succeeding Interest Payment Date; provided, however, that on and after such purchase date the annual fair rental value of the Financing Authority's right, title and interest in the portion of the Sublease Facilities not purchased by the County for each Lease Year on and after the purchase date shall equal or exceed the amount due in each such Lease Year to pay the principal of and interest due on the Bonds to remain Outstanding after the purchase date, as evidenced by a certificate of a County Representative.

(d) If the Business Day on which the County intends to exercise its option hereunder is, in accordance with the terms of Section 5.01(a) of the Indenture of Trust, a date on which Bonds are subject to optional redemption, then the County shall give notice to the Trustee of its intention to exercise its option hereunder not later than five days prior to the date on which the Trustee is required to send notice of redemption to the Owners pursuant to the Indenture of Trust,

and on such purchase date the County shall deposit with the Trustee an amount equal to the option price determined by reference to the provisions in paragraph (b) of this Section 15 relating to the Bonds in the event the County determines to purchase all of the Financing Authority's right, title and interest in the Sublease Facilities in whole or paragraph (c) of this Section 15 in the event the County determines to purchase any Financing Authority's right, title and interest in the Sublease Facilities or portion thereof, which amount shall be in addition to the Sublease Base Rental due on such date.

(e) If the Business Day on which the County intends to exercise its option hereunder is not a date on which Bonds are subject to optional redemption pursuant to the terms of Section 5.01(a) of the Indenture of Trust, then the option price relating to the Bonds shall be payable in installments. Each such installment of Bonds (x) shall be payable at each time at which a principal portion of a component of Sublease Base Rental would have been payable had such option not been exercised, until the due date of the final installment specified below, and (y) shall equal the principal amount of each Sublease Base Rental payment referred to in clause (x) above. Each such installment shall bear interest until paid at a rate equal to the rate which would have been payable with respect to the payments of Sublease Base Rental referred to in clause (x) above. At the option of the County, the final installment of such Bonds shall be payable on (A) the final maturity date of the Bonds then Outstanding, or (B) the first date on which the Bonds are subject to optional redemption pursuant to the terms of Section 5.01(a) of the Indenture of Trust in an amount equal to the amount determined by reference to the provisions relating to Bonds in paragraph (b) of this Section 15 in the event the County determines to purchase the Financing Authority's right, title and interest in the Sublease Facilities in whole, or to the provisions relating to Bonds in paragraph (c) of this Section 15 in the event the County determines to purchase the Financing Authority's right, title and interest in the Sublease Facilities in part as the option price on such date; provided, however, that the County must designate the date of such final installment not later than the date on which the purchase option granted in this Section 15 is exercised, and provided further, that the County may not choose a final installment date described in clause (A) of this sentence if to do so would in the opinion of Independent Counsel adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds.

(f) In order to secure its obligations to pay the installments referred to in the immediately preceding paragraph, the County, concurrently with the exercise of its option hereunder, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or investments of the type described in Section 12.01 of the Indenture of Trust in such amount as will, in the opinion of an independent verification agent, together with the interest to accrue on such investments without the need for further investment, be sufficient to pay the installments (including all principal and interest) referred to in the immediately preceding paragraph at the times at which such installments are required to be paid. Such deposit shall be in addition to the Sublease Base Rental, if any, due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the County shall be remitted to the County.

(g) If the Business Day on which the County intends to exercise its option hereunder is not a date on which Bonds are subject to optional redemption pursuant to the terms of Section 5.01(a) of the Indenture of Trust, then with respect to the affected Bonds, the following provisions will apply. The County shall give notice to the parties indicated in subsection (1) of this Section 15(g), at the expense of the Financing Authority, of the exercise of the option to purchase. Such notice shall specify (i) the Bonds or designated portions thereof (if the purchase will affect such Bonds in part but not in whole) which are affected by the purchase, (ii) the date of the purchase, (iii) the CUSIP numbers (if any) assigned to the Bonds to be affected by the

purchase, (iv) the Bond numbers of the Bonds to be affected by the purchase in whole or in part and, in the case of any Bond to be affected by the purchase in part only, the amount of such Bond to be affected by the purchase, and (v) the original issue date and stated maturity date of each Bond to be affected by the purchase in whole or in part. Such notice shall further state that on the specified date there shall be deposited with the Trustee in trust sufficient cash and/or investments in such amount as will, together with the interest to accrue on such investments without the need for further investment, be sufficient to pay the principal and interest of the applicable Bond at maturity.

(h) On any Business Day as to which the County shall have exercised the option granted it pursuant hereto, and shall have paid or made provision for the payment of the required option price, the Financing Authority shall execute and deliver to the County a quitclaim deed conveying to the County or its designee the Financing Authority's right, title and interest so purchased. If the County shall exercise the option provided in this Section 15 to purchase the Financing Authority's right, title and interest in the Sublease Facilities in whole pursuant to paragraph (b) above prior to the expiration of the Lease Term and the Financing Authority shall execute and deliver the quitclaim deed as aforesaid and upon payment of any amounts due and payable to the Trustee and the Financing Authority hereunder or under the Indenture of Trust, then this Sublease shall terminate, but such termination shall not affect the County's obligation to pay the option price on the terms herein set forth.

**Section 16.** **Notices**. All notices under this Sublease shall be in writing and shall be sufficiently given and served upon such party if delivered by hand directly to the offices named below or sent by United States first class mail, postage prepaid, and addressed as follows:

(a) if to the County, to

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;

(b) if to the Financing Authority, to

Los Angeles County Public Works
Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer -
Clerk of the Board of Supervisors;

(c) if to the Trustee, to

[Trustee]
[]
[]
Attention: []

or to such other address or addresses as any such party may designate to the others by notice given in accordance with the provisions of this Section.

**Section 17.** **Validity**. If any one or more of the terms, provisions, promises, covenants or conditions of this Sublease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Sublease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Sublease shall be held by a court of competent jurisdiction void, voidable, or unenforceable by the Financing Authority or by the County, or if for any reason it is held by such a court that any of the covenants and agreements of the County hereunder, including the covenant to pay Sublease Base Rental and Sublease Additional Rental hereunder, is unenforceable for the full Term of this Sublease, then and in such event for and in consideration of the right of the County to possess, occupy and use the Sublease Facilities, which right in such event is hereby granted, this Sublease shall thereupon become and shall be deemed to be a lease from year to year under which the annual Sublease Base Rental payments and Sublease Additional Rental payments herein specified will be paid by the County for the remainder of the Term under this Sublease.

**Section 18.** **Counterparts**. This Sublease may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same Sublease.

**Section 19.** **Law Governing**. This Sublease is made in the State under the Constitution and laws of the State and is to be so construed.

**Section 20.** **Binding Effect; Successors**. This Sublease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as otherwise provided in Section 7 hereof, whenever in this Sublease any party is named or referred to, such reference shall be deemed to include such party's successors and assigns and all covenants and agreements contained in this Sublease by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

**Section 21.** **Amendment**. This Sublease may be amended only in accordance with and as permitted by the applicable terms of Sections 7.02 and 7.03 of the Indenture of Trust.

**Section 22.** **No Merger**. If both the Financing Authority's and the County's estate under this or any other lease relating to the Sublease Facilities or any portion thereof shall at any time or for any reason become vested in one owner, this Sublease and the estate created hereby shall not be destroyed or terminated by the doctrine of merger unless the County, with the prior written consent of the Trustee, so elects as evidenced by recording a written declaration so stating, and, unless and until the County so elects, the County shall continue to have and enjoy all of its rights and privileges as to the separate estates.

**IN WITNESS WHEREOF**, the parties hereto have executed this Sublease and Option to Purchase as of the date first above written.

COUNTY OF LOS ANGELES

By _____
Gloria Molina
Chair, Board of Supervisors

[SEAL]

ATTEST:

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By _____
Chair, Board of Directors

ATTEST:

By _____
Assistant Secretary

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF THE BOARD OF SUPERVISORS**

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By_____
Deputy

[SEAL]

State of California )
) SS
County of Los Angeles )

On _____ before me, _____ personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

**EXHIBIT A**
**LEGAL DESCRIPTION OF THE SUBLEASE FACILITIES**

# EXHIBIT B
# DESCRIPTION OF THE PROJECT COMPONENTS

**EXHIBIT C**
**SUBLEASE BASE RENTAL PAYMENTS**

**1. Aggregate Sublease Base Rental Payments**

| Payment Date | Principal | Interest | Sublease Base Rental Payment |
|---|---|---|---|
| June 1, 2005 | | | |
| Dec. 1, 2006 | | | |
| June 1, 2006 | | | |
| Dec. 1, 2007 | | | |
| June 1, 2007 | | | |
| Dec. 1, 2008 | | | |
| June 1, 2008 | | | |
| Dec. 1, 2009 | | | |
| June 1, 2009 | | | |
| Dec. 1, 2010 | | | |
| June 1, 2010 | | | |
| Dec. 1, 2011 | | | |
| June 1, 2011 | | | |
| Dec. 1, 2012 | | | |
| June 1, 2012 | | | |
| Dec. 1, 2013 | | | |
| June 1, 2013 | | | |
| Dec. 1, 2014 | | | |
| June 1, 2014 | | | |
| Dec. 1, 2015 | | | |
| June 1, 2015 | | | |
| Dec. 1, 2016 | | | |
| June 1, 2016 | | | |
| Dec. 1, 2017 | | | |
| June 1, 2017 | | | |
| Dec. 1, 2018 | | | |
| June 1, 2018 | | | |
| Dec. 1, 2019 | | | |
| June 1, 2019 | | | |
| Dec. 1, 2020 | | | |
| June 1, 2021 | | | |
| Dec. 1, 2022 | | | |
| June 1, 2022 | | | |
| Dec. 1, 2023 | | | |
| June 1, 2023 | | | |
| Dec. 1, 2024 | | | |
| June 1, 2024 | | | |
| Dec. 1, 2025 | | | |
| TOTAL | | | |

**2. Allocation of Sublease Base Rental Payments Among Sublease Facilities**

Draft of 1/19/05

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

FULBRIGHT & JAWORSKI L.L.P.
29th Floor
865 South Figueroa Street
Los Angeles, California 90017-4518

Attention: Donald Hunt, Esq.

(Space above for Recorder's use)

# SUB-SUBLEASE

**Dated as of March 1, 2005**

**Between the**

**COUNTY OF LOS ANGELES**

**and the**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

**Pertaining to:**

**Los Angeles County Public Works Financing Authority**
**Lease Revenue Refunding Bonds**
**(2005 Master Refunding Project) Series A**

**No Documentary Transfer Tax.**

**This Sub-Sublease is exempt pursuant to Section 4.60.050 of the Los Angeles County Code adopted pursuant to Part 6.7 (commencing with Section 11901) of Division 2 of the California Revenue and Taxation Code.**

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APPENDIX A - Description of Property ..... A-1

**SUB-SUBLEASE**

THIS SUB-SUBLEASE, dated as of March 1, 2005 (the "Sub-Sublease"), and entered into between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a California joint powers authority (the "Financing Authority");

W I T N E S S E T H:

WHEREAS, the County has previously leased to the [Financing Participant(s)] the County's right title and interest in certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described in Exhibit A hereto (the "Sub-Sub-Sublease Facilities"), pursuant to a Lease dated as of _____ (the "Initial Lease"); and

WHEREAS, the [Financing Participant(s)] [has/have] previously leased to the County [its/their respective] leasehold interest in the Sub-Sub-Sublease Facilities to the County pursuant to a Sublease and Option to Purchase, dated as of _____ (the "Initial Sublease"); and

WHEREAS the County and the Financing Authority desire that the County, pursuant to this Sub-Sublease, shall lease to the Financing Authority all of the County's leasehold interest in the Sub-Sub-Sublease Facilities under the Initial Sublease, and that the Financing Authority shall lease back to the County all of the Financing Authority's leasehold interest hereunder pursuant to a Sub-Sub-Sublease and Option to Purchase, between the Financing Authority and the County, dated the date hereof (the "Sub-Sub-Sublease") in consideration for Sub-Sub-Sublease Base Rental Payments to be made under such Sub-Sub-Sublease; and

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained and for other good and valuable consideration, the County and the Financing Authority agree as follows:

**Section 1.** **Definitions**. All capitalized terms used herein without definition shall have the meanings given to such terms pursuant to the Sub-Sub-Sublease, or the Indenture of Trust, dated as of the date hereof (the "Indenture of Trust"), among the Financing Authority, the County and [Trustee], as trustee (the "Trustee").

**Section 2.** **Sub-Sub-Sublease Facilities; Effect of Termination of Initial Lease or Initial Sublease**. The County hereby sub-subleases to the Financing Authority, together with the rights of ingress and egress over property owned by the County, the Sub-Sub-Sublease Facilities, consisting of the real property described in Exhibit A attached hereto and made part hereof, including certain buildings, fixtures and improvements currently thereon, subject to the terms hereof and subject to any conditions, reservations, exceptions and rights-of-way which are of record. This Sub-Sublease shall constitute a lease of the County's subleasehold interest in the Sub-Sub-Sublease Facilities arising under the Initial Sublease. In the event the Initial Lease or the Initial Sublease shall terminate prior to the scheduled termination of this Sub-Sublease as set forth in Section 4 hereof, this Sub-Sublease shall become a lease of the County's fee interest in the Sub-Sub-Sublease Facilities for the remaining term and upon all the terms and conditions set forth herein, unaffected as to validity or duration by the termination of the Initial Lease or the Initial Sublease, and such creation of such leasehold interest in the County's fee interest in the Sub-Sub-Sublease Facilities shall be automatic and effective without any further action by any person.

**Section 3.** **Ownership**. The County represents and covenants that it is title owner of and holds title in fee simple to the Sub-Sub-Sublease Facilities.

**Section 4.** **Term**. The term of this Sub-Sublease shall commence on the date hereof and end on the earlier of (i) [insert the scheduled maturity of the Bonds], or (ii) the date of termination of the Sub-Sub-Sublease. Notwithstanding the foregoing, the term of this Sub-Sublease shall automatically be extended ten years if, on [insert the scheduled maturity of the Bonds], the Indenture of Trust has not been fully discharged, and shall terminate on the date when the Indenture of Trust has been fully discharged.

**Section 5.** **Consideration**. As full and complete consideration to the County for the sub-sublease of the Sub-Sub-Sublease Facilities to the Financing Authority, the Financing Authority agrees to pay to the County the Sub-Sublease Payment and to execute and deliver the Sub-Sub-Sublease to the County.

**Section 6.** **Purpose**. The Financing Authority shall use the Sub-Sub-Sublease Facilities for the purposes described in the Sublease and for such other purposes as may be incidental thereto.

**Section 7.** **Assignment and Sublease**. The Financing Authority shall not assign, mortgage, hypothecate or otherwise encumber this Sub-Sublease nor any rights hereunder nor the sub-subleasehold or assignment created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Sub-Sub-Sublease Facilities or any portion thereof, except that the County expressly approves and consents to the assignment by the Financing Authority to the Trustee of the Financing Authority's rights, title and interest in and to this Sub-Sublease pursuant to the Indenture of Trust, the sub-sub-subleasing of the Sub-Sub-Sublease Facilities in accordance with the Sub-Sub-Sublease, and the granting of rights relating to the Sub-Sub-Sublease Facilities contained in the Sub-Sub-Sublease in accordance with the Sub-Sub-Sublease.

**Section 8.** **Right of Entry**. The County reserves the right for any of its duly authorized representatives to enter upon the Sub-Sub-Sublease Facilities and any parking areas relating thereto at any reasonable time.

**Section 9.** **Expiration**. The Financing Authority agrees, upon the expiration of the term of this Sub-Sublease to quit and surrender the Sub-Sub-Sublease Facilities, including all buildings, improvements, fixtures and equipment existing thereon at the time of the termination of this Sub-Sublease, in good order and condition, reasonable wear and tear excepted, it being the understanding of the County and the Financing Authority, and the County and the Financing Authority hereby agree, that upon the termination of this Sub-Sublease, any title to and any interest of the Authority in the Sub-Sub-Sublease Facilities, shall vest in the County free and clear of the interests of the Authority.

**Section 10.** **Quiet Enjoyment**. The Financing Authority, at all times during the term of this Sub-Sublease, shall peaceably and quietly have, hold and enjoy the Sub-Sub-Sublease Facilities.

**Section 11.** **Taxes**. The County covenants and agrees to pay any and all taxes and assessments levied or assessed upon the Sub-Sub-Sublease Facilities.

**Section 12.** **Eminent Domain**. If the whole or any portion of the Sub-Sub-Sublease Facilities shall be taken under the power of eminent domain, the interest of the Financing Authority shall be recognized and is hereby determined to be that amount which would then be required under the provisions of Section 4.08 of the Indenture of Trust to be used to redeem or provide for the redemption or

the payment, as applicable, of all those Outstanding Bonds which would have been payable from that portion of Base Rental payments which are abated as a result of such taking. Upon any such taking, the County agrees to deposit with the Trustee the full amount of the condemnation award or other moneys received in compensation for the Sub-Sub-Sublease Facilities as provided in Section 4.08 of the Indenture of Trust to be used as provided in such Section 4.08.

**Section 13.** **Default**. In the event that the Financing Authority or any assignee of the Financing Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Sub-Sublease or any applicable provision of law, the County may exercise any and all remedies granted by law, except that no merger of this Sub-Sublease and of the Sub-Sub-Sublease shall be deemed to occur as a result thereof; and except that the County shall have no power to terminate this Sub-Sublease by reason of any such default on the part of the Financing Authority if (i) such termination would adversely affect the County's right or obligation to use and possession of any of the Sub-Sub-Sublease Facilities as provided in the Sub-Sub-Sublease; or (ii) such termination would impair the obligation of the Financing Authority to pay principal of and interest on the Bonds or prejudice the exercise of the remedies provided in Section 12 of the Sub-Sub-Sublease. Any successor in interest to or assignee of the Financing Authority shall be deemed to be and shall become the tenant of the County hereunder and shall be entitled to all of the rights and privileges granted herein or under any such assignment.

**Section 14.** **Notices**. All notices under this Sub-Sublease shall be in writing and shall be sufficiently given and served upon such party if delivered by hand directly to the offices named below or sent by United States first class mail, postage prepaid, and addressed as follows:

(a) if to the County, to
County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;

(b) if to the Financing Authority, to
Los Angeles Public Works Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer - Clerk of
the Board of Supervisors;

or to such other address or addresses as any such party may designate to the others by notice given in accordance with the provisions of this Section 14.

**Section 15.** **Partial Invalidity**. If any one or more of the terms, provisions, promises, covenants or conditions of this Sub-Sublease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Sub-Sublease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Sub-Sublease shall be held by a court of competent jurisdiction void, voidable or unenforceable by the Financing Authority or by the County or if for any reason it is held by such a court that any of the covenants and agreements of the Financing Authority hereunder is unenforceable for the full term of this Sub-Sublease, then and in such event for and in consideration of the right of the Financing Authority to possess, occupy and use the Sub-Sub-Sublease Facilities which right is hereby granted, this Sub-Sublease shall thereupon become a lease from year-to-year.

**Section 16.** **Indemnification and Hold Harmless Agreement**. To the extent permitted by law, the County hereby agrees to indemnify and hold harmless the Financing Authority and its officers and directors against any and all liabilities which arise out of or are related to the Sub-Sub-Sublease Facilities or any portion thereof or this Sub-Sublease, and the County further agrees to defend the Financing Authority and its officers and directors in any action arising out of or related to the Sub-Sub-Sublease Facilities or any portion thereof or this Sub-Sublease.

**Section 17.** **Counterparts**. This Sub-Sublease may be executed in any number of counterparts each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same Sub-Sublease.

**Section 18.** **Governing Law**. This Sub-Sublease is made in the State under the Constitution and laws of the State and is to be so construed.

**Section 19.** **Amendment**. This Sub-Sublease may be amended only in accordance with and as permitted by the applicable terms of Sections 7.02 and 7.03 of the Indenture of Trust.

**Section 20.** **Binding Effect; Successors**. This Sub-Sublease shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns. Except as otherwise provided in Section 7 hereof, whenever in this Sub-Sublease any party is named or referred to, such reference shall be deemed to include such party's successors and assigns and all covenants and agreements contained in this Sub-Sublease by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

**IN WITNESS WHEREOF,** the parties hereto have caused this Sub-Sublease to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

COUNTY OF LOS ANGELES

By_____
Chair, Board of Supervisors

[SEAL]

ATTEST:

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By_____
Chair, Board of Directors

ATTEST:

By _____
Assistant Secretary

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF THE BOARD OF SUPERVISORS**

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By_____
Deputy

[SEAL]

State of California )
) SS
County of Los Angeles )

On _____ before me, _____
personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

# EXHIBIT A
# LEGAL DESCRIPTION OF THE FACILITIES

Draft of 1/19/05

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

FULBRIGHT & JAWORSKI L.L.P.
29th Floor
865 South Figueroa Street
Los Angeles, California 90017-4518

Attention: Donald Hunt, Esq.

(Space above for Recorder's use)

# SUB-SUB-SUBLEASE AND OPTION TO PURCHASE

**Dated as of March 1, 2005**

**Between the**

**COUNTY OF LOS ANGELES**

**and the**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

**Pertaining to:**

**Los Angeles County Public Works Financing Authority**
**Lease Revenue Refunding Bonds**
**(2005 Master Refunding Project) Series A**

**No Documentary Transfer Tax.**

**This Sub-Sub-Sublease is exempt pursuant to Section 4.60.050 of the Los Angeles County Code adopted pursuant to Part 6.7 (commencing with Section 11901) of Division 2 of the California Revenue and Taxation Code.**

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## SUB-SUB-SUBLEASE AND OPTION TO PURCHASE

**THIS SUB-SUB-SUBLEASE AND OPTION TO PURCHASE**, dated as of March 1, 2005 (the "Sub-Sub-Sublease"), between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers authority formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority");

## W I T N E S S E T H:

**WHEREAS,** in connection with the issuance of $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds"), issued pursuant to an Indenture of Trust, dated as of December 1, 1993 (the "1993 Indenture"), by and between the Financing Authority and U.S. Bank National Association, as successor trustee, the County entered into a Master Sublease and Option to Purchase, dated as of December 1, 1993 (the "1993 Sublease"), by and among the County, Los Angeles County Law Enforcement – Public Safety Facilities Corporation ("LACLE-PSFC"), Los Angeles County Courthouse Corporation ("LACCC"), Los Angeles County Martin Luther King, Jr. General Hospital Authority ("LACMLKGHA") and Los Angeles County Health Facilities Authority (the "LACHF Authority"); and

**WHEREAS,** in connection with the issuance of $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds"), issued pursuant to an Indenture of Trust, dated as of September 1, 1996 (the "1996 Series A Indenture"), by and between the Financing Authority and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of September 1, 1996 (the "1996 Sublease"), by and among the County, LACLE-PSFC and the LACHF Authority; and

**WHEREAS,** in connection with the issuance of $115,680,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds"), issued pursuant to a First Supplemental Indenture of Trust, dated as of May 1, 1997 (the "1996 Series B Supplemental Indenture"), by and between the Financing Authority and The Bank of New York Trust Company, N.A., as trustee, the County entered into a First Supplemental Sublease and Option to Purchase, dated as of May 1, 1997 (the "1996 Series B Supplemental Sublease"), by and between the County and LACCC; and

**WHEREAS,** in connection with the issuance of $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds"), issued pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "2000 Bonds Indenture"), by and between the Financing Authority and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of April 1, 2000 (the "2000 Bonds Sublease"), by and among the County, LACCC and the LACHF Authority; and

**WHEREAS,** in connection with the execution and delivery of $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000A (the "2000 Certificates"), executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2000 (the "2000 Certificates Trust Agreement"), by and among the County, LACCC, and U.S. Bank National Association, as successor trustee, the County entered into a Sublease and Option to Purchase, dated as of November 1, 2000, by and between the County and MBK Real Estate Ltd. (the "2000 Certificates

Sublease") (the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds, the 2000 Bonds and the 2000 Certificates being referred to collectively herein as the "Prior Obligations," and the respective maturities of each being refunded as described herein being referred to as the "Refunded Obligations," and the 1993 Sublease, the 1996 Sublease, the 1997 Supplemental Sublease, the 2000 Bonds Sublease and the 2000 Certificates Sublease being referred to herein as the "Prior Subleases"); and

**WHEREAS,** the County may provide for the defeasance of the Prior Obligations in whole or in part by exercising its option to purchase the interests of the respective sublessors in the subleased facilities (the "Prior Facilities") under the respective Prior Subleases; and

**WHEREAS,** the County has determined that the prepayment and defeasance of the Refunded Obligations will result in significant cost savings to the County, and therefore to exercise its purchase options under the Prior Subleases in whole or in part so as to provide for the prepayment and defeasance of the Refunded Obligations; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be refunded in their entirety (thereby terminating the Prior Subleases applicable to those Prior Obligations), it is necessary and desirable for the County to enter into a Lease, dated the date hereof (the "Lease") with the Financing Authority, pursuant to which the County agrees, among other things, to lease to the Financing Authority certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described therein and in Exhibit A to the Sublease (the "Sublease Facilities"); and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be refunded in their entirety, it is necessary and desirable for the County to enter into a Sublease and Option to Purchase (the "Sublease") with the Financing Authority, pursuant to which the Financing Authority will lease back to the County the interest in the Sublease Facilities that the County leased to the Financing Authority pursuant to the Lease, in consideration for which the County will pay base rental ("Sublease Base Rental") and additional rental for the use and occupancy of such Sublease Facilities on the terms and conditions contained in the Sublease; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be partially refunded (thereby not terminating the Prior Subleases applicable to those Prior Obligations), it is necessary and desirable for the County to enter into a Sub-Sublease (the "Sub-Sublease") with the Financing Authority, pursuant to which the County will lease its respective sublease interests in certain of the Prior Facilities (the "Sub-Sub-Sublease Facilities") to the Financing Authority as more particularly described in Exhibit A hereto; and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be partially refunded, it is necessary and desirable for the County to enter into this Sub-Sub-Sublease and Option to Purchase (the "Sub-Sub-Sublease") with the Financing Authority, pursuant to which the Financing Authority will lease back to the County the interest in certain of the Sub-Sub-Sublease Facilities that the County leased to the Financing Authority pursuant to the Sub-Sublease, in consideration for which the County will pay base rental ("Sub-Sub-Sublease Base Rental") and additional rental for the use and occupancy of such Sub-Sub-Sublease Facilities on the terms and conditions contained in this Sub-Sub-Sublease; and

**WHEREAS**, the County is authorized pursuant to the laws of the State of California to enter into leases and subleases for such purpose; and

**WHEREAS**, pursuant to an Indenture of Trust, dated as of the date hereof (the "Indenture of Trust"), among the County, the Financing Authority and [Trustee], as trustee thereunder (the "Trustee"),

the Financing Authority will issue and the Trustee will authenticate and deliver its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A; and

**WHEREAS**, pursuant to an Agency Agreement, dated as of the date hereof (the "Agency Agreement"), by and between the County and the Financing Authority, the Financing Authority appoints the County as its agent for the purpose of constructing the Project; and

**WHEREAS**, pursuant to the Indenture of Trust, the Financing Authority provides for the transfer of certain of its rights, obligations, title and interest in and to this Sub-Sub-Sublease to the Trustee under the Indenture of Trust;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

**Section 1.** **Definitions**. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Sub-Sub-Sublease, have the meanings as set forth below. All other capitalized terms used herein without definition shall have the meanings as set forth in the Indenture of Trust.

"Component" means each component of each of the Project as generally described in Exhibit B to this Sub-Sub-Sublease and as more particularly described in the Plans and Specifications for such component, as such Exhibit B and as such Plans and Specifications may be amended from time to time.

"Environmental Regulations" means all laws and regulations now or hereafter in effect with respect to hazardous materials including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.), Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.), and any similar state or local laws and regulations and any so-called local, state or federal "superfund" or "superlien" law applicable to the County.

"Permitted Encumbrances" means, with respect to the Sub-Sub-Sublease Facilities, as of any particular time, (i) to the extent in effect on the Closing Date, the right, title and interest of the County to the Sub-Sub-Sublease Property and the existing interests of the Financing Authority to the Sub-Sub-Sublease Property as lessee of the County, and the existing interests of the County to the Sub-Sub-Sublease Facilities as lessee of the Financing Authority; (ii) the Lease; (iii) this Sub-Sub-Sublease, (iv) the Indenture of Trust and the Trustee's and the Financing Authority's interests in the Sub-Sub-Sublease Facilities, (v) liens for taxes and assessments not then delinquent, (vi) utility, access and other easements and rights of way, restrictions and exceptions existing on the Closing Date that a County Representative certifies will not interfere with or impair the use intended to be made of the Sub-Sub-Sublease Facilities; (vii) any additions and improvements to the Sub-Sub-Sublease Facilities as permitted in this Sub-Sub-Sublease, (viii) any sublease or use permitted by this Sub-Sub-Sublease, (ix) covenants, conditions or restrictions or liens of record relating to the Sub-Sub-Sublease Facilities and existing on the Closing Date, and (x) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Sub-Sub-Sublease Facilities and as do not materially impair the use intended to be made of property affected thereby as exist on the Closing Date.

"Term" means the term of this Sub-Sub-Sublease as provided in Section 2 hereof.

**Section 2.** **Agreement to Sub-Sublease and to Sub-Sub-Sublease; Term**. The Financing Authority hereby agrees to cause the Project to be designed, constructed, acquired, delivered and installed in accordance with the Plans and Specifications and on the terms prescribed in the Agency Agreement. The Financing Authority hereby subleases to the County the Sub-Sub-Sublease Facilities, together with the right of ingress and egress over property owned by the County, and the County agrees to sublease the Sub-Sub-Sublease Facilities from the Financing Authority and agrees to pay Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental as provided herein for the right to the use and possession of the Sub-Sub-Sublease Facilities, all on the terms and conditions set forth herein. The Term of this Sub-Sub-Sublease shall begin on the Closing Date and shall end on (a) March 1, 2025, or (b) with respect to all or any portion of the Sub-Sub-Sublease Facilities, at such earlier time as (i) the Bonds payable from Sub-Sub-Sublease Base Rental attributable to such portion of the Sub-Sub-Sublease Facilities shall have been paid or provision for their payment shall have been made in accordance with the provisions of this Sub-Sub-Sublease and the Indenture of Trust as determined by the Financing Authority and as provided in writing to the Trustee and the County by the Financing Authority Representative, or (ii) the date on which the County has exercised its right to purchase the whole of the Financing Authority's rights, title and interest in the Sub-Sub-Sublease Facilities pursuant to Section 15 hereof. Notwithstanding the foregoing, the term of this Sub-Sub-Sublease shall automatically be extended ten years, if, on March 1, 2025 the Indenture of Trust has not been fully discharged, and shall terminate on the date when the Indenture of Trust has been fully discharged.

At the end of the Term of this Sub-Sub-Sublease, all of the Financing Authority's rights, title and interest in and to the Sub-Sub-Sublease Facilities and any other improvements thereon or additions thereto, including all of the Financing Authority's leasehold interest therein granted pursuant to the Lease and this Sub-Sub-Sublease, shall be transferred directly to the County, or, at the option of the County, to any assignee or nominee of the County, free and clear of any interest of the Financing Authority.

Upon termination of this Sub-Sub-Sublease with respect to any portion of the Sub-Sub-Sublease Facilities, the Financing Authority agrees to execute and deliver all documents necessary to evidence the County's complete and absolute title to such portion of the Sub-Sub-Sublease Facilities, as directed by the County.

This Sub-Sub-Sublease shall constitute a lease of the Authority's subleasehold interest in the Sub-Sub-Sublease Facilities arising under the Sub-Sublease. In the event the Initial Lease or the Initial Sublease shall terminate prior to the scheduled termination of this Sub-Sub-Sublease as set forth in Section 4 hereof, this Sub-Sub-Sublease shall become a sublease of the Authority's leasehold interest in the Sub-Sub-Sublease Facilities under the Sub-Sublease for the remaining term and upon all the terms and conditions set forth herein, unaffected as to validity or duration by the termination of the Initial Lease or the Initial Sublease, and such creation of such subleasehold interest in the Authority's leasehold interest in the Sub-Sub-Sublease Facilities under the Sub-Sublease shall be automatic and effective without any further action by any person.

**Section 3.** **Rent.**

**Section 3.1.** **Rental Payments**. The County hereby agrees, subject to the terms hereof, to pay to the Financing Authority the Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental in the amounts, at the times and in the manner hereinafter set forth, such amounts constituting in the aggregate the rent payable under this Sub-Sub-Sublease.

(a) **Sub-Sub-Sublease Base Rental**. The County agrees to pay from legally available funds Sub-Sub-Sublease Base Rental for the right to use and possession of the Sub-Sub-Sublease Facilities in the amounts, at the times and in the manner hereinafter set forth. In the

event that the County exercises its option, pursuant to Section 15 hereof, to purchase the Financing Authority's rights, title and interest in the Sub-Sub-Sublease Facilities or any portion thereof, then from and after the date of such purchase the Sub-Sub-Sublease Base Rental due hereunder shall be reduced in an amount equal to the principal and interest of the Bonds redeemed (or for which sufficient moneys are held in accordance with the Indenture of Trust to be applied to such redemption).

The Sub-Sub-Sublease Base Rental payable by the County hereunder shall be due on March 1 and September 1 of each year, commencing September 1, 2005. In order to secure its obligation to pay the Sub-Sub-Sublease Base Rental due in each Lease Year, the County agrees to deposit with the Trustee, for application to the Sub-Sub-Sublease Base Rental Fund, amounts equal to the Sub-Sub-Sublease Base Rental due on or prior to the Deposit Date immediately preceding such March 1 or September 1; provided, however, that the Sub-Sub-Sublease Base Rental to be deposited by the County on the first Deposit Date shall be that amount necessary to pay the amount of interest which will accrue on the Bonds to September 1, 2005. The amount of the Sub-Sub-Sublease Base Rental due on each March 1 and September 1 shall be determined in accordance with Exhibit C hereto. The County's obligation to make such deposits shall be discharged to the extent of that portion of all amounts on deposit in the Sub-Sub-Sublease Base Rental Fund and the Principal Account and Interest Account of the Bond Fund that are not required to pay the redemption price of Bonds called for redemption between the Deposit Date and the date for which such deposit is being made.

In no event shall the aggregate Sub-Sub-Sublease Base Rental payments in any Fiscal Year exceed the fair rental value of the Sub-Sub-Sublease Facilities as set forth in a certificate delivered by the County to the Financing Authority on the Closing Date.

If payment of any installment of Sub-Sub-Sublease Base Rental is delinquent, interest shall accrue on the delinquent amounts and be payable by the County at a rate of interest sufficient to pay all interest due under the Indenture of Trust until the day such payment is made.

The obligation of the County to pay Sub-Sub-Sublease Base Rental shall commence on the Closing Date.

(b) **Sub-Sub-Sublease Additional Rental**. In addition to the Sub-Sub-Sublease Base Rental set forth herein, the County agrees to pay as Sub-Sub-Sublease Additional Rental all of the following:

(i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Sub-Sub-Sublease Facilities or upon any interest of the Financing Authority, the Trustee or the Owners therein or in this Sub-Sub-Sublease or the Lease and all amounts payable pursuant to Section 4.2 of this Sub-Sub-Sublease;

(ii) Insurance premiums, if any, on all insurance required under the provisions of Section 4.3 of this Sub-Sub-Sublease;

(iii) All fees and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Bonds) of the Trustee in connection with the Indenture of Trust, the Lease or this Sub-Sub-Sublease; and

(iv) Any other fees, costs or expenses incurred by the County (including, without limitation, the provision pursuant to Section 4.7 of this Sub-Sub-Sublease of monies to or for the benefit of the Financing Authority in an amount sufficient to enable compliance with the requirements of section 148(f) of the Code, relating to the payment of rebate to the United States) or the Financing Authority in connection with the execution, performance or enforcement of this Sub-Sub-Sublease or any assignment hereof, the Lease, the Agency Agreement or the Indenture of Trust or any of the transactions contemplated hereby or thereby or related to the Sub-Sub-Sublease Facilities, including amounts owed to the Insurer pursuant to Section 11.10 of the Indenture of Trust.

Amounts constituting Sub-Sub-Sublease Additional Rental payable hereunder shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts of Sub-Sub-Sublease Additional Rental when due or at such later time as such amounts may be paid without penalty or, in any case, within 60 days after notice in writing from the Trustee to the County stating the amount of Sub-Sub-Sublease Additional Rental then due and payable and the purpose thereof.

**Section 3.2.** **Consideration**. The payments of Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental under this Sub-Sub-Sublease for each Fiscal Year or portion thereof during the Term of this Sub-Sub-Sublease shall constitute the total rental for such Fiscal Year or portion thereof and shall be paid by the County for and in consideration of the right to use and possess, and the continued quiet use and enjoyment of, the Sub-Sub-Sublease Facilities by the County for and during such Fiscal Year or portion thereof. The parties hereto have agreed and determined that such total rental is not in excess of the total fair rental value of the Sub-Sub-Sublease Facilities. In making such determination, consideration has been given to the uses and purposes served by the Sub-Sub-Sublease Facilities and the benefits therefrom that will accrue to the parties by reason of this Sub-Sub-Sublease and to the general public by reason of the County's use and possession of the Sub-Sub-Sublease Facilities.

**Section 3.3.** **Budget**. The County hereby covenants to take such action as may be necessary to include all Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental due hereunder in its annual budget and to make the necessary annual appropriations for all such Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental, subject only to Section 3.5 hereof. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the County to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the County to carry out and perform the covenants and agreements on the part of the County contained in this Sub-Sub-Sublease. The obligation of the County to make Sub-Sub-Sublease Base Rental or Sub-Sub-Sublease Additional Rental payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to make Sub-Sub-Sublease Base Rental or Sub-Sub-Sublease Additional Rental payments constitutes an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Financing Authority has no obligation to pay Sub-Sub-Sublease Base Rental.

**Section 3.4.** **Payment**. Amounts necessary to pay Sub-Sub-Sublease Base Rental shall be deposited by the County on the dates set forth in Section 3.1(a) hereof in lawful money of the United States of America, at the Principal Office of the Trustee, or at such other place or places as may be established in accordance with the Indenture of Trust. Except as provided in Section 3.5 hereof, any amount necessary to pay any Sub-Sub-Sublease Base Rental or portion thereof which is not so deposited shall remain due and payable until received by the Trustee. Notwithstanding any dispute between the County and the Financing Authority hereunder, the County shall make all rental payments when due and shall not withhold any rental payments pending the final resolution of such dispute or for any other reason whatsoever. The County's obligation to make rental payments in the amounts and on the terms and conditions specified hereunder shall be absolute and unconditional without any right of setoff or counterclaim, subject only to the provisions of Section 3.5 hereof.

**Section 3.5.** **Rental Abatement**. Except to the extent of (i) amounts held by the Trustee in the Sub-Sub-Sublease Base Rental Fund, the Bond Fund and the Reserve Fund, (ii) amounts received in respect of rental interruption insurance, title insurance, condemnation awards and liquidated damages, if any, and (iii) amounts, if any, otherwise legally available to the County and deposited with the Trustee for the purpose of making payments on the Bonds, rental payments due hereunder for the County's right to use and possession of the Sub-Sub-Sublease Facilities shall be abated during any period in which, by reason of material damage, destruction, condemnation, theft or defects in the title to the Sub-Sub-Sublease Facilities or a portion thereof, there is substantial interference with the County's right to use or possession of the Sub-Sub-Sublease Facilities or any material portion thereof; provided, however, if the County shall elect in its sole discretion to relocate any portion of the Sub-Sub-Sublease Facilities consisting of a modular assembled building to another parcel or parcels of real property, rental payments with respect to such portion of the Sub-Sub-Sublease Facilities shall not be abated during any period of relocation; further provided, however, that the County shall have complied with the provisions of Section 7.02 of the Indenture of Trust and Section 3.7 hereof with respect to the substitution or release of property. The amount of rental abatement shall be such that the resulting total rental payments in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (i), (ii) or (iii) above, do not exceed the total fair rental value of the remaining portions of the Sub-Sub-Sublease Facilities as to which such damage, destruction, condemnation, theft or title defect do not substantially interfere with the County's right of use or possession. The Trustee may require a certificate of a County Representative to the effect that the resulting total rental represents such fair consideration as elaborated in the preceding sentence. The resulting rental payments shall be applied first to the payment of Sub-Sub-Sublease Base Rental and second to the payment of Sub-Sub-Sublease Additional Rental. Any such abatement shall continue for the period commencing with the date on which any such interference with the County's right to use or possession of the Sub-Sub-Sublease Facilities, or a material portion thereof, as a result of such damage, destruction, condemnation, theft or title defect, commences and ending with the restoration of the Sub-Sub-Sublease Facilities, or the affected portion thereof, to tenantable condition. The County shall notify the Insurer as soon as practicable, but in no event more than ten days, after an event of abatement, as to the effect of the abatement on Sub-Sub-Sublease Base Rental and indicating the action which the County has or intends to take with respect to the condition which resulted in the abatement.

**Section 3.6.** **Triple Net Lease**. This Sub-Sub-Sublease is intended to be a triple net lease. The County agrees that the Sub-Sub-Sublease Base Rental provided for herein shall be an absolute net return to the Financing Authority free and clear of any expenses, charges or setoffs whatsoever.

**Section 3.7.** **Substitution of Sub-Sub-Sublease Property**. The County shall have, so long as this Sub-Sub-Sublease is in effect, and is hereby granted, the right at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Sub-Sub-Sublease Facilities (the "Former Property"), or to remove Former Property from the Sub-Sub-Sublease Facilities

without the addition of Substitute Property, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution or removal:

(a) No Event of Default shall have occurred and be continuing;

(b) The County shall file with the Authority and the Trustee, and cause to be recorded in the office of the Los Angeles County Recorder, sufficient memorialization of an amended Exhibit A hereto describing the Sub-Sub-Sublease Facilities after such substitution and/or removal;

(c) The County shall obtain a California Land Title Association ("CLTA") policy of title insurance insuring the County's leasehold estate hereunder (and the Authority's leasehold estate therein under the Lease) in the Sub-Sub-Sublease Facilities as amended by such substitution and/or removal, subject only to Permitted Encumbrances, in an amount sufficient to satisfy the requirement of clause (6) of Section 4.4 hereof;

(d) The County shall certify in writing to the Authority and to the Trustee that such Substitute Property constitutes property which the County is permitted to lease under the laws of the State of California;

(e) The substitution of the Substitute Property shall not cause the County to violate any of its covenants, representations and warranties made herein; and

(f) The County shall file with the Authority and the Trustee a certificate of a County Representative stating that the total fair rental value of the Sub-Sub-Sublease Facilities after such substitution and/or removal is at least equal to 100% of the maximum amount of Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental payments coming due in the then current Lease Year and in any subsequent Lease Year and that the useful life of the Sub-Sub-Sublease Facilities after such substitution at least equals the lesser of (i) the useful life of the Sub-Sub-Sublease Facilities before such substitution and/or removal, or (ii) the date of the final Sub-Sub-Sublease Base Rental payment.

Upon the satisfaction of all such conditions precedent, and upon the County delivering to the Authority and the Trustee a written certification of the County certifying that the conditions set forth in subsections (a) and (e) above have been satisfied, the Term of this Sub-Sub-Sublease shall thereupon end as to the Former Property and shall thereupon commence as to the Substitute Property, and all references to the Sub-Sub-Sublease Facilities shall apply with full force and effect to the Sub-Sub-Sublease Facilities as amended by such substitution and/or removal. The County shall not be entitled to any reduction, diminution, extension or other modification of the Sub-Sub-Sublease Base Rental Payments or Sub-Sub-Sublease Additional Rental whatsoever as a result of such substitution. The County and the Authority shall execute, deliver and cause to be recorded all documents required to discharge this Sub-Sub-Sublease of record against the Former Property.

**Section 4.** **Affirmative Covenants of the Financing Authority and the County**. The Financing Authority and the County are entering into this Sub-Sub-Sublease in consideration of, among other things, the following covenants.

**Section 4.1.** **Acceptance of Project**. The Financing Authority and the County agree to proceed with all due diligence to complete the design, construction, acquisition, delivery and installation of the Project in accordance with the terms hereof and of the Agency Agreement. The County agrees that upon substantial completion of the design, construction, acquisition, delivery and installation

of each Component, it will promptly deliver to the Trustee a Certificate of Component Completion with respect to such Component and will take possession of the Component under the terms and provisions of this Sub-Sub-Sublease. Upon delivery of the final Certificate of Component Completion, the County further agrees to promptly deliver to the Trustee a Certificate of Project Completion.

**Section 4.2.** **Replacement, Maintenance and Repairs**. The County shall, at its own expense, maintain the Sub-Sub-Sublease Facilities, or cause the same to be maintained, in good order, condition and repair and furnish all parts, mechanisms, devices and servicing required therefor so that the value and condition thereof will at all times be maintained, ordinary wear and tear excepted. All such parts, mechanisms and devices shall immediately, without further act, become part of the Sub-Sub-Sublease Facilities without cost to the Financing Authority. The County shall apply, from any source of legally available funds, an amount sufficient to repair or replace the Sub-Sub-Sublease Facilities or portion thereof which is destroyed, damaged or stolen to such an extent that there is substantial interference with the use and right of possession by the County of the Sub-Sub-Sublease Facilities or any portion thereof which would result in an abatement of rental payments or any portion thereof pursuant to Section 3.5 hereof, provided, however, that the County shall not be required to repair or replace any such portion of the Sub-Sub-Sublease Facilities pursuant to this Section 4.2 if there shall be applied to the redemption of Outstanding Bonds insurance proceeds or other legally available funds sufficient to redeem (i) all of the Bonds Outstanding or (ii) any portion thereof and the resulting Sub-Sub-Sublease Base Rental payments under Section 3.1 hereof in any Lease Year following such partial redemption are sufficient to pay the Bonds to remain Outstanding after such partial redemption.

The County shall provide or cause to be provided all maintenance service, security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Sub-Sub-Sublease Facilities. It is understood and agreed that in consideration of the payment by the County of the rental payments herein provided for, the County is entitled to use and possession of the Sub-Sub-Sublease Facilities and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Sub-Sub-Sublease Facilities during the Term of this Sub-Sub-Sublease. The Financing Authority shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Sub-Sub-Sublease Facilities other than as specified in the Plans and Specifications. The County hereby expressly waives the right to make repairs or to perform maintenance of the Sub-Sub-Sublease Facilities at the expense of the Financing Authority and (to the extent applicable and to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto. The County shall keep the Sub-Sub-Sublease Facilities free and clear of all liens, charges and encumbrances other than those existing on or prior to the Closing Date and other than Permitted Encumbrances, any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed or materials furnished in connection with the Sub-Sub-Sublease Facilities which are not due and payable or the amount, validity or application of which is being contested in accordance with Section 3.4 hereof and those expressly approved by the County prior to the Closing Date, subject only to the provisions of Section 4.4 hereof. Notwithstanding anything herein, the County shall keep the Sub-Sub-Sublease Facilities free and clear of any and all liens senior to the lien of the Sub-Sub-Sublease except that Permitted Encumbrances and any laborers' and mechanics' liens shall be permitted.

**Section 4.3.** **Taxes, Other Governmental Charges and Utility Charges**. The Financing Authority and the County contemplate that the Sub-Sub-Sublease Facilities will be used for a governmental or proprietary purpose of the County and, therefore, that the Sub-Sub-Sublease Facilities will be exempt from all taxes presently assessed and levied. Nevertheless, the County will pay during the Term of this Sub-Sub-Sublease, as the same respectively become due, all taxes, utility charges and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against

or with respect to the Sub-Sub-Sublease Facilities; provided that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are accrued during such time as this Sub-Sub-Sublease is in effect, and provided further that the County may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner which does not in the opinion of Independent Counsel adversely affect the County's leasehold or subleasehold interest in the Sub-Sub-Sublease Facilities or the County's right to the use and possession thereof or adversely affect the estate of the Financing Authority in and to any portion of the Sub-Sub-Sublease Facilities or its rights or interests under this Sub-Sub-Sublease or subject any portion of the Sub-Sub-Sublease Facilities to loss or forfeiture. Any such additional taxes or charges shall constitute Sub-Sub-Sublease Additional Rental under Section 3.1(b) hereof and shall be payable directly to the entity assessing such taxes or charges.

**Section 4.4.** **Insurance**. The County shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, rated "A" or better by Standard & Poor's, Moody's or A.M. Best in Best's Insurance Reports, or through a program of self-insurance to the extent specifically permitted in this Section 4.4, all coverage with respect to the Sub-Sub-Sublease Facilities required by this Section 4.4. Notwithstanding the foregoing, the County shall not be required to maintain the insurance required by this Section 4.4 (except title insurance as required in Section 4.4(6)) with respect to any Component of the Project prior to the date on which a Certificate of Component Completion is filed with respect thereto.

Such insurance shall consist of:

(1) A policy or policies of insurance against loss or damage to the Sub-Sub-Sublease Facilities known as "all risk," including earthquake and flood. Such insurance shall be maintained at any time in an amount not less than the lesser of (i) the full replacement value of the Sub-Sub-Sublease Facilities, or (ii) the aggregate principal amount of all Outstanding Bonds. Such insurance may at any time include a deductible clause providing for a deductible not to exceed $1,000,000 for all losses in any year. Such policy or policies shall apply to the Sub-Sub-Sublease Facilities and must be available to repair and rebuild the Sub-Sub-Sublease Facilities under all circumstances after the occurrence of an insured peril. The policy or policies shall explicitly waive any co-insurance penalty. The County's obligation under this clause (1) may be satisfied by self-insurance.

(2) Comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from the condition of, or operations involving, the Sub-Sub-Sublease Facilities. Such insurance shall afford protection with a combined single limit of not less than $1,000,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the County Chief Administrative Officer or an independent insurance consultant retained by the County for that purpose; provided, however, that the County's obligations under this clause (2) may be satisfied by self-insurance.

(3) To the extent that facilities included in the Sub-Sub-Sublease Facilities qualify for such insurance, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereinafter installed in an amount not less than $5,000,000 per accident; provided, however, that the County's obligation under this clause (3) may be satisfied by self-insurance.

(4) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the California Labor Code, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the County in connection with the Sub-Sub-Sublease Facilities and to cover full liability for compensation under any such aforesaid act; provided, however, that the County's obligations under this clause (4) may be satisfied by self-insurance.

(5) Rental interruption insurance to cover loss, total or partial, of the use of any part of the Sub-Sub-Sublease Facilities as a result of any of the hazards required to be covered pursuant to clause (1) above in an amount sufficient at all times to pay an amount not less than the fair rental value thereof during any period when there is substantial interference with the County's right to the use or possession of the Sub-Sub-Sublease Facilities or any portion thereof as a result of the occurrence of such hazards. Such rental interruption insurance shall be payable for a period adequate to cover the period of repair or reconstruction; provided, however, that such policy shall provide that the aggregate amount payable thereunder shall not be less than an amount equal to two years' Sublease Base Rental. The County shall not be permitted to self-insure its obligation under this clause (5).

(6) A CLTA policy or policies of title insurance for the Sublease Property not less than the aggregate principal amount of all Outstanding Bonds. Such policy or policies of title insurance shall insure the leasehold interest or subleasehold interest, as applicable, of the County in the Sublease Property in the name of the Trustee, subject to Permitted Encumbrances. The County shall not be permitted to self-insure its obligation under this clause (6).

All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Trustee.

Annually on or before August 1 of each year, and upon the provision of any new insurance policy or the renewal of any existing policy, the County shall provide the Trustee with a certificate stating that the County is in full compliance with the requirements of this Section 4.3. The Trustee shall be entitled to rely upon any certificate so provided as to the County's compliance with this Section 4.3, and the Trustee shall have no further duties in that regard.

All policies or certificates of insurance provided for herein shall name, where applicable, the County as a named insured, and, as applicable, the Financing Authority and its directors and the Trustee as additional insureds.

Notwithstanding the generality of the foregoing, the County shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or, except with respect to rental interruption insurance, any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market; provided, however, that if the County determines that any such insurance, except for rental interruption insurance and title insurance, is not offered by reputable insurers at a reasonable cost on the open market, and elects with respect to those risks set forth above for which self-insurance is permitted, not to maintain the insurance with outside insurers as described above, it will self-insure those risks for which insurance is otherwise required. If the County is permitted to and does self-insure under this provision, then, except

for any self-insurance for workers' compensation to which this sentence shall not apply, the County will establish and fund reserves which, in the opinion of the County Chief Administrative Officer are adequate and such reserves shall be valued annually by the County Chief Administrative Officer. The County agrees that if, upon any such valuation, the County Chief Administrative Officer determines that such self-insurance reserves are not adequate, the County will make such additional deposit thereto as the risk manager deems necessary.

**Section 4.5.** **Liens**. Other than the sums of money due in connection with the Permitted Encumbrances, the County shall promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about the Sub-Sub-Sublease Facilities and which may be secured by any mechanic's, materialman's or other lien against the Sub-Sub-Sublease Facilities or any portion thereof or the interest of the County or any of the Financing Authority therein, and shall cause each such lien to be fully discharged and released; provided, however, that the County or any of the affected Financing Authority (i) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the County shall forthwith pay and discharge such judgment or lien; or (ii) may delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture.

**Section 4.6.** **Laws and Ordinances**. The County agrees to observe and comply with all rules, regulations and laws applicable to the County with respect to the Sub-Sub-Sublease Facilities and the operation thereof, including without limitation the Environmental Regulations. The cost, if any, of such observance and compliance shall be borne by the County, and the Financing Authority shall not be liable therefor. The County further agrees to place, keep, use, maintain and operate the Sub-Sub-Sublease Facilities in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants and licensees and the public.

**Section 4.7.** **County to Perform Pursuant to Sublease**. The County covenants and agrees with the Owners of the Bonds under the Indenture of Trust to perform all obligations and duties imposed on it under this Sublease.

**Section 4.8.** **Tax Matters.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any Proceeds and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

"Proceeds", with respect to an issue of governmental obligations, has the meaning set forth in has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds).

"Rebate Amount" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Tax Regulations" means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

"Yield" of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The County covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond or Prior Obligation to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond or Prior Obligation from the gross income of the owner thereof for federal income tax purposes, the County shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond or Prior Obligation to become a "private activity bond" within the meaning of section 141 of the Code and the Tax Regulations, the County shall take all actions necessary to assure that the County at all times prior to the final cancellation of the last of the Bonds or Prior Obligation to be retired:

(1) exclusively owns, operates, possesses and provides any services necessary to allow and maintain each function of every property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds or the Refunded Obligations and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) does not directly or indirectly impose or accept any charge or other payment by or for the benefit of any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or the Refunded Obligations or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(d) No Private Loan. Except as would not cause any Bond to become a "private activity bond" within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the County shall not use or permit the use of Gross Proceeds of the Bonds or the Refunded Obligations to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be

"loaned" to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become "arbitrage bonds" within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the County shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the County shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The County shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(1) The County shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the County may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the County shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The County shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, within 60 days of each Computation Date the County shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the County at the times and in the amounts as are or

may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Agency.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the County shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

(i) The County represents that none of the Bonds or Refunded Obligations is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(ii) Without limitation of clause (i) of this subsection (j): (A) on the date of issuance of the Prior Obligations the County reasonably expected that at least 85% of the spendable proceeds thereof would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Prior Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more

(iii) Without limitation of clause (i) of this subsection (j): (A) the County will not execute and deliver the Bonds unless as of the date of issuance of the Bonds the County reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The County hereby directs and authorizes any County Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such County Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The County agrees to execute and deliver the Nonarbitrage Certificate in connection with the issuance of the Bonds, containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 4.9. Essentiality**. The County covenants and agrees that the Sub-Sub-Sublease Facilities are essential to the County's exercise of its governmental functions.

**Section 4.10. Condemnation**. The County covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to all or any portion of the Sub-Sub-Sublease Facilities.

The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fail or refuse to abide by such covenant and condemns all or any portion of the Sub-Sub-Sublease Facilities, the appraised value of the Sub-Sub-Sublease Facilities so condemned shall not be less than the greater of (i) if such Bonds are then subject to redemption, the principal and interest components of the Bonds outstanding through the date of their redemption, or (ii) if such Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Indenture.

**Section 5.** **Application of Insurance Proceeds**. All proceeds of insurance maintained under clauses (1) or (3) of Section 4.4 hereof shall be deposited with the Trustee for application pursuant to the provisions of Section 4.08 of the Indenture of Trust. All proceeds of insurance maintained under clause (5) of Section 4.4 hereof shall be deposited with the Trustee for application pursuant to the provisions of Section 4.04 of the Indenture of Trust. All proceeds of insurance maintained under clauses (2) and (4) of Section 4.4 hereof shall be paid to the County. All proceeds of insurance maintained under clause (6) of Section 4.4 hereof shall be applied and disbursed pursuant to the provisions of Section 4.09 of the Indenture of Trust.

**Section 6.** **Application of Eminent Domain Awards**. Any award made in eminent domain proceedings for the taking of the Sub-Sub-Sublease Facilities or a portion thereof shall be paid to the Trustee for application in accordance with the provisions of Section 4.08 of the Indenture of Trust.

**Section 7.** **Assignment and Sublease**. The County shall not mortgage, pledge, assign or transfer any interest of the County in this Sub-Sub-Sublease by voluntary act or by operation of law, or otherwise; provided, however, that the County may sublease all or any portion of the Sub-Sub-Sublease Facilities, may grant concessions to others involving the use of all or any portion of the Sub-Sub-Sublease Facilities, whether such concessions purport to convey a leasehold interest or a license to use all or a portion of the Sub-Sub-Sublease Facilities, and may assign its right to purchase the Financing Authority's rights, title and interest in the Sub-Sub-Sublease Facilities, or any portion thereof, pursuant to Section 15 hereof, provided that any such action does not cause the County to be in breach of the covenants set forth in Section 8.05 of the Indenture. The County shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Sub-Sub-Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve the County from its obligation to pay Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental as provided in this Sub-Sub-Sublease or to relieve the County from any other obligations contained herein. In no event will the County permit the "use" (within the meaning of section 141 of the Code and the Treasury Regulations promulgated thereunder) of all or any portion of the Sub-Sub-Sublease Facilities, by sublease, services contract or otherwise, by any person if such "use" might cause the interest on the Bonds to be included in gross income for federal income tax purposes or to be subject to State personal income taxes.

The County expressly approves and consents to the assignment by the Financing Authority of certain of their rights, obligations, title and interest herein and in the Lease to the Trustee. The parties hereto further agree to execute any and all documents necessary and proper in connection therewith.

**Section 8.** **Additions and Improvements**. The County shall have the right during the Term of this Sub-Sub-Sublease to make any additions or improvements to the Sub-Sub-Sublease Facilities, to attach fixtures, structures or signs and to affix any personal property to the Sub-Sub-Sublease Facilities, so long as the fair rental value of the Sub-Sub-Sublease Facilities is not thereby materially reduced. Title to all such additions and improvements, including but not limited to fixtures, equipment or personal property placed by the County on the Sub-Sub-Sublease Facilities, shall remain in the County. The title to any additions, improvements, personal property, equipment or fixtures placed on the Sub-Sub-Sublease

Facilities by any sublessee or licensee of the County shall be controlled by the sublease or license agreement between such sublessee or licensee and the County, which sublease or license agreement shall not be inconsistent with this Sub-Sub-Sublease or the Indenture of Trust.

**Section 9.** **Right of Entry**. Representatives of the Financing Authority, subject to reasonable security precautions, shall have the right to enter upon the Sub-Sub-Sublease Facilities during reasonable business hours (and in emergencies at all times) (i) to inspect the same, (ii) for any purpose connected with the rights and obligations of the Financing Authority under this Sub-Sub-Sublease, or (iii) for all other lawful purposes.

**Section 10.** **Quiet Enjoyment**. The Financing Authority covenants and agrees that the County shall, at all times during the Term hereof, peaceably and quietly have, hold and enjoy the Sub-Sub-Sublease Facilities subject to the terms of this Sub-Sub-Sublease.

**Section 11.** **Indemnification and Hold Harmless Agreement**. To the extent permitted by law, the County hereby agrees to indemnify and hold harmless the Financing Authority and its officers, directors and assigns against any and all liabilities which arise out of or are related to the Sub-Sub-Sublease Facilities including, without limitation, liabilities arising as the result of the use, storage, presence or release of any Hazardous Substances on or about the Sub-Sub-Sublease Property, or the Bonds, and the County further agrees to defend the Financing Authority and its officers, directors and assigns in any action arising out of or related to the Sub-Sub-Sublease Facilities or the Bonds.

**Section 12.** **Default by County**.

**Section 12.1.** **Default**. If the County shall (i) fail to deposit with the Trustee any Sub-Sub-Sublease Base Rental payment required to be so deposited pursuant to Section 3.1(a) hereof by the close of business on the day such deposit is required pursuant to Section 3.1(a) hereof to be made, (ii) fail to pay any item of Sub-Sub-Sublease Additional Rental as and when the same shall become due and payable pursuant to Section 3.1(b) hereof, or (iii) breach any other terms, covenants or conditions contained herein or in the Indenture of Trust, and shall fail to remedy any such breach with all reasonable dispatch within a period of 60 days after receipt of written notice thereof from any of the Financing Authority, or its assignee, to the County, or, if such breach cannot be remedied within such 60 day period, shall fail to institute corrective action within such 90 day period and diligently pursue the same to completion, then and in any such event the County shall be deemed to be in default hereunder.

**Section 12.2.** **Remedies**. The Financing Authority or its assignee shall have the right to pursue any remedy available at law or in equity, except as otherwise expressly provided herein, including the remedy described in California Civil Code Section 1951.4 as the same may be amended from time to time. The Financing Authority or its assignee shall have the right, at its option, to sublet the Sub-Sub-Sublease Facilities whether or not this Sub-Sub-Sublease has terminated.

Notwithstanding anything to the contrary contained herein, in addition to the remedies set forth above, the Financing Authority or its assignee shall have the right, at its option, without any further demand or notice to re-enter the Sub-Sub-Sublease Property or any portion thereof and eject all parties therefrom, and, without terminating this Sub-Sub-Sublease, relet such Sub-Sub-Sublease Property or any portion thereof as the agent for the account of the County upon such terms and conditions as the Financing Authority or its assignee may deem advisable, in which event the rental received on such re-letting shall be applied first to the expenses of re-letting and collection, including expenses necessary for repair or restoration of such Sub-Sub-Sublease Property to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commission, actually paid, second to Sub-Sub-Sublease Base Rental in accordance with this Sub-Sub-Sublease and the Indenture of Trust and

third to Sub-Sub-Sublease Additional Rental in accordance with this Sub-Sub-Sublease and the Indenture of Trust and if a sufficient sum shall not be thus realized to pay such sums and other charges, then the County shall pay to the Financing Authority or its assignee any net deficiency existing on the date when Sub-Sub-Sublease Base Rental or Sub-Sub-Sublease Additional Rental is due hereunder; provided, however, that such re-entry and re-letting under this paragraph shall be done only with the consent of the County, which consent is hereby irrevocably given. Any re-entry shall be allowed by the County without hindrance, and the Financing Authority and its assignee shall not be liable for damages for any such re-entry or be guilty of trespass.

All damages and other payments received by the Financing Authority pursuant to the exercise of its rights and remedies pursuant to this Section 12 shall be applied in the manner set forth in Section 9.07 of the Indenture of Trust.

**Section 12.3.** **Remedies Cumulative**. Each and every remedy of the Financing Authority hereunder shall be available to any assignee of the rights of the Financing Authority hereunder and is cumulative and the exercise of one remedy is not intended to impair the right of the Financing Authority or its assignee to any or all other remedies. If any statute or rule validly shall limit the remedies given to the Financing Authority or any assignee of the rights of the Financing Authority hereunder, the Financing Authority or its assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law except as otherwise expressly provided herein.

**Section 12.4.** **Limitations**. The Financing Authority or any assignee of the rights of the Financing Authority hereunder shall not exercise their or its remedies, respectively, hereunder so as to cause the interest on the Bonds to be includable in gross income for federal income tax purposes or subject to State personal income taxes. Notwithstanding any other provision of this Sub-Sub-Sublease or the Indenture of Trust, in no event shall the Financing Authority or any assignee of the rights of the Financing Authority hereunder have the right to accelerate the payment of any Sub-Sub-Sublease Base Rental hereunder or otherwise declare any Sub-Sub-Sublease Base Rental not then in default to be immediately due and payable.

**Section 12.5.** **Insurer Right to Control Remedies**. Notwithstanding any thing to the contrary in any other Section hereof, the Insurer shall have the right to direct the pursuit of any remedies provided in this Section 12, and the Financing Authority or its assignee agrees to act at such direction, provided that the Insurer has not failed to perform its obligations under the Insurance Policy.

**Section 13.** **Waiver**. The waiver by the Financing Authority of any breach by the County, and the waiver by the County of any breach by the Financing Authority of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

**Section 14.** **Disclaimer of Warranties**. NEITHER THE FINANCING AUTHORITY OR ITS ASSIGNEE NOR ANY PERSON ACTING ON BEHALF THEREOF, HAS MADE OR MAKES ANY WARRANTY OR REPRESENTATION AS TO THE PAST, PRESENT OR FUTURE CONDITION OF THE SUB-SUB-SUBLEASE FACILITIES NOT HEREIN EXPRESSED, AND THE COUNTY HAS ENTERED INTO THIS SUB-SUB-SUBLEASE WITHOUT REPRESENTATIONS OR WARRANTIES WITH RESPECT THERETO ON THE PART OF THE FINANCING AUTHORITY, ITS AGENTS, REPRESENTATIVES OR EMPLOYEES OR ANY ASSIGNEE OF THE RIGHTS OF THE FINANCING AUTHORITY HEREUNDER.

In no event shall the Financing Authority or its assignee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sub-Sub-Sublease or the existence, furnishing or functioning of the Sub-Sub-Sublease Facilities, or the County's use thereof.

The Financing Authority hereby irrevocably appoints the County its agent and attorney-in-fact during the Term of this Sub-Sub-Sublease, so long as the County shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the manufacturers and vendors of any item constituting a portion of the Sub-Sub-Sublease Facilities. The County's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor of such item and not against the Financing Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Financing Authority with respect to this Sub-Sub-Sublease, including the right to receive full and timely payments hereunder. The County expressly acknowledges that the Financing Authority and its assignee, if any, make, and have made, no representation or warranties whatsoever as to the existence or availability of such warranties of any manufacturer or vendor.

The County will not install, operate or maintain any item constituting a portion of the Sub-Sub-Sublease Facilities or otherwise located on the Sub-Sub-Sublease Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Sub-Sub-Sublease. The County shall provide all permits and licenses, if any, necessary for the installation and operation of any item constituting a portion of the Sub-Sub-Sublease Facilities or otherwise located on the Sub-Sub-Sublease Facilities.

**Section 15. Option to Purchase.**

(a) The County shall have the exclusive right and option, which shall be irrevocable during the Term of this Sub-Sub-Sublease, to purchase the Financing Authority's right, title and interest under the Lease in the Sub-Sub-Sublease Facilities in whole or in part, but only if the purchase is made in accordance with the provisions of this Section 15, and if the County is not in default under clause (i) or (ii) of Section 12.1 hereof and the Financing Authority is not in default under subsection (a) of Section 9.01 of the Indenture of Trust, or any such default under such clause or subsection has been cured and the Trustee is able to pay the principal and interest on the Bonds on or before the time the County intends to exercise its option to purchase pursuant to this Section 15. Notwithstanding the foregoing, if the County is in default under clause (iii) of Section 12.1 hereof or the Financing Authority is in default under subsection (c) of Section 9.01 of the Indenture of Trust, the County shall only be able to exercise its option to purchase the Sub-Sub-Sublease Facilities in whole and shall not be able to exercise its option to purchase the Sub-Sub-Sublease Facilities in part pursuant to this Section 15. The County shall exercise its option to purchase the Sub-Sub-Sublease Facilities in part pursuant to this Section 15 only with the prior written consent of the Insurer.

(b) The option price for the purchase of the Financing Authority's right, title and interest under the Lease in the Sub-Sub-Sublease Facilities in whole shall be the amount necessary to pay all principal, premium, if any, and accrued interest on the Bonds payable from the Sub-Sub-Sublease Base Rental due hereunder on the date of such purchase. Subject to paragraph (d) below, the County shall exercise its option to purchase by giving notice thereof to the Trustee not later than five days prior to the Business Day on which it desires to purchase the Financing Authority's interest under the Lease in the Sub-Sub-Sublease Facilities. If the Business Day on which the County intends to exercise its option hereunder is not an Interest Payment Date, the option price shall be the amount necessary to pay all principal, premium, if any, and accrued interest on the Bonds payable from the Sub-Sub-Sublease Base Rental due

hereunder on the date of such purchase plus an amount equal to the amount of interest to accrue on such Bonds until the next succeeding Interest Payment Date.

(c) The option price for the purchase of the Financing Authority's right, title and interest under the Lease in any portion of the Sub-Sub-Sublease Facilities shall be the amount sufficient to pay or redeem the principal amount of the Bonds relating to such portion thereof as determined and directed by the Financing Authority and as provided in writing to the Trustee and the County by an authorized representative of the Financing Authority in Authorized Denominations, premium, if any, and accrued but unpaid interest on the Bonds to be paid or redeemed with such option price on the date of such purchase plus the amount of interest to accrue until the next succeeding Interest Payment Date; provided, however, that on and after such purchase date the annual fair rental value of the Financing Authority's right, title and interest in the portion of the Sub-Sub-Sublease Facilities not purchased by the County for each Lease Year on and after the purchase date shall equal or exceed the amount due in each such Lease Year to pay the principal of and interest due on the Bonds to remain Outstanding after the purchase date, as evidenced by a certificate of a County Representative.

(d) If the Business Day on which the County intends to exercise its option hereunder is, in accordance with the terms of Section 5.01(a) of the Indenture of Trust, a date on which Bonds are subject to optional redemption, then the County shall give notice to the Trustee of its intention to exercise its option hereunder not later than five days prior to the date on which the Trustee is required to send notice of redemption to the Owners pursuant to the Indenture of Trust, and on such purchase date the County shall deposit with the Trustee an amount equal to the option price determined by reference to the provisions in paragraph (b) of this Section 15 relating to the Bonds in the event the County determines to purchase all of the Financing Authority's right, title and interest in the Sub-Sub-Sublease Facilities in whole or paragraph (c) of this Section 15 in the event the County determines to purchase any Financing Authority's right, title and interest in the Sub-Sub-Sublease Facilities or portion thereof, which amount shall be in addition to the Sub-Sub-Sublease Base Rental due on such date.

(e) If the Business Day on which the County intends to exercise its option hereunder is not a date on which Bonds are subject to optional redemption pursuant to the terms of Section 5.01(a) of the Indenture of Trust, then the option price relating to the Bonds shall be payable in installments. Each such installment of Bonds (x) shall be payable at each time at which a principal portion of a component of Sub-Sub-Sublease Base Rental would have been payable had such option not been exercised, until the due date of the final installment specified below, and (y) shall equal the principal amount of each Sub-Sub-Sublease Base Rental payment referred to in clause (x) above. Each such installment shall bear interest until paid at a rate equal to the rate which would have been payable with respect to the payments of Sub-Sub-Sublease Base Rental referred to in clause (x) above. At the option of the County, the final installment of such Bonds shall be payable on (A) the final maturity date of the Bonds then Outstanding, or (B) the first date on which the Bonds are subject to optional redemption pursuant to the terms of Section 5.01(a) of the Indenture of Trust in an amount equal to the amount determined by reference to the provisions relating to Bonds in paragraph (b) of this Section 15 in the event the County determines to purchase the Financing Authority's right, title and interest in the Sub-Sub-Sublease Facilities in whole, or to the provisions relating to Bonds in paragraph (c) of this Section 15 in the event the County determines to purchase the Financing Authority's right, title and interest in the Sub-Sub-Sublease Facilities in part as the option price on such date; provided, however, that the County must designate the date of such final installment not later than the date on which the purchase option granted in this Section 15 is exercised, and provided further, that the County may not choose a final installment date described in clause (A) of this sentence if to do so would in the

opinion of Independent Counsel adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds.

(f) In order to secure its obligations to pay the installments referred to in the immediately preceding paragraph, the County, concurrently with the exercise of its option hereunder, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or investments of the type described in Section 12.01 of the Indenture of Trust in such amount as will, in the opinion of an independent verification agent, together with the interest to accrue on such investments without the need for further investment, be sufficient to pay the installments (including all principal and interest) referred to in the immediately preceding paragraph at the times at which such installments are required to be paid. Such deposit shall be in addition to the Sub-Sub-Sublease Base Rental, if any, due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the County shall be remitted to the County.

(g) If the Business Day on which the County intends to exercise its option hereunder is not a date on which Bonds are subject to optional redemption pursuant to the terms of Section 5.01(a) of the Indenture of Trust, then with respect to the affected Bonds, the following provisions will apply. The County shall give notice to the parties indicated in subsection (1) of this Section 15(g), at the expense of the Financing Authority, of the exercise of the option to purchase. Such notice shall specify (i) the Bonds or designated portions thereof (if the purchase will affect such Bonds in part but not in whole) which are affected by the purchase, (ii) the date of the purchase, (iii) the CUSIP numbers (if any) assigned to the Bonds to be affected by the purchase, (iv) the Bond numbers of the Bonds to be affected by the purchase in whole or in part and, in the case of any Bond to be affected by the purchase in part only, the amount of such Bond to be affected by the purchase, and (v) the original issue date and stated maturity date of each Bond to be affected by the purchase in whole or in part. Such notice shall further state that on the specified date there shall be deposited with the Trustee in trust sufficient cash and/or investments in such amount as will, together with the interest to accrue on such investments without the need for further investment, be sufficient to pay the principal and interest of the applicable Bond at maturity.

(h) On any Business Day as to which the County shall have exercised the option granted it pursuant hereto, and shall have paid or made provision for the payment of the required option price, the Financing Authority shall execute and deliver to the County a quitclaim deed conveying to the County or its designee the Financing Authority's right, title and interest so purchased. If the County shall exercise the option provided in this Section 15 to purchase the Financing Authority's right, title and interest in the Sub-Sub-Sublease Facilities in whole pursuant to paragraph (b) above prior to the expiration of the Lease Term and the Financing Authority shall execute and deliver the quitclaim deed as aforesaid and upon payment of any amounts due and payable to the Trustee and the Financing Authority hereunder or under the Indenture of Trust, then this Sub-Sub-Sublease shall terminate, but such termination shall not affect the County's obligation to pay the option price on the terms herein set forth.

**Section 16.** **Notices**. All notices under this Sub-Sub-Sublease shall be in writing and shall be sufficiently given and served upon such party if delivered by hand directly to the offices named below or sent by United States first class mail, postage prepaid, and addressed as follows:

(a) if to the County, to

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;

(b) if to the Financing Authority, to

Los Angeles County Public Works
Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer -
Clerk of the Board of Supervisors;

(c) if to the Trustee, to

[Trustee]
[]
[]
Attention: []

or to such other address or addresses as any such party may designate to the others by notice given in accordance with the provisions of this Section.

**Section 17.** **Validity**. If any one or more of the terms, provisions, promises, covenants or conditions of this Sub-Sub-Sublease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Sub-Sub-Sublease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Sub-Sub-Sublease shall be held by a court of competent jurisdiction void, voidable, or unenforceable by the Financing Authority or by the County, or if for any reason it is held by such a court that any of the covenants and agreements of the County hereunder, including the covenant to pay Sub-Sub-Sublease Base Rental and Sub-Sub-Sublease Additional Rental hereunder, is unenforceable for the full Term of this Sub-Sub-Sublease, then and in such event for and in consideration of the right of the County to possess, occupy and use the Sub-Sub-Sublease Facilities, which right in such event is hereby granted, this Sub-Sub-Sublease shall thereupon become and shall be deemed to be a lease from year to year under which the annual Sub-Sub-Sublease Base Rental payments and Sub-Sub-Sublease Additional Rental payments herein specified will be paid by the County for the remainder of the Term under this Sub-Sub-Sublease.

**Section 18.** **Counterparts**. This Sub-Sub-Sublease may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same Sub-Sub-Sublease.

**Section 19.** **Law Governing**. This Sub-Sub-Sublease is made in the State under the Constitution and laws of the State and is to be so construed.

**Section 20.** **Binding Effect; Successors**. This Sub-Sub-Sublease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as otherwise provided in Section 7 hereof, whenever in this Sub-Sub-Sublease any party is named or referred to, such reference shall be deemed to include such party's successors and assigns and all covenants and agreements contained in this Sub-Sub-Sublease by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

**Section 21.** **Amendment**. This Sub-Sub-Sublease may be amended only in accordance with and as permitted by the applicable terms of Sections 7.02 and 7.03 of the Indenture of Trust.

**Section 22.** **No Merger**. If both the Financing Authority's and the County's estate under this or any other lease relating to the Sub-Sub-Sublease Facilities or any portion thereof shall at any time or for any reason become vested in one owner, this Sub-Sub-Sublease and the estate created hereby shall not be destroyed or terminated by the doctrine of merger unless the County, with the prior written consent of the Trustee, so elects as evidenced by recording a written declaration so stating, and, unless and until the County so elects, the County shall continue to have and enjoy all of its rights and privileges as to the separate estates.

**IN WITNESS WHEREOF**, the parties hereto have executed this Sub-Sub-Sublease and Option to Purchase as of the date first above written.

COUNTY OF LOS ANGELES

By_____
Chair, Board of Supervisors

[SEAL]

ATTEST:

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By_____
Chair, Board of Directors

ATTEST:

By _____
Assistant Secretary

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF THE BOARD OF SUPERVISORS**

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By_____
Deputy

[SEAL]

State of California )
) SS
County of Los Angeles )

On _____ before me, _____ personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

State of California )
) SS
County of Los Angeles )

On _____ before me, _____ personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

State of California )
) SS
County of Los Angeles )

On _____ before me, _____ personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

State of California )
) SS
County of Los Angeles )

On _____ before me, _____ personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

State of California )
) SS
County of Los Angeles )

On _____ before me, _____ personally appeared _____

☐ personally known to me, or

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ties), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____ [seal]
Signature of Notary

# EXHIBIT A
# LEGAL DESCRIPTION OF THE SUB-SUB-SUBLEASE FACILITIES

# EXHIBIT B
# DESCRIPTION OF THE PROJECT COMPONENTS

## EXHIBIT C
## SUB-SUB-SUBLEASE BASE RENTAL PAYMENTS

### 1. Aggregate Sub-Sub-Sublease Base Rental Payments

| Payment Date | Principal | Interest | Sub-Sub-Sublease Base Rental Payment |
|---|---|---|---|
| Sep. 1, 2005 | | | |
| Mar. 1, 2006 | | | |
| Sep. 1, 2006 | | | |
| Mar. 1, 2007 | | | |
| Sep. 1, 2007 | | | |
| Mar. 1, 2008 | | | |
| Sep. 1, 2008 | | | |
| Mar. 1, 2009 | | | |
| Sep. 1, 2009 | | | |
| Mar. 1, 2010 | | | |
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| Mar. 1, 2015 | | | |
| Sep. 1, 2015 | | | |
| Mar. 1, 2016 | | | |
| Sep. 1, 2016 | | | |
| Mar. 1, 2017 | | | |
| Sep. 1, 2017 | | | |
| Mar. 1, 2018 | | | |
| Sep. 1, 2018 | | | |
| Mar. 1, 2019 | | | |
| Sep. 1, 2019 | | | |
| Mar. 1, 2020 | | | |
| Sep. 1, 2021 | | | |
| Mar. 1, 2022 | | | |
| Sep. 1, 2022 | | | |
| Mar. 1, 2023 | | | |
| Sep. 1, 2023 | | | |
| Mar. 1, 2024 | | | |
| Sep. 1, 2024 | | | |
| Mar. 1, 2025 | | | |
| TOTAL | | | |

**2. Allocation of Sub-Sub-Sublease Base Rental Payments Among Sub-Sub-Sublease Facilities**

# INDENTURE OF TRUST

Dated as of March 1, 2005

Among

COUNTY OF LOS ANGELES,

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

[TRUSTEE]

as Trustee

Relating to the

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS
(2005 Master Refunding Project) Series A

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# INDENTURE OF TRUST

**THIS INDENTURE OF TRUST**, dated as of March 1, 2005 (the "Indenture of Trust"), among the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), [TRUSTEE], a [national banking association organized and existing under the laws of the United States of America] (the "Trustee"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority");

## W I T N E S S E T H:

**WHEREAS,** in connection with the issuance of $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds"), issued pursuant to an Indenture of Trust, dated as of December 1, 1993 (the "1993 Bonds Indenture"), by and between the Financing Authority and U.S. Bank National Association, as successor trustee, the County entered into a Master Sublease and Option to Purchase, dated as of December 1, 1993 (the "1993 Sublease"), by and among the County, Los Angeles County Law Enforcement – Public Safety Facilities Corporation ("LACLE-PSFC"), Los Angeles County Courthouse Corporation ("LACCC"), Los Angeles County Martin Luther King, Jr. General Hospital Authority ("LACMLKGHA") and Los Angeles County Health Facilities Authority (the "LACHF Authority"); and

**WHEREAS,** in connection with the issuance of $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds"), issued pursuant to an Indenture of Trust, dated as of September 1, 1996 (the "1996 Series A Indenture"), by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of September 1, 1996 (the "1996 Sublease"), by and among the County, LACLE-PSFC and the LACHF Authority; and

**WHEREAS,** in connection with the issuance of $115,680,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds"), issued pursuant to a First Supplemental Indenture of Trust, dated as of May 1, 1997 (the "1996 Series B Supplemental Indenture"), by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee, the County entered into a First Supplemental Sublease and Option to Purchase, dated as of May 1, 1997 (the "1996 Series B Supplemental Sublease"), by and between the County and LACCC; and

**WHEREAS,** in connection with the issuance of $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds"), issued pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "2000 Bonds Indenture"), by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee, the County entered into a Master Sublease and Option to Purchase, dated as of April 1, 2000 (the "2000 Bonds Sublease"), by and among the County, LACCC and the LACHF Authority; and

**WHEREAS,** in connection with the execution and delivery of $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000A (the "2000 Certificates"), executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2000 (the "2000 Certificates Trust Agreement"), by and among the County, LACCC, and U.S. Bank National Association, as successor trustee, the County entered into a Sublease and Option to Purchase, dated as of

November 1, 2000, by and between the County and MBK Real Estate Ltd. (the "2000 Certificates Sublease") (the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds, the 2000 Bonds and the 2000 Certificates being referred to collectively herein as the "Prior Obligations," and the respective maturities of each being refunded as described herein being referred to as the "Refunded Obligations," and the 1993 Sublease, the 1996 Sublease, the 1997 Supplemental Sublease, the 2000 Bonds Sublease and the 2000 Certificates Sublease being referred to herein as the "Prior Subleases"); and

**WHEREAS,** the County may provide for the defeasance of the Prior Obligations in whole or in part by exercising its option to purchase the interests of the respective sublessors in the subleased facilities (the "Prior Facilities") under the respective Prior Subleases; and

**WHEREAS,** the County has determined that the prepayment and defeasance of the Refunded Obligations will result in significant cost savings to the County, and therefore to exercise its purchase options under the Prior Subleases in whole or in part so as to provide for the prepayment and defeasance of the Refunded Obligations; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be refunded in their entirety (thereby terminating the Prior Subleases applicable to those Prior Obligations), it is necessary and desirable for the County to enter into a Lease, dated the date hereof (the "Lease") with the Authority, pursuant to which the County agrees, among other things, to lease to the Financing Authority certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described therein and in Exhibit A to the Lease (the "Sublease Facilities"); and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be refunded in their entirety, it is necessary and desirable for the County to enter into a Sublease and Option to Purchase (the "Sublease") with the Authority, pursuant to which the Authority will lease back to the County the interest in the Sublease Facilities that the County leased to the Authority pursuant to the Lease, in consideration for which the County will pay base rental ("Sublease Base Rental") and additional rental for the use and occupancy of such Sublease Facilities on the terms and conditions contained in the Sublease; and

**WHEREAS**, with respect to those series of Prior Obligations that are to be partially refunded (thereby not terminating the Prior Subleases applicable to those Prior Obligations), it is necessary and desirable for the County to enter into a Sub-Sublease (the "Sub-Sublease") with the Authority, pursuant to which the County will lease its sublease interests in certain real property and certain buildings, fixtures and improvements currently thereon, as more particularly described therein and in Exhibit A to the Sub-Sublease (the "Sublease Facilities") to the Authority as described in the Sub-Sublease; and

**WHEREAS**, the County has determined that in order to finance the defeasance of those series of Prior Obligations that are to be partially refunded, it is necessary and desirable for the County to enter into a Sub-Sub-Sublease and Option to Purchase (the "Sub-Sub-Sublease") with the Authority, pursuant to which the Authority will lease back to the County the interest in certain of the Sublease Facilities that the County leased to the Authority pursuant to the Sub-Sublease, in consideration for which the County will pay base rental ("Sub-Sub-Sublease Base Rental" and, together with the Sublease Base Rental, the "Base Rental") and additional rental for the use and occupancy of such Sublease Facilities on the terms and conditions contained in the Sub-Sub-Sublease; and

**WHEREAS**, the County is authorized pursuant to the laws of the State of California to enter into leases and subleases for such purpose; and

**WHEREAS**, pursuant hereto the Financing Authority will issue and the Trustee will authenticate and deliver its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A; and

**WHEREAS**, pursuant to an Agency Agreement, dated as of the date hereof (the "Agency Agreement"), by and between the County and the Financing Authority, the Financing Authority appoints the County as its agent for the purpose of constructing the Project; and

**WHEREAS**, the Financing Authority, pursuant to the terms hereof, agrees to assign to the Trustee certain of its rights under the Lease, the Sublease, the Sub-Sublease and the Sub-Sub-Sublease, including the right to receive Base Rental payments under the Sublease and the Sub-Sub-Sublease; and

**WHEREAS**, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture of Trust do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Indenture of Trust;

**NOW, THEREFORE**, in consideration of the premises, the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the Bonds by the Owners thereof, and to fix and declare the terms and conditions upon which the Bonds are to be executed, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, and to secure the payment of the Bonds and the interest thereon according to their tenor, purport and effect, and to secure the performance and observance of all of the covenants, agreements and conditions contained therein, herein and in the Sublease, the Financing Authority by these presents does hereby grant, bargain, sell, release, convey, assign, transfer and pledge unto the Trustee for the benefit of the Owners, but subject to application as herein provided, all its right, title and interest in and to all amounts on hand from time to time in the funds, accounts and subaccounts established hereunder (other than the Excess Earnings Account of the Earnings Fund) and any additional property that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by the Financing Authority or by anyone on its behalf, subject only to the provisions of this Indenture of Trust, the Sublease and the Sub-Sub-Sublease.

To have and to hold all of the above unto the Trustee and its successors and assigns forever for the equal and ratable benefit of the Owners from time to time of all the Bonds executed and delivered hereunder and Outstanding, without any priority of any one Bond over any other, except that amounts deposited into or held in a fund or account hereunder for the payment or security of specified Bonds shall be held for the benefit only of such Bonds and shall provide security only for those Bonds for which such deposit was made, all upon the trusts and subject to the covenants and conditions hereinafter set forth.

**NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:**

## ARTICLE I.

## APPOINTMENT OF TRUSTEE; DEFINITIONS; ASSIGNMENT

**Section 1.01. Appointment of Trustee.** [Trustee] is hereby appointed to act solely as set forth herein, to receive, hold and disburse in accordance with the terms hereof the money to be paid to it, to authenticate and deliver the Bonds, to apply and disburse payments received pursuant to the Sublease or the Sub-Sub-Sublease to the Owners of such Bonds and to perform certain other functions, all as hereinafter provided. By executing and delivering this Indenture of Trust, the Trustee accepts the duties and obligations provided herein, but only upon the terms and conditions herein set forth.

**Section 1.02. Definitions.** For all purposes of this Indenture of Trust, unless the context requires otherwise, the following terms shall have the following meanings:

"Additional Bonds" mean any additional bonds executed, authenticated and delivered pursuant to Section 7.04 hereof.

"Additional Rental" means, collectively, Sublease Additional Rental and Sub-Sub-Sublease Additional Rental.

"Agency Agreement" means the Agency Agreement, dated the date hereof, by and between the County and the Financing Authority.

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

"Base Rental" means, collectively, Sublease Base Rental and Sub-Sub-Sublease Base Rental.

"Base Rental Fund" means the fund of that name established pursuant to Section 4.03 of this Indenture of Trust.

"Bond Fund" means the fund of that name established pursuant to Section 4.04 of this Indenture of Trust.

"Bond Register" means the books for the registration of the ownership of Bonds referred to in Section 2.08 of this Indenture of Trust.

"Bonds" mean the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A, authenticated and delivered by the Trustee pursuant to this Indenture of Trust.

"Business Day" means a day which is not a Saturday, a Sunday, a day on which banking institutions are authorized or required by law or executive order to be closed in the State of New York or in the State for commercial banking purposes or a day on which the New York Stock Exchange is closed.

"Certificate of Component Completion" means each notice filed with the Trustee by a County Representative, stating that a Component of the Project has been substantially completed and is ready for use and possession by the County.

"Certificate of Project Completion" means the notice filed with the Trustee by a County Representative, stating that all of the Components of the Project have been substantially completed and are ready for use and possession by the County.

"Closing Date" means March 2, 2005, the date of initial delivery of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and all proposed, temporary or final Treasury Regulations promulgated thereunder.

"Component" means each component of the Project as generally described in Exhibit B to the Sublease and the Sub-Sub-Sublease and as more particularly described in the Plans and Specifications for such Component, as such Exhibits B and as such Plans and Specifications may be amended from time to time.

"Construction and Acquisition Costs" mean the amounts paid or to be paid for the design, acquisition, construction, installation, delivery or financing of the Project and include: reimbursement to the County for any payments made by the County for the design, acquisition, construction, installation, delivery or financing of the Project prior or subsequent to the execution of the Sublease or the Sub-Sub-Sublease; the payment of the principal of and interest on any indebtedness incurred by the County or the Financing Authority the proceeds of which were applied to the costs of the design, acquisition, construction, installation, delivery or financing of the Project; the costs of site preparation necessary for the construction or installation of the Project; and all other costs, fees and expenses, including administrative, engineering, legal and financial fees and expenses, incurred in connection with the design, acquisition, construction, delivery, installation and financing of the Project.

"Construction and Acquisition Fund" means the fund of that name established pursuant to Section 4.02 of this Indenture of Trust.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate of the County, dated as of the date hereof.

"Costs of Issuance" mean all the costs of preparation, sale, execution and delivery of the Bonds and other costs related to the financing provided thereby, including, but not limited to: all printing and document preparation expenses in connection with the Financing Documents, the Bonds and the preliminary and final official statements pertaining to the Bonds; Rating Agency fees; market study fees; legal fees and expenses of counsel with respect to the financing of the Facilities; any computer and other expenses incurred in connection with the Bonds; the initial fees and expenses of the Trustee and its counsel and any paying agent and its counsel (including without limitation origination fees and first annual fees payable in advance); fees and expenses of financial advisors, escrow agents and verification agents; any costs associated with obtaining a municipal bond insurance policy or a surety bond; and other fees and expenses incurred in connection with the execution, authentication and delivery of the Bonds or the implementation of the financing for the Facilities, to the extent such fees and expenses are approved by a County Representative or a Financing Authority Representative.

"Costs of Issuance Account" means the Account of that name within the Construction and Acquisition Fund, established pursuant to Section 4.02 of this Indenture of Trust.

"County" means the County of Los Angeles, a political subdivision of the State, and its successors and assigns.

"County Representative" means the Treasurer and Tax Collector of the County or another official designated by such officer and authorized by such officer to act on behalf of the County under or with respect to this Indenture of Trust and all other agreements related hereto.

"Credit Facility" means a letter of credit, line of credit, surety bond or insurance policy or similar facility, or a substitute letter of credit, a substitute line of credit, a substitute surety bond, a substitute insurance policy or a substitute similar facility.

"Deposit Date" means each July 15 and January 15 during the Term of the Sublease or the Sub-Sub-Sublease, commencing July 15, 2005, or, if any such date is not a Business Day, the next succeeding Business Day.

"Depository" means DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the Financing Authority discontinues use of the Depository pursuant to Section 2.13 hereof, any other securities depository which

agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Financing Authority with the consent of the Trustee.

"Depository Participant" means a member of, or participant in, the Depository.

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

"Earnings Fund" means the fund of that name established pursuant to Section 4.16 of this Indenture of Trust.

"Escrow Agreements" means, collectively, the 1993 Bonds Escrow Agreement, the 1996 Series A Bonds Escrow Agreement, the 1996 Series B Bonds Escrow Agreement, the 2000 Bonds Escrow Agreement and the 2000 Certificates Escrow Agreement.

"Event of Default" means any one or more of the events described in subsections (a), (b) and (c) of Section 9.01 of this Indenture of Trust.

"Excess Earnings Account" means the account of that name established in the Earnings Fund pursuant to Section 4.16 of this Indenture of Trust.

"Facilities" means, collectively, the Sublease Facilities and the Sub-Sub-Sublease Facilities.

"Financing Authority" means the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity formed pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code, and its successors and assigns.

"Financing Authority Representative" means the Treasurer of the Financing Authority or another official designated by such officer and authorized by such officer to act on behalf of the Financing Authority under or with respect to this Indenture of Trust and all other agreements related hereto.

"Financing Documents" mean this Indenture of Trust, the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, and the Agency Agreement, as each may from time to time be amended or supplemented in accordance with its respective terms.

"Fiscal Year" means the fiscal year of the County, which at the date of this Indenture of Trust is the period from each July 1 to and including the following June 30.

"General Account" means the account of that name established in the Construction and Acquisition Fund pursuant to Section 4.02 of this Indenture of Trust.

"Government Obligations" mean: (a) direct obligations of (including obligations issued or held in book-entry form on the books of the Department of the Treasury of) the United States of America, and including United States Treasury Securities — State and Local Government Securities ("SLGS")); (b) noncallable obligations of a state, a territory or a possession of the United States of America, or any political subdivision of any of the foregoing, or of the District of Columbia, within the meaning of Section 103(c) of the Code, which are rated AAA by S&P and Aaa by Moody's and which are not guaranteed directly or indirectly by direct or indirect obligations of the United States of America within the meaning of Section 149(b) of the Code; (c) noncallable obligations of, or obligations

guaranteed as to principal and interest by, any agency or instrumentality of the United States of America, when such obligations are backed by the full faith and credit of the United States, including, but not limited to, (i) all direct or fully guaranteed U.S. Treasury Obligations, Farmers Home Administration Certificates of beneficial ownership, General Services Administration Participation certificates, U .S. Maritime Administration Guaranteed Title XI financing, Small Business Administration - Guaranteed participation certificates and Guaranteed pool certificates, Government National Mortgage Association ("GNMA") - GNMA guaranteed mortgage-backed securities and GNMA guaranteed participation certificates, U. S. Department of Housing and Urban Development Local authority bonds, Washington Metropolitan Area Transit Authority Guaranteed transit bonds, and State and Local Government Series; (ii) non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the U. S. Government, including, but not limited to, Federal Home Loan Mortgage Corp. (FHLMC) Debt Obligations, Farm Credit System (formerly Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) Consolidated Systemwide bonds and notes, Federal Home Loan Banks (FHL Banks) Consolidated debt obligations, Federal National Mortgage Association (FNMA) Debt Obligations, and Resolution Funding Corp. (REFCORP) Debt obligations; and (iii) certain stripped securities where the principal-only and interest-only strips are derived from non-callable obligations issued by the U. S. Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York, excluding custodial receipts, i.e. CATs, TIGERS, unit investment trusts and mutual funds, etc.; (d) such other federal securities as may be permitted under regulations issued pursuant to Section 149(b) of the Code which, in the opinion of Independent Counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds; or (e) pre-refunded tax-exempt municipal obligations for which a defeasance opinion has been rendered by nationally recognized bond counsel.

"Hazardous Substances" mean all substances, wastes, pollutants and contaminants now or hereafter included within such (or any similar) term under any federal, state or local statute, ordinance, code or regulation now existing or hereafter enacted or amended.

"Indenture of Trust" means this Indenture of Trust as it may from time to time be amended or supplemented in accordance with its terms.

"Independent Counsel" means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the County or the Financing Authority.

"Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

"Insurer" means _____ or any successor thereto or assignee thereof.

"Interest Account" means the account by that name within the Bond Fund established pursuant to Section 4.04 hereof.

"Interest Payment Date" means June 1 and December 1 in each year, commencing June 1, 2005, until the maturity or earlier redemption of the Bonds.

"Investment Earnings" means income or gains received with respect to the investment of money on deposit in any fund, account or subaccount established hereunder.

"Investment Earnings Account" means the account of that name established in the Earnings Fund pursuant to Section 4.16 of this Indenture of Trust.

"Lease" means that certain Lease, dated as of the date hereof, by which the County has leased the Sublease Facilities to the Financing Authority, as it may from time to time be amended or supplemented in accordance with its terms.

"Lease Payment" means the payment to be made by the Financing Authority to County pursuant to Section 5 of the Lease.

"Lease Year" means the period from each July 1 to and including the following June 30 during the Term of the Sublease or the Sub-Sub-Sublease.

"Master Repurchase Agreement" means a repurchase agreement that is in accordance with the Public Securities Association Standard Repurchase Agreement.

"Maximum Annual Debt Service" means the largest of the sums obtained for any year beginning July 1 and ending June 30 for the Bonds after totaling the following for each such year:

A. The principal amount of all Outstanding Bonds maturing or required to be redeemed by mandatory sinking account redemption in such year; and

B. The interest which would be due during such year on the aggregate principal amount of Bonds which would be Outstanding in such year if the Bonds Outstanding on the date of such computation were to mature or be redeemed in accordance with the applicable maturity or mandatory sinking account redemption schedule. At the time and for the purpose of making such computation, the amount of Bonds already retired in advance of the above mentioned schedule or schedules shall be deducted pro rata from the remaining amounts thereon.

"Moody's" means Moody's Investors Service, a Delaware corporation, and its successors and assigns.

"1993 Bonds" means the $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV).

"1993 Bonds Escrow Agent" means the Escrow Agent under the 1993 Bonds Escrow Agreement.

"1993 Bonds Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, by and between the County and U.S. Bank National Association, pertaining to the prepayment of the 1993 Bonds.

"1993 Bonds Indenture" means the Indenture of Trust, dated as of December 1, 1993, by and between the Financing Authority and U.S. Bank National Association, as successor trustee.

"1996 Series A Bonds" means the $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A.

"1996 Series A Bonds Escrow Agent" means the Escrow Agent under the 1996 Series A Bonds Escrow Agreement.

"1996 Series A Bonds Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, by and between the County and The Bank of New York Trust Company, N.A., pertaining to the prepayment of the 1996 Series A Bonds.

"1996 Series A Bonds Indenture" means the Indenture of Trust, dated as of September 1, 1996, by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee.

"1996 Series B Bonds" means the $115,680,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B.

"1996 Series B Bonds Escrow Agent" means the Escrow Agent under the 1996 Series B Bonds Escrow Agreement.

"1996 Series B Bonds Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, by and between the County and The Bank of New York Trust Company, N.A., pertaining to the prepayment of the 1996 Series B Bonds.

"1996 Series B Supplemental Indenture" means the First Supplemental Indenture of Trust, dated as of May 1, 1997, by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant hereto.

"Nonarbitrage Certificate" shall have the meaning assigned to such term in Section 8.05 hereof.

"Outstanding," when used as of any particular time with respect to Bonds, means all Bonds theretofore authenticated and delivered by the Trustee under this Indenture of Trust except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds that have been paid or are deemed to have been paid in accordance with this Indenture of Trust;

(c) Bonds described in Section 5.06 hereof; and

(d) Bonds in lieu of or in exchange for which other Bonds shall have been executed and delivered by the Trustee pursuant to this Indenture of Trust.

"Owner" means the registered owner, as indicated in the Bond Register, of any Bond.

"Plans and Specifications" means the plans and specifications prepared for each of the Components of the Project and on file at the administrative offices of the County on the Closing Date, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the delivery of each Certificate of Component Completion in accordance with the terms of the Agency Agreement.

"Principal Account" means the account by that name established within the Bond Fund pursuant to Section 4.04 hereof.

"Principal Office of the Trustee" means the corporate trust office of the Trustee located in Los Angeles, California; provided, however, that the Trustee may designate in writing to the County, the

Financing Authority and the Owners such other office or agency from time to time for purposes of registration, transfer, exchange or payment of Bonds.

"Prior Obligations" means, collectively, the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds, the 2000 Bonds and the 2000 Certificates.

"Project" means, collectively, the Project, and the Components thereof, as more particularly described in the Plans and Specifications and Exhibit B to the Sublease and Exhibit B to the Sub-Sub-Sublease.

"Property" means, collectively, the Sublease Property and the Sub-Sub-Sublease Property.

"Qualified Investments" mean, if and to the extent permitted by law and by any policy guidelines promulgated by the County:

(1) United States Treasury notes, bonds, bills or certificates of indebtedness for which the faith and credit of the United States are pledged for the payment of principal and interest;

(2) Registered warrants or treasury notes or bonds of the State which are rated "AA" or better by the Rating Agencies, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the State or by a department, board, agency or authority of the State;

(3) Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State which are rated "A" or better by the Rating Agencies, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority of the local agency;

(4) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration Notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise;

(5) Bills of exchange or time drafts which are rated "A" or better by the Rating Agencies drawn on or accepted by a commercial bank, otherwise known as bankers' acceptances, provided that purchases of bankers' acceptances may not exceed 180 days maturity;

(6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by the Rating Agencies; eligible commercial paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of $500,000,000 and have an "A" or higher rating for the issuer's debt; other than commercial paper, if any, as provided for by the Rating Agencies; purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation;

(7) Negotiable certificates of deposit which are rated "A" or better by the Rating Agencies issued by a nationally or state-chartered bank (including the Trustee or any of its affiliates) 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;

(8) Investments in repurchase agreements of any securities authorized in this definition of "Qualified Investments," if the Trustee shall have received a perfected first security interest in such securities securing such repurchase agreement and the Trustee or its appointed agent shall hold such obligations free and clear of the claims of third parties and the securities securing such repurchase agreement are required to be of such nature, valued at such intervals and maintained at such levels so as to meet the collateralization levels then required by the Rating Agencies for a rating of "A" or better; the term "repurchase agreement" means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement; the term "counterparty" means the other party to the transaction; a counterparty bank's trust department or safekeeping department may be used for physical delivery of the underlying security; the term of repurchase agreements shall be for one year or less; such securities, for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity;

(9) Medium-term corporate notes of a maximum of five years' maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state operating within the United States, which are rated "A" or better by the Rating Agencies;

(10) Shares in money market funds which are rated "Am" or better by the Rating Agencies, investing in the securities and obligations as authorized by subdivisions (1) to (11), inclusive, of this definition of "Qualified Investments," or which are rated "A" or better, by the Rating Agencies and which comply with the investment restrictions of Articles 1 and 2 of Chapter 4 of Title 5 of the California Government Code (commencing with Section 53630); to be eligible for investment pursuant to this subdivision these money market funds shall either: (i) attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or (ii) have an investment adviser registered with the Securities and Exchange Commission, if applicable, with not less than five years experience investing in the securities and obligations as authorized by subdivisions (1) to (11), inclusive, of this definition of "Qualified Investments" and with assets under management in excess of $500,000,000. Such funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services. The purchase price of shares of beneficial interest purchased pursuant to this subdivision (10) shall not include any commission that these companies may charge;

(11) Notes, bonds or other obligations which are rated "A" or better by the Rating Agencies which are at all times secured by a perfected first security interest in securities of the types listed by section 53651 of the California Government Code as eligible securities for the purpose of securing local agency deposits and which are also listed as a Qualified Investment under any of subdivisions (1) through (10) of this definition and which have a market value at least equal to that required by Section 53652 of the California Government Code for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted;

(12) Interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank, or state or federal savings and loan association in the State, including the Trustee or any affiliate thereof, which are (i) fully insured by the Federal Deposit Insurance Corporation, or (ii) which are (A) at all times secured by a perfected security interest in securities of the types listed in subdivision (2) or (4) of this definition and (B) maintained with a nationally or state chartered bank or

savings and loan association, or (iii) collateralized in the manner required for the deposit of public funds; and

(13) Any other investments which are rated "A" or better by the Rating Agencies which the County deems to be prudent investments and in which the County directs the Trustee to invest.

"Rating Agencies" collectively, means the rating agencies maintaining a rating on the Bonds, initially S&P and Moody's. The term "Rating Agency" means any one of the Rating Agencies.

"Record Date" means the close of business on the fifteenth day of the month next preceding each Interest Payment Date.

"Redemption Account" means the account of that name established in the Bond Fund pursuant to Section 4.04 of this Indenture of Trust.

"Redemption Notice" shall have the meaning assigned to such term in Section 5.03 hereof.

"Refunded Obligations" means, collectively, the bonds or certificates of the respective series of the Prior Obligations that are being refunded and defeased pursuant to this Indenture and the Escrow Agreements.

"Representation Letter" shall have the meaning assigned to such term in Section 2.12 hereof.

"Reserve Fund" means the fund of that name established pursuant to Section 4.05 of this Indenture of Trust.

"Reserve Requirement" means, as of any date of calculation, the least of (i) ten percent (10%) of the proceeds (within the meaning of section 148 of the Code) of the Bonds; (ii) 125% of average annual debt service on the then Outstanding Bonds: or (iii) the Maximum Annual Debt Service for that and any subsequent year.

"S&P" means Standard & Poor's Ratings Services, a Division of McGraw-Hill, Inc., a New York corporation, and its successors and assigns.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sinking Account Installment" means the principal amount of Bonds required to be paid on any Sinking Account Installment Date pursuant to Section 5.01(c) hereof.

"Sinking Account Installment Date" means each date on which a Sinking Account Installment is due, determined as set forth in Section 5.01(c) hereof.

"Special Account" means the account of that name to be established by the Trustee pursuant to Section 4.08 hereof for the purposes described therein.

"State" means the State of California.

"Sub-Sublease" means the Sub-Sublease, dated as of the date hereof, by and between the County and the Financing Authority.

"Sub-Sublease Payment" means the payment to be made by the Financing Authority to County pursuant to Section 5 of the Sub-Sublease.

"Sub-Sub-Sublease" means the Sub-Sub-Sublease and Option to Purchase, dated as of the date hereof, between the Financing Authority and the County, as it may from time to time be amended or supplemented in accordance with its terms and the terms hereof.

"Sub-Sub-Sublease Additional Rental" means the amounts specified as such in Section 3.1(b) of the Sub-Sub-Sublease.

"Sub-Sub-Sublease Base Rental" means the amount referred to as such in Section 3.1(a) of the Sub-Sub-Sublease, as such amounts may be adjusted from time to time in accordance with the terms thereof, but does not include Additional Rental.

"Sub-Sub-Sublease Facilities" means the Sub-Sub-Sublease Property, together with the improvements currently thereon or to be designed, constructed, acquired, delivered and installed thereon, as described in Exhibit A to the Sub-Sub-Sublease, as such Exhibit A may be amended from time to time.

"Sub-Sub-Sublease Property" means the parcels of real property identified in Exhibit A to the Sub-Sub-Sublease, as such Exhibit A may be amended from time to time.

"Sublease" means the Sublease and Option to Purchase, dated as of the date hereof, between the Financing Authority and the County, as it may from time to time be amended or supplemented in accordance with its terms and the terms hereof.

"Sublease Additional Rental" means the amounts specified as such in Section 3.1(b) of the Sublease.

"Sublease Base Rental" means the amount referred to as such in Section 3.1(a) of the Sublease, as such amounts may be adjusted from time to time in accordance with the terms thereof, but does not include Additional Rental.

"Sublease Facilities" means the Sublease Property together with the improvements currently thereon or to be designed, constructed, acquired, delivered and installed thereon, as described in Exhibit A to the Sublease, as such Exhibit A may be amended from time to time.

"Sublease Property" means, collectively, the parcels of real property identified in Exhibit A to the Sublease, as such Exhibit A may be amended from time to time.

"Trustee" means [Trustee], a national banking association organized and existing under the laws of the United States of America, the trustee acting in its capacity as such under this Indenture of Trust, or any successor appointed as herein provided.

"2000 Bonds" means the $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A.

"2000 Bonds Escrow Agent" means the Escrow Agent under the 2000 Bonds Escrow Agreement.

"2000 Bonds Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, by and between the County and The Bank of New York Trust Company, N.A., pertaining to the prepayment of the 2000 Bonds.

"2000 Bonds Indenture" means the Indenture of Trust, dated as of April 1, 2000, by and among the Financing Authority, the County, and The Bank of New York Trust Company, N.A., as trustee.

"2000 Certificates" means the $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project).

"2000 Certificates Escrow Agent" means the Escrow Agent under the 2000 Certificates Escrow Agreement.

"2000 Certificates Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, by and between the County and U.S. Bank National Association, pertaining to the prepayment of the 2000 Certificates.

"2000 Certificates Trust Agreement" means the Trust Agreement, dated as of November 1, 2000, by and among the County, Los Angeles County Courthouse Corporation, and U.S. Bank National Association, as successor trustee.

**Section 1.03. Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

**Section 1.04. Timing of Actions.** Whenever in this Indenture of Trust there is designated a time of day at or by which a certain action must be taken, such time shall be local time in Los Angeles, California, except as otherwise specifically provided herein. If the date for making any payment or the last day for the performance of any act or the exercise of any right, as provided in this Indenture of Trust, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture of Trust, except as otherwise specifically provided herein. Notwithstanding the foregoing, if an Interest Payment Date for the Bonds falls on a day which is not a Business Day, then amounts due on the Outstanding Bonds on such Interest Payment Date shall be paid on the next succeeding Business Day but interest shall accrue only to such Interest Payment Date.

**Section 1.05. Authorization.** Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture of Trust, and has taken all actions necessary to authorize the execution and delivery of this Indenture of Trust.

**Section 1.06. Assignment.** The Financing Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners of the Bonds, all of the Financing Authority's rights, title and interest in and to the Lease, the Sublease, the Sub-Sublease and the Sub-Sub-Sublease, except for the Financing Authority's obligations to cause the Project to be designed, constructed and delivered pursuant to Section 2 ("Agreement to Lease and to Sublease; Term") of the Sublease and the Sub-Sub-Sublease, and the Financing Authority's rights under Section 11 ("Indemnification and Hold Harmless Agreement") of the Sublease and the Sub-Sub-Sublease, including the Financing Authority's rights to receive Base Rental, as well as its rights to enforce payment of such Base Rental when due or otherwise

to protect its interests in the event of a default by the County under the Sublease or the Sub-Sub-Sublease, in accordance with the terms thereof. Nothing herein shall be construed to relieve the Financing Authority from the Financing Authority's obligations, as assignee hereunder, to cause the Project to be designed, constructed, acquired, delivered and installed in accordance with the Sublease and the Sub-Sub-Sublease or to constitute the assumption by the Trustee of such obligations. The Trustee hereby accepts the assignment and transfer of such of the Financing Authority's rights, title and interest in and to the Lease, the Sublease, the Sub-Sublease and the Sub-Sub-Sublease, as assignee hereunder, as are assigned and transferred to the Trustee pursuant to the terms of this Indenture of Trust, for the purpose of securing such Base Rental and rights to the Owners, from time to time, of Bonds.

Excepting only the assignment and transfer of rights to the Trustee above, this assignment and transfer shall not confer any rights nor impose any duties, obligations or responsibilities upon the Trustee beyond those expressly provided in the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, and this Indenture of Trust.

## ARTICLE II.

## BONDS

**Section 2.01. Designation.** The Financing Authority is hereby authorized and directed to execute, and the Trustee is hereby authorized and directed upon written request of a Financing Authority Representative to authenticate and deliver the Bonds to the original purchaser or purchasers thereof. The Bonds shall be designated "Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A". The Financing Authority may authorize the execution, authentication and delivery of Additional Bonds at any time after the execution, authentication and delivery of the Bonds only as provided in Section 7.04 hereof which Additional Bonds shall contain such additional designation as may be determined by the Financing Authority.

**Section 2.02. Description of Bonds.** Each Bond shall be executed, authenticated and delivered in fully registered form and shall be numbered as determined by the Trustee. The Bonds shall be dated their date of delivery. The Bonds shall be executed and delivered in Authorized Denominations; provided, however, that the Bonds shall initially be executed, authenticated and delivered in book-entry form pursuant to Section 2.11 hereof. The Bonds shall be executed, authenticated and delivered in the aggregate principal amount of $_____.

(a) The Bonds shall mature on the dates, in the principal amounts, and interest thereon shall be computed at the rates (based on a 360-day year comprised of twelve thirty-day months), as shown below:

| Maturity Date (December 1) | Principal Amount | Interest Rate |
|---|---|---|

The Bonds maturing on December 1, _____ shall be subject to mandatory Sinking Account Installment redemption pursuant to Section 5.01(c) hereof.

(b) If any payment on a Bond when due is delinquent, interest shall accrue on the delinquent amount and be payable by the Financing Authority to the Owners at a rate of interest equal to the rate of interest accruing on the Bond pursuant to the provisions of this Indenture of Trust.

**Section 2.03. Form.** The Bonds shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the Financing Authority.

**Section 2.04. Authentication.** The Bonds shall be authenticated by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee.

**Section 2.05. Transfer and Exchange.** The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Trustee. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown on the Bond, duly executed by the Owner or his duly authorized attorney. Upon such registration of transfer, a new Bond or Bonds of the same type, for the same maturity, aggregate principal amount and interest rate and in Authorized Denominations, will be executed, authenticated and delivered to the transferee in exchange therefor.

Subject to the provisions of Section 2.11 hereof, the County, the Financing Authority and the Trustee shall deem and treat the person in whose name a Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the principal of or interest on such Bond shall be overdue or not, for the purpose of receiving payment of principal, premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the County, the Financing Authority or the Trustee shall be affected by any notice to the contrary.

Bonds may be exchanged at the Principal Office of the Trustee for other Authorized Denominations of the same type and maturity and of like aggregate principal amount and interest rate of Bonds.

All Bonds surrendered to the Trustee for transfer or exchange shall, upon execution, authentication and delivery of the new Bonds, thereupon be canceled by the Trustee. The Trustee may require the payment by the Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect thereto.

The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the County.

The Trustee shall not be required to register the transfer or exchange of any Bond, whether or not that Bond shall thereafter be selected for redemption, during the period established by the Trustee for selection of Bonds to be redeemed, or to transfer or exchange any Bond selected for redemption, except for the unredeemed portion of any Bond redeemed only in part.

**Section 2.06. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Financing Authority shall execute, and the Trustee, at the expense of the Owner of such Bond, shall authenticate and deliver, a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and the Trustee shall deliver a certificate of destruction to the Financing Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee and the Financing Authority has been given, the Financing Authority shall execute, and the Trustee shall, at the expense of the Bond Owner, authenticate and deliver a new Bond of like tenor and denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Bond delivered under this Section 2.06 and of the expenses which may be incurred by the Trustee in carrying out its duties under this Section 2.06. Any Bond executed, authenticated and delivered under the provisions of this Section 2.06 in lieu of any Bond claimed to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture of Trust with all other Bonds. Notwithstanding any other provision of this Section 2.06, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of the principal of, premium, if any, and interest on such Bond.

**Section 2.07. Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Indenture of Trust to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, shall be sufficient for any purpose of this Indenture of Trust (except as otherwise herein provided) if made in the following manner: the fact and date of the execution by any Owner or his attorney or agent of any such instrument, and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in such jurisdictions, that the person signing such instrument acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a

partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

**Section 2.08. Bond Register.** The Trustee shall keep or cause to be kept at its Principal Office sufficient books for the registration and registration of transfer of the Bonds, which books shall upon reasonable written notice and during regular business hours be open to inspection by the County, by the Financing Authority and by the Owners of not less than 10% in aggregate principal amount of Bonds then Outstanding. Upon presentation for registration of transfer, the Trustee shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

**Section 2.09. Nonpresentment of Bonds.** In the event any Bond shall not be presented for payment when the principal or premium, if any, thereof becomes due, if funds sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Financing Authority to the Owner thereof for the payment of the Bond shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds (subject to Section 2.10 hereof), without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such funds, subject to Section 2.10 hereof, for any claim of whatever nature on, or with respect to, such Bond.

**Section 2.10. Unclaimed Money.** All money which the Trustee shall have received from any source and set aside for the purpose of paying any Bond shall be held in trust for the Owner of such Bond, but any money which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the Owner of such Bond for a period of one year after the date on which any payment with respect to such Bond shall have become due and payable shall be paid to the Financing Authority; provided, however, that the Trustee, before making any such payment, shall at the expense of the Financing Authority cause notice to be mailed to the Owner of such Bond, by first-class mail, postage prepaid, and by a single publication in The Bond Buyer (or if such notice cannot be published in The Bond Buyer, in some other financial newspaper selected by the Trustee which regularly carries such notices for obligations similar to the Bonds) not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be returned to the Financing Authority. During any period in which the Trustee holds such unclaimed money, the Trustee shall not invest such money. Thereafter, the Owner of such Bond shall look only to the Financing Authority for payment and then only to the extent of the amount so returned to the Financing Authority without any interest thereon, and the Trustee shall have no responsibility with respect to such money.

**Section 2.11. Book-Entry System; Limited Obligation.** The Bonds shall be initially executed, authenticated and delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial execution, authentication and delivery, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.13 hereof, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a

successor Depository or to another nominee of the Depository or of a successor Depository. Each global Bond shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the County, the Financing Authority and the Trustee shall have no responsibility or obligation to any Depository Participant or to any person on behalf of which such a Depository Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the County, the Financing Authority and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Depository Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Depository Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any Redemption Notice, (c) the selection by the Depository and the Depository Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Depository Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to principal of, interest on, or premium, if any, of the Bonds. The County, the Financing Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on, the Bond, for the purpose of giving Redemption Notices with respect to the Bonds and other notices with respect to the Bonds, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on, the Bonds only to or upon the order of the respective Bond Owners, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on, such Bond pursuant to this Indenture of Trust. Upon delivery by the Depository to the Trustee and the Financing Authority of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture of Trust shall refer to such new nominee of the Depository.

**Section 2.12. Representation Letter.** In order to qualify the Bonds for the Depository's book-entry system, the Financing Authority Representative is hereby authorized to execute, seal, countersign and deliver on behalf of the Financing Authority to such Depository a letter from the Financing Authority in substantially the form attached hereto as Exhibit B representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 hereof or in any other way impose upon the Financing Authority or the County any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Trustee in the

Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the Financing Authority Representative and all other officers of the Financing Authority, and their respective deputies and designees, each is hereby authorized to take any other actions, not inconsistent with this Indenture of Trust, to qualify the Bonds for the Depository's book-entry program.

**Section 2.13. Transfers Outside Book-Entry System.** If at any time the Depository notifies the Financing Authority that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Financing Authority within 90 days after the Financing Authority receives notice or becomes aware of such condition, as the case may be, Section 2.11 hereof shall no longer be applicable and the Financing Authority shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as provided below. In addition, the Financing Authority may determine at any time that the Bonds shall no longer be represented by global bonds and that the provisions of Section 2.11 hereof shall no longer apply to the Bonds. In any such event the Financing Authority shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as provided below. Bonds executed, authenticated and delivered in exchange for global bonds pursuant to this Section 2.13 shall be registered in such names and delivered in such Authorized Denominations as the Depository, pursuant to instructions from the Depository Participants or otherwise, shall instruct the Financing Authority and the Trustee. The Trustee shall deliver such bonds representing the Bonds to the persons in whose names such Bonds are so registered.

If the Financing Authority determines to replace the Depository with another qualified securities depository, the Financing Authority shall prepare or cause to be prepared a new fully-registered global bond for each of the maturities of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Financing Authority, the Trustee and such securities depository and not inconsistent with the terms of this Indenture of Trust.

**Section 2.14. Payments and Notices to the Nominee.** Notwithstanding any other provision of this Indenture of Trust to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

**Section 2.15. Initial Depository and Nominee.** The initial Depository under this Indenture of Trust shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

## ARTICLE III.

## INTEREST RATE AND OTHER BOND PROVISIONS

**Section 3.01. Interest on the Bonds.** Interest on each Bond of each maturity shall be payable at the respective per annum rate set forth in Section 2.02 hereof and shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months.

**Section 3.02. Medium of Payment; Interest Accrual.** The Bonds shall be payable, with respect to principal thereof, premium, if any, and interest thereon, in any lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private

debts. Payments of interest on any of the Bonds will be made on the applicable Interest Payment Dates by check of the Trustee sent on the Interest Payment Date by first-class mail, postage prepaid, or by wire transfer to any Owner of $1,000,000 or more of Bonds to the account within the United States specified by such Owner in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Owner thereof, at such Owner's address as it appears on the Bond Register, on the Record Date for the Bonds; provided, however, that payments of defaulted interest with respect to a Bond shall be payable by check to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Subject to the provisions of the Representation Letter prepared in connection with the issuance of the Bonds, payment of the principal and premium, if any, of the Bonds upon redemption or maturity, as applicable, will be made upon presentation and surrender of each such Bond at the Principal Office of the Trustee.

Interest on each Bond shall accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless (i) it is executed after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (ii) it is executed prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the date of initial delivery of the Bonds; provided, however, that if at the time of execution of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the date of initial delivery of the Bonds.

## ARTICLE IV.

## FUNDS AND ACCOUNTS

**Section 4.01. Application of Proceeds of Sale of the Bonds and Other Moneys.** Upon the receipt of payment for the Bonds when the same shall be sold to the original purchaser or purchasers thereof, and upon the receipt by the Trustee of other moneys as described in this Section, the proceeds of such sale and such other moneys shall be deposited with the Trustee and applied as follows:

(a) The Trustee shall transfer to the 1993 Bonds Escrow Agent, for deposit into the Los Angeles County Public Works Financing Authority (Multiple Capital Facilities Project IV) Escrow Fund established pursuant to the 1993 Bonds Escrow Agreement, the sum of $_____ (consisting of $_____ in Bond proceeds and $_____ in proceeds from the funds and accounts held under the 1993 Bonds Indenture), to be applied to the refunding of the 1993 Bonds.

(b) The Trustee shall transfer to the 1996 Series A Bonds Escrow Agent, for deposit into the Los Angeles County Public Works Financing Authority (Multiple Capital Facilities Project V) 1996 Series A Escrow Fund established pursuant to the 1996 Series A Bonds Escrow Agreement, the sum of $_____ (consisting of $_____ in Bond proceeds and $_____ in proceeds from the funds and accounts held under the 1996 Series A Indenture) to be applied to the refunding of the 1996 Series A Bonds.

(c) The Trustee shall transfer to the 1996 Series B Bonds Escrow Agent, for deposit into the Los Angeles County Public Works Financing Authority (Multiple Capital Facilities Project IV) 1996 Series B Bonds Escrow Fund established pursuant to the 1996 Series B Bonds Escrow Agreement, the sum of $_____ (consisting of $_____ in Bond proceeds and $_____ in proceeds from the funds and accounts held under the 1996 Supplemental Indenture) to be applied to the refunding of the 1996 Series B Bonds.

(d) The Trustee shall transfer to the 2000 Bonds Escrow Agent, for deposit into the Los Angeles County Public Works Financing Authority (Multiple Capital Facilities Project VI) Escrow Fund established pursuant to the 2000 Bonds Escrow Agreement, the sum of $_____ (consisting of $_____ in Bond proceeds and $_____ in proceeds from the funds and accounts held under the 2000 Bonds Indenture) to be applied to the refunding of the 2000 Bonds.

(e) The Trustee shall transfer to the 2000 Certificates Escrow Agent, for deposit into the County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A Escrow Fund established pursuant to the 2000 Certificates Escrow Agreement, the sum of $_____ (consisting of $_____ in Bond proceeds and $_____ in proceeds from the funds and accounts held under the 2000 Certificates Trust Agreement) to be applied to the refunding of the 2000 Certificates.

(f) The Trustee shall deposit into the Reserve Fund the sum of $_____.

(g) The Trustee shall deposit, into the Costs of Issuance Account of the Construction and Acquisition Fund the sum of $_____.

(h) The Trustee shall deposit the following amounts into the following subaccounts of the General Account of the Construction and Acquisition Fund:

(1) The Trustee shall deposit into the M.L.K. Central Plant Component Subaccount, the sum of $_____.

(2) The Trustee shall deposit into the Music Center Component Subaccount, the sum of $_____.

(3) The Trustee shall deposit into the Burbank Courthouse Component Subaccount, the sum of $_____.

(4) The Trustee shall deposit into the Emergency Operations Center Component Subaccount, the sum of $_____.

(5) The Trustee shall deposit into the Harbor/UCLA PCDC Component Subaccount, the sum of $_____.

(6) The Trustee shall deposit into the Harbor-150 Bed Inpatient Component Subaccount, the sum of $_____.

(7) The Trustee shall deposit into the 1996 LACLE-PSFC Component Subaccount, the sum of $_____.

(8) The Trustee shall deposit into the 1996 LACHF-Authority Component Subaccount, the sum of $_____.

(9) The Trustee shall deposit into the 1996 LACCC Component Subaccount, the sum of $_____.

(10) The Trustee shall deposit into the 2000 LACCC Project Component Subaccount, the sum of $_____.

(11) The Trustee shall deposit into the 2000 LACHF Authority Project Component Subaccount, the sum of $_____.

(12) The Trustee shall deposit into the Antelope Valley Courthouse Component Subaccount, the sum of $_____.

(i) The Trustee shall deposit, into the Interest Account of the Bond Fund, Bond proceeds in the amount of $_____, which represents accrued interest paid by the original purchaser or purchasers of the Bonds.

**Section 4.02. Establishment and Application of Construction and Acquisition Fund.** There is hereby established in trust a special fund designated the "Construction and Acquisition Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer the Construction and Acquisition Fund and the accounts therein as provided in this Article IV. Within the Construction and Acquisition Fund, the Trustee shall establish the Costs of Issuance Account and the General Account. Within the General Account, the Trustee shall establish the subaccounts named in Section 4.01(h) hereof.

(a) **Costs of Issuance Account.** There shall be deposited in the Costs of Issuance Account that portion of the proceeds of the Bonds required to be deposited pursuant to Section 4.01 hereof. The Trustee shall disburse money from the Costs of Issuance Account on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written request of a Financing Authority Representative in the form attached hereto as Exhibit D, together with invoices therefor. Any amounts remaining in the Costs of Issuance Account on the earlier of the six month anniversary of the issuance of the Bonds or the date on which a Financing Authority Representative has notified the Trustee in writing that all Costs of Issuance have been paid shall be transferred to such subaccount or subaccounts in the General Account as shall be designated in writing by a Financing Authority Representative, or, if the General Account shall have been closed or no such notice is given, then to the Interest Account of the Bond Fund. Following the transfer of all amounts remaining in the Costs of Issuance Account, the Trustee shall close such account.

(b) **General Account.** There shall be deposited into each of the respective Component subaccounts within the General Account that portion of the proceeds of the Bonds and/or other moneys required to be deposited pursuant to Section 4.01 hereof. There shall also be deposited into the respective Component subaccounts of the General Account any money received by the Trustee in respect of the Project Component to which such subaccount pertains as payment under any performance, labor or material bond given by any contractor with respect to such Component, or as proceeds under any builder's all-risk insurance provided with respect to such Component, or any other moneys received by the Trustee and required, pursuant to the provisions of this Indenture of Trust or the written directions of a County Representative, to be deposited in the such Component subaccount. The Trustee shall, from time to time, disburse money from the appropriate subaccount within the General Account to pay Construction and Acquisition Costs for the corresponding Component as hereinafter provided, in each case promptly after receipt of and in accordance with (i) a written request of a County Representative in the form attached hereto as Exhibit C, or (ii) any judgment or order of a court of competent jurisdiction directing the County or the Financing Authority to pay the Construction and Acquisition Costs specified therein. In the event the written request of a County Representative does not direct the amounts to be withdrawn from each of the subaccounts pertaining to a Component, the Trustee shall withdraw funds pro rata from such subaccounts.

In making such payments, the Trustee may rely upon the representations made in such written request or the judgment or order. If for any reason the County should decide prior to the payment

of any item in a written request not to pay such item, then a County Representative shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment, and the Trustee shall have no liability to the County, the Financing Authority or the designated payee as a result of such nonpayment.

In no event shall the Trustee be responsible for the adequacy of the Agency Agreement, for the enforcement of the Agency Agreement, or for the use of money properly disbursed pursuant to requests made under this Section 4.02.

If, after the earlier to occur of: (i) payment by the Trustee of all written requests theretofore tendered to the Trustee under the provisions of this Section 4.02 for any Component, and delivery to the Trustee of the corresponding Certificate of Component Completion, and (ii) the third anniversary of the issuance of the Bonds there shall remain any balance of money in the corresponding subaccount within the General Account of the Construction and Acquisition Fund, all money so remaining shall be transferred pursuant to the direction of the County as evidenced by a written order signed by a County Representative or, absent such direction, shall be transferred in the following order of priority: (a) to any subaccount or subaccounts within the General Account related to a Component which is not then completed the amount as specified by the County (provided that no such transfer shall be made after the third anniversary of the issuance of the Bonds), (b) to the Reserve Fund to the extent the amount therein is less than the Reserve Requirement, (c) to the Base Rental Fund to the extent necessary to make the amount on deposit therein equal to the amount of Base Rental to become due within the next 12 months, (d) for use in connection with any capital expenditure of the County whether or not related to the Facilities if there is delivered to the Trustee a certificate of a County Representative to the effect that the fair rental value of the Facilities is, or upon completion of the improvements thereto for which funds are available hereunder will be, at least equal to 100% of the maximum amount of Base Rental coming due in the then current Lease Year, or (e) to the Redemption Account. Following the transfer of all amounts remaining in all of the subaccounts of the General Account and after receiving a Certificate of Project Completion (or if such transfers are made upon the occurrence of the third anniversary of the issuance of the Bonds, no Certificate of Project Completion shall be required), the Trustee shall close such Account.

**Section 4.03. Establishment and Application of Base Rental Fund.**

(a) **General.** There is hereby established in trust a special fund designated the "Base Rental Fund", which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. Within the Base Rental Fund the Trustee shall establish the Sublease Base Rental Account and the Sub-Sub-Sublease Base Rental Account. The Trustee shall administer such fund as provided in this Article IV. The Base Rental Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the terms of the Sublease or the Sub-Sub-Sublease, or until such earlier date as there are no Bonds Outstanding.

(b) **Transfers to Interest Account.** All payments of Sublease Base Rental received by the Trustee under the Sublease shall be deposited into the Sublease Base Rental Account. The Trustee shall transfer on each Interest Payment Date for the Bonds from the Sublease Base Rental Account to the Interest Account of the Bond Fund an amount that, together with any amount to be transferred to the Interest Account of the Bond Fund on that date from the Sub-Sub-Sublease Base Rental Account, and together with any other amounts on deposit in the Interest Account (allocated pro rata to the required amounts to be transferred from each Account of the Base Rental Fund) equals the interest then due on such Interest Payment Date on the Bonds in accordance with the terms of this Indenture of Trust.

All payments of Sub-Sub-Sublease Base Rental received by the Trustee under the Sub-Sub-Sublease shall be deposited into the Sub-Sub-Sublease Base Rental Account. The Trustee shall

transfer on each Interest Payment Date for the Bonds from the Sub-Sub-Sublease Base Rental Account to the Interest Account of the Bond Fund an amount that, together with any amount to be transferred to the Interest Account of the Bond Fund on that date from the Sublease Base Rental Account, and together with any other amounts on deposit in the Interest Account (allocated pro rata to the required amounts to be transferred from each Account of the Base Rental Fund) equals the interest then due on such Interest Payment Date on the Bonds in accordance with the terms of this Indenture of Trust.

(c) **Transfers to Principal Account.** The Trustee shall transfer on each Sinking Account Installment Date or maturity date for the Bonds from the Sublease Base Rental Account to the Principal Account of the Bond Fund an amount that, together with any amount to be transferred to the Principal Account of the Bond Fund on that date from the Sub-Sub-Sublease Base Rental Account, and together with any other amounts on deposit in the Principal Account (allocated pro rata to the required amounts to be transferred from each Account of the Base Rental Fund), equals the principal then due on such Sinking Account Installment Date or maturity date with respect to the Bonds in accordance with the terms of this Indenture of Trust.

The Trustee shall transfer on each Sinking Account Installment Date or maturity date for the Bonds from the Sub-Sub-Sublease Base Rental Account to the Principal Account of the Bond Fund an amount that, together with any amount to be transferred to the Principal Account of the Bond Fund on that date from the Sublease Base Rental Account, and together with any other amounts on deposit in the Principal Account (allocated pro rata to the required amounts to be transferred from each Account of the Base Rental Fund), equals the principal then due on such Sinking Account Installment Date or maturity date with respect to the Bonds in accordance with the terms of this Indenture of Trust.

(d) **Delinquent Base Rental and Surplus.** All delinquent Base Rental payments received pursuant to the Sublease or the Sub-Sub-Sublease and any proceeds of liquidated damages and rental interruption insurance, if any, received by the Trustee shall be deposited into the respective Account of the Base Rental Fund to which such payments pertain. All proceeds of delinquent Base Rental payments so received shall be applied first to the payment of overdue interest, then to the payment of overdue principal and then to make up any deficiency in the Reserve Fund, and thereafter all proceeds of liquidated damages and rental interruption insurance shall be applied first to the payment of overdue interest, then to the payment of overdue principal and then to make up any deficiency in the Reserve Fund. Any amounts remaining in the Base Rental Fund on each Interest Payment Date, Sinking Account Installment Date or maturity date which are not required for the payment of principal or interest on the next succeeding Interest Payment Date, Sinking Account Installment Date or maturity date shall be first transferred to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement, second, to the payment of any amount then due and payable to the Trustee, and third, remitted to the County, except that, as provided above, any remaining money representing delinquent Base Rental payments and any proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Fund to be used according to this Section 4.03.

**Section 4.04. Establishment and Application of Bond Fund.**

(a) **General.** There is hereby established in trust a special fund designated the "Bond Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer such fund as provided in this Article IV. The Bond Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the terms of the Sublease and the Sub-Sub-Sublease, or until such date as there are no Bonds Outstanding. Within the Bond Fund, the Trustee shall establish the following Accounts:

(i) the Interest Account;

(ii) the Principal Account; and

(iii) the Redemption Account.

(b) **Interest Account and Principal Account.** Moneys transferred to the Interest Account and the Principal Account pursuant to Section 4.03 hereof shall be applied by the Trustee to the payment of interest and principal due and payable on the Bonds for which such transfer was made on any Interest Payment Date, Sinking Account Installment Date and maturity date therefor or to reimburse the Financing Authority for the purchase of Bonds pursuant to Section 5.07 hereof. Any excess amounts remaining in the Interest Account or the Principal Account following each Interest Payment Date shall be transferred by the Trustee to the Base Rental Fund for disposition in accordance with Section 4.03 hereof.

(c) **Redemption Account.** Any proceeds of insurance (other than rental interruption insurance) or awards in respect of a taking under the power of eminent domain not required to be used for repair, reconstruction or replacement of the Facilities and, under the terms of Section 4.08 or Section 4.09 of this Indenture of Trust, required to be deposited into the Redemption Account, and any other amounts provided for the redemption of Bonds in accordance with Section 5.01 hereof, shall be deposited by the Trustee in the Redemption Account. The Trustee shall, on the scheduled redemption date, withdraw from the Redemption Account and pay to the Owners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed on such date.

**Section 4.05. Establishment and Application of Reserve Fund.**

(a) There is hereby established in trust a special fund designated the "Reserve Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. There shall be deposited into the Reserve Fund the amounts required to be deposited therein pursuant to Section 4.01 hereof. The Trustee shall administer the Reserve Fund as provided in this Article IV.

(b) The Reserve Fund shall be maintained by the Trustee in the amount of the Reserve Requirement until there are no longer any Bonds Outstanding; provided, however, that at the option of the Financing Authority, and with the prior written consent of the Insurer, a Credit Facility in the amount of the Reserve Requirement or any portion thereof may be substituted for the funds, or for the Credit Facility held by the Trustee in the Reserve Fund, provided that:

(i) if the Credit Facility is issued by an insurance company which is rated at least A+ by A.M. Best in Best's Insurance Reports (or any successor agency or publication) or the claims paying ability or the obligations insured by such insurance company at the time of issuance of the Credit Facility are rated in the highest rating category by S&P and Moody's;

(ii) such Credit Facility is renewable or extendable on an annual basis and unconditionally permits funds to be drawn thereunder in an amount not less than the full amount of the Credit Facility ten days prior to the expiration of the Credit Facility in the event the term of the Credit Facility (excluding optional renewals or extensions thereof) expires prior to the final maturity date of the Outstanding Bonds;

(iii) such Credit Facility is issued initially for at least a five year term or the remaining term of the Outstanding Bonds, whichever is less;

(iv) such Credit Facility provides for a reimbursement term of not less than three years from the date of any draw thereunder; and

(v) such Credit Facility is unconditional and irrevocable.

Notwithstanding anything herein to the contrary, after any Credit Facility consisting of a surety bond or a letter of credit has been drawn down, any monies available to repay the provider of the surety bond or letter of credit shall be first used to reinstate the surety bond or letter of credit to its original amount. Any interest or fees due to the provider of the surety bond or letter of credit, other than reinstatement, shall be subordinate to any amounts required to be paid for the benefit of the Owners.

If the Financing Authority exercises its option to substitute the Credit Facility for all or a portion of the moneys held by the Trustee in the Reserve Fund, then (A) the Financing Authority shall promptly so notify S&P and Moody's, and (B) such moneys, on or after the date that the Credit Facility becomes effective, shall be transferred at the option of the County, either: (i) to the Redemption Account to be applied to the redemption of Outstanding Bonds in accordance with the provisions of Section 5.01(a) hereof; or (ii) to a subaccount of the General Account of the Construction and Acquisition Fund, as designated by the County. At no time shall amounts on deposit in the Redemption Account be invested to produce a yield greater than the yield on the Bonds, as described in the Nonarbitrage Certificate. The Financing Authority shall provide notice to the Trustee at least ten days prior to the expiration date of the Credit Facility in the event such Credit Facility will not be renewed, extended or replaced. In the event that the term of the Credit Facility is scheduled to expire prior to the final maturity date of the Outstanding Bonds and the Trustee has not received evidence that such Credit Facility will be renewed, extended or replaced, the Trustee shall on the tenth day prior to the expiration date draw upon such Credit Facility in an amount equal to the full amount of the Credit Facility and deposit such amount in the Reserve Fund.

(c) If on the third day prior to any Interest Payment Date, Sinking Account Installment Date or maturity date for the Bonds, the amounts on deposit in the Interest Account or the Principal Account of the Base Rental Fund and the Bond Fund are less than the principal and interest due on the Bonds on such date, then the Trustee shall transfer from the Reserve Fund for credit to the Interest Account or Principal Account, as appropriate, of the Bond Fund, amounts sufficient to make up such deficiencies; provided that such amounts shall be paid first from cash or investments in such Fund and second from a draw on any Credit Facilities, and further provided that in the event a draw on a Credit Facility is to be made, the Trustee shall provide notice of such draw to the issuer thereof not later than three days prior to such Interest Payment Date, Sinking Account Installment Date or maturity date, as applicable. In the event of such transfer, the Trustee shall, within five days after making such transfer, provide written notice to the County, the Financing Authority and the issuer of the Credit Facility of the amount and date of such transfer.

(d) For purposes of determining the amount on deposit at any time in the Reserve Fund the Trustee shall value all Qualified Investments as of each Deposit Date using one or more of the following valuations: fair market value, present value, or the principal amount of the investment to be valued, all as permitted under and in accordance with section 148 of the Code and the Treasury Regulations promulgated thereunder (as determined by the County). Any moneys in the Reserve Fund, excluding Investment Earnings, in excess of the Reserve Requirement on each Deposit Date, commencing July 15, 2005, and at such other time or times as directed by the County or the Financing Authority in a written order signed by a County Representative or a Financing Authority Representative, as applicable, and delivered to the Trustee, shall be transferred to the Interest Account of the Bond Fund and applied to the payment of the interest due on the Bonds on the next succeeding Interest Payment Dates therefor. Investment Earnings on amounts on deposit in the Reserve Fund shall be transferred pursuant to Section 4.15 hereof.

**Section 4.06. Surplus.** After (a)(i) payment or redemption or provision for payment or redemption of all amounts due with respect to the Bonds and payment of all fees and expenses to the Trustee, or (ii) defeasance of the Bonds pursuant to Section 12.01(a)(ii) or (iii) hereof, and (b) the transfer of any additional amounts required to be deposited into the Excess Earnings Account of the Earnings Fund pursuant to the written instructions from a County Representative or a Financing Authority Representative in accordance with the Nonarbitrage Certificate, any amounts remaining in any of the funds, accounts or subaccounts established hereunder (except for the Excess Earnings Account) and not required for such purposes shall after payment of any amounts due to the Trustee be remitted to the County and used for any lawful purpose thereof; provided, however, in the event of defeasance, amounts shall not be remitted to the County until the County has delivered or caused to be delivered an opinion of Independent Counsel to the effect that remission of such amounts to the County shall not adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

**Section 4.07. Additional Rental.** In the event the Trustee receives Additional Rental (other than any Additional Rental payable to the Trustee), the Trustee shall establish a separate fund for such Additional Rental and deposit any such amounts therein and such Additional Rental shall be applied by the Trustee solely to the payment of any costs in respect of which such Additional Rental was received, and shall not be commingled in any way with any other funds received by the Trustee pursuant to the Sublease or the Sub-Sub-Sublease or this Indenture of Trust.

**Section 4.08. Repair or Replacement; Application of Insurance Proceeds.** If the Facilities or any portion thereof shall be damaged, destroyed, or taken by eminent domain proceedings, the County shall continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Facilities or any portion thereof in accordance with the provisions of this Section 4.08.

The proceeds of any insurance (other than any rental interruption insurance), including the proceeds of any self-insurance and the proceeds of any condemnation award, received on account of any damage, destruction or taking of the Facilities or a portion thereof, shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account (the "Special Account") which it shall establish when needed and make available and, to the extent necessary, shall be applied to the cost of repair or replacement of the Facilities or the affected portion thereof upon receipt of a written request of a County Representative substantially in the form attached hereto as Exhibit C (but with appropriate reference to such Special Account instead of the accounts referenced therein), together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by a Financing Authority Representative in Qualified Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the County shall, within 90 days of the occurrence of the event of damage, destruction or taking, notify the Trustee in writing of whether the County intends to replace or repair the Facilities or the portions of the Facilities which were damaged or destroyed, and if the County elects to replace or repair the Facilities or portions thereof, the County shall promptly deposit with the Trustee the full amount of any insurance deductible to be credited to the Special Account.

If the damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or possession of the Facilities and an abatement of rental payments will result from such damage or destruction pursuant to Section 3.5 of the Sublease or the Sub-Sub-Sublease, then the County shall (i) apply sufficient funds from the insurance proceeds and other legally available funds deposited with the Trustee by the County to the replacement or repair of the Facilities or the portions thereof which have been damaged, or (ii) apply sufficient funds from the insurance proceeds and

other legally available funds to the redemption, as set forth in Section 5.01(b) hereof, in full of all the Outstanding Bonds or all of those Outstanding Bonds which would have been payable from that portion of the Base Rental payments which are abated as a result of the damage or destruction, such that the Base Rental payable with respect to the remaining portions of the Facilities is sufficient to pay all principal and interest due on the Bonds to remain Outstanding after such redemption. The proceeds of any insurance, including the proceeds of any self-insurance remaining after the property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and fair rental value as that which existed prior to the damage or destruction as required by (i) above or the redemption, or provision for the redemption, of Bonds as required by (ii) above, in each case as evidenced by a certificate signed by a County Representative to such effect, shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. If the County chooses not to replace or repair the Facilities, or the affected portion thereof, as set forth in (i) above or to use such amounts to redeem Bonds as set forth in (ii) above, then such proceeds shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. Any amounts not required to be so deposited into the Reserve Fund pursuant to the two preceding sentences shall, if there is first delivered to the Trustee a written certificate of a County Representative to the effect that the annual fair rental value of the Facilities after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental payments becoming due in the then current Lease Year or any subsequent Lease Year, be paid to the County to be used for any lawful purpose. If the County cannot deliver the certificate described in the preceding sentence, then any excess amounts shall be transferred to the Redemption Account of the Bond Fund and used to redeem Bonds pursuant to Section 5.01(b) hereof.

**Section 4.09. Title Insurance.** Proceeds of any policy of title insurance received by the Trustee in respect of the Facilities or any portion thereof shall be applied and disbursed by the Trustee as follows:

(a) If the County determines that the title defect giving rise to such proceeds has not materially affected the County's right to the use and possession of the Facilities and will not result in an abatement of Base Rental, such proceeds shall be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. Amounts not required to be so deposited shall, if there is first delivered to the Trustee a written certificate of a County Representative to the effect that the annual fair rental value of the Facilities, notwithstanding the title defect for which the payment was made, is at least equal to 100% of the maximum amount of Base Rental becoming due in the then current Lease Year, be paid to the County to be used for any lawful purpose. If the County cannot deliver the certificate described in the preceding sentence, then such amounts shall be transferred to the Redemption Account of the Bond Fund and used to redeem Bonds pursuant to Section 5.01(b) hereof.

(b) If any portion of the Facilities has been affected by such title defect, and if the County determines that such title defect will result in an abatement of Base Rental, then either (i) the County shall use the insurance proceeds to remove the title defect, or (ii) the Trustee shall, if not notified in writing by the County within 90 days of the receipt by the Trustee of the insurance proceeds that the County will use the proceeds to remove the title defect, deposit such proceeds in the Redemption Account of the Bond Fund, and such proceeds shall be applied to the redemption of Bonds in the manner provided in Section 5.01(b) hereof.

**Section 4.10. Application of Amounts After Default by the County.** All damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under Section 12 of the Sublease or the Sub-Sub-Sublease shall be held and applied in accordance with Section 9.07 hereof.

**Section 4.11. Moneys Held in Trust.** The money and investments held by the Trustee hereunder are irrevocably held in trust for the purposes herein specified, and such money, investments, and any income or interest earned thereon, shall be expended and invested only as provided herein, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of (a) the Financing Authority, (b) the County, (c) the Trustee, or (d) any Owner or beneficial owner of Bonds.

**Section 4.12. Investments Authorized.** Money held by the Trustee in any fund, account or subaccount hereunder shall be invested by the Trustee in Qualified Investments pending application as provided herein solely at the written direction of a Financing Authority Representative, shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. The Financing Authority shall direct the Trustee in writing prior to 12:00 p.m., Pacific time, on the Business Day before any Qualified Investment matures or is redeemed as to the reinvestment of the proceeds thereof. Anything herein notwithstanding, the maturity or maturities of the Qualified Investments held by the Trustee in the Reserve Fund shall not be later than five years from the date of the investment. Moneys held in any fund, account or subaccount hereunder (other than the Excess Earnings Account of the Earnings Fund) may be commingled for purposes of investment only. If the Financing Authority shall fail to provide the Trustee with written direction with respect to any moneys subject to investment, the Trustee shall, nevertheless, invest such moneys in the Qualified Investments listed in clause (10) of the definition of Qualified Investments in Section 1.02 hereof.

The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 4.12. Any investments and reinvestments shall be made at the direction of the County as set forth above giving full consideration to the time at which funds are required to be available hereunder and, subject to the Nonarbitrage Certificate, to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Indenture of Trust. The Trustee may act as agent in the making or disposing of any investment.

**Section 4.13. Reports.** The Trustee shall furnish monthly to the Financing Authority a report of all investments made by the Trustee and of all amounts on deposit in each fund, account and subaccount maintained hereunder, provided that the Trustee shall not be obligated to provide an accounting for any fund or account that (a) has a balance of zero and (b) has not had any activity since the last reporting date.

**Section 4.14. Valuation and Disposition of Investments.** For the purpose of determining the amount in any fund, account or subaccount hereunder, except for the Reserve Fund, all Qualified Investments shall be valued on each Deposit Date using one or more of the following valuations: fair market value, present value, or the principal amount of the investment to be valued, all as permitted under and in accordance with section 148 of the Code and the Treasury Regulations promulgated thereunder (as determined by the County). For purposes of determining the amount in the Reserve Fund, Qualified Investments shall be valued in accordance with Section 4.05(d) hereof. The Trustee at the direction of the County may sell at the best price obtainable or present for redemption any Qualified Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale except for its own negligence or willful misconduct.

**Section 4.15. Application of Investment Earnings.** Investment Earnings on amounts on deposit in the Excess Earnings Account of the Earnings Fund shall be retained therein. Except as otherwise provided herein, the Trustee shall deposit, as and when received, all Investment Earnings on amounts on deposit in all funds, accounts and subaccounts maintained by it hereunder into the Investment

Earnings Account of the Earnings Fund pursuant to Section 4.16 hereof (except for Investment Earnings on amounts on deposit in the Excess Earnings Account of the Earnings Fund).

**Section 4.16. Establishment and Application of Earnings Fund.**

There is hereby established in trust a special fund designated the "Earnings Fund", which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. Within the Earnings Fund, the Trustee shall establish the "Investment Earnings Account" and the "Excess Earnings Account". The Trustee shall administer the Investment Earnings Account and the Excess Earnings Account as provided in this Article IV. The Trustee shall deposit moneys into the Investment Earnings Account of the Earnings Fund as required in Section 4.15 hereof or pursuant to written instructions from a County Representative in accordance with the provisions of the Nonarbitrage Certificate. Any amounts remaining on deposit in the Investment Earnings Account or the Excess Earnings Account which exceeds the respective amounts required to be maintained therein as established by the written instructions from a Financing Authority Representative shall be transferred as designated in writing by a Financing Authority Representative, or, in the absence of such written instructions, first, to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement, second, pro rata to the subaccounts of the General Account of the Construction and Acquisition Fund pertaining to Components for which a Certificate of Project Completion has not been delivered (except that, no such deposit shall be made to any subaccount of the General Fund after the third anniversary of the issuance of the Bonds), third, to the Administrative Expense Fund to the extent necessary to make the amount on deposit therein equal to the amount required to be deposited therein pursuant to Section 4.01(b), and finally to the Interest Account of the Bond Fund for application to the payment of interest on the Bonds on the next succeeding Interest Payment Date therefor. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall be applied only to payments made to the United States of America in accordance with written instructions of a Financing Authority Representative.

## ARTICLE V.

## REDEMPTION

**Section 5.01. Redemption.** The Bonds shall be subject to redemption prior to their stated maturity dates only as set forth below:

(a) **Optional Redemption.** The Bonds maturing on or after December 1, ____ are subject to redemption prior to maturity from amounts deposited with the Trustee by the County in furtherance of the exercise of the County's option to purchase the Financing Authority's right, title and interest in the Facilities or any portion thereof in accordance with Section 15 of the Sublease or the Sub-Sub-Sublease and from any other funds legally available therefor upon notice as specified below, as a whole on any date or in part on any Interest Payment Date, on or after December 1, ____, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued but unpaid interest to the redemption date:

| Redemption Dates (inclusive) | Redemption Price |
|---|---|
| December 1, 20__ through November 30, 20__ | |
| December 1, 20__ through November 30, 20__ | |
| December 1, 20__ and thereafter | |

(b) **Mandatory Redemption.** The Bonds are subject to mandatory redemption prior to maturity, as a whole or in part, at a redemption price equal to the principal amount thereof plus accrued

but unpaid interest to the redemption date, without premium, on the earliest Interest Payment Date following the deposit of such moneys, from amounts deposited in the Redemption Account pursuant to Section 4.08 or Section 4.09 hereof following an event of damage, destruction, theft or condemnation of the Facilities or any portion thereof or loss of the use or possession of the Facilities or any portion thereof due to a title defect.

(c) **Sinking Account Installments.** The Bonds maturing on December 1, 20____, shall be subject to mandatory redemption, in part, by lot, on December 1, 20___ and on each December 1 thereafter prior to maturity, from Sinking Account Installments on deposit in the Principal Account of the Bond Fund, at a redemption price equal to the principal amount of such Bonds to be redeemed, without premium, plus accrued but unpaid interest to the redemption date as indicated on the following table:

December 1, 20_____ Term Bonds

| Sinking Account Installment Date (December 1) | Principal Amount |
|---|---|
| | |
| (maturity) | |

**Section 5.02. Selection of Bonds for Redemption.** Whenever provision is made in this Indenture of Trust or the Sublease or the Sub-Sub-Sublease for the redemption of Bonds (other than from Sinking Account Installments) and less than all Outstanding Bonds are to be redeemed, the Financing Authority shall give written instruction to the Trustee of the principal amount of each maturity of Bonds to be redeemed. Within a maturity, the Trustee shall select Bonds for redemption by lot. The Trustee shall promptly notify the Financing Authority in writing of the Bonds so selected for redemption. Redemption by lot shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Bond to be redeemed shall be in Authorized Denominations and all Bonds to remain Outstanding after any redemption in part shall be in Authorized Denominations.

**Section 5.03. Notice of Redemption.** (a) Whenever redemption is authorized or required pursuant to Section 5.01 hereof, the Financing Authority shall give the Trustee at least 45 days prior written notice specifying the date and amount of such redemption, or such shorter period as shall be acceptable to the Trustee, and the Trustee shall give notice ("Redemption Notice"), at the expense of the Financing Authority, of the redemption of the Bonds. Such Redemption Notice shall specify (i) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (ii) the date of redemption, (iii) the place or places where the redemption will be made, including the name and address of any paying agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (vi) if less than all of the Bonds of a maturity are to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (vii) the original issue date and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued but unpaid to the redemption date, and that from and after such date, if sufficient funds are available for redemption, interest thereon shall cease to accrue and be payable.

(a) The Trustee shall take the following actions with respect to such Redemption Notice:

(i) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register.

(ii) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, (B) telephonically confirmed facsimile transmission, or (C) overnight delivery service, to DTC:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission: (516) 227-4039
(516) 227-4190

(iii) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, (B) overnight delivery service, or (C) telephonically confirmed facsimile transmission, to one of the following services selected by the Financing Authority:

(1) Financial Information, Inc.'s Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor

(2) FIS/Mergent, Inc.
5250 77 Center Drive, Suite 150
Charlotte, North Carolina 28217
Attention: Call Notification

(3) Standard & Poor's Securities Evaluation, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Attention: Notification Department

(4) Xcitek
5 Hanover Square
New York, New York 10004

(b) Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Each check or other transfer of funds issued by the Trustee for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

**Section 5.04. Partial Redemption of Bonds.** Upon the surrender of any Bond redeemed in part only, the Financing Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Financing Authority, a new Bond or Bonds of Authorized Denominations equal to the unredeemed portion of the Bond surrendered and of the same type, interest rate and maturity. Such partial redemption shall be valid upon payment or provision for the payment of the amount required to be paid to such Owner, and the Financing Authority and the Trustee shall be released and discharged thereupon from all liability to the extent of such payment.

**Section 5.05. Effect of Notice of Redemption.** The Bonds to be redeemed shall be due and payable on the date of redemption set forth in the Redemption Notice with respect thereto.

If on such redemption date money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Trustee so as to be available therefor on such redemption date, and if a Redemption Notice shall have been given as described in Section 5.03(b)(i) hereof, then, from and after such redemption date, no additional interest shall become due on the Bonds to be redeemed. All money held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

On each such redemption date other than a Sinking Account Installment Date, the Financing Authority shall recompute the amount of Base Rental to become due in each remaining year of the Sublease and the Sub-Sub-Sublease following redemption of the Bonds to be redeemed and shall notify the Trustee in writing of the amount of such Base Rental.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Article shall be canceled and destroyed by the Trustee upon surrender thereof.

**Section 5.06. Bonds No Longer Outstanding.** When any Bond or portion thereof has been duly called for redemption prior to maturity under the provisions of this Indenture of Trust, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Trustee, in form satisfactory to it, and sufficient money shall be held by the Trustee irrevocably in trust for the redemption price of such Bond or portion thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Indenture of Trust, then such Bond or portion thereof shall be deemed no longer Outstanding under the provisions of this Indenture of Trust. If the Financing Authority shall acquire any Bond by purchase or otherwise, such Bond shall be deemed no longer Outstanding and shall be surrendered to the Trustee for cancellation.

**Section 5.07. Purchase of Bonds.** Unless expressly provided otherwise herein, money held in the Redemption Account of the Bond Fund and in the Principal Account of the Bond Fund hereunder may be used to reimburse the Financing Authority for the purchases of Bonds that would otherwise be subject to redemption from such moneys upon the delivery of such Bonds to the Trustee for cancellation at least ten days prior to the date on which the Trustee is required to select Bonds for redemption. The purchase price of any Bonds purchased by the Financing Authority hereunder shall not exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of this Section 5.07 (accrued interest to be paid from the same Account of the Bond Fund from which accrued interest would be paid upon redemption of such Bonds). Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be surrendered by the Financing Authority to the Trustee for cancellation and applied as a credit against the obligation to redeem such Bonds from such moneys.

## ARTICLE VI.

## THE TRUSTEE AND PAYING AGENTS

**Section 6.01. Compensation of Trustee.** Subject to the terms of any compensation agreement between the Financing Authority and the Trustee, the Financing Authority shall from time to time, on demand, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. To the

extent permitted by law, compensation and reimbursement to the Trustee shall not be limited by any statutory provisions which limit compensation to trustees of express trusts.

**Section 6.02. Removal of Trustee.** The Financing Authority may, so long as no Event of Default has occurred and is continuing hereunder, upon 30 days' notice, or the Owners of a majority in aggregate principal amount of the Outstanding Bonds may, by written request at any time and for any reason, remove the Trustee and any successor thereto, and shall thereupon accept a successor or successors thereto, but any such successor shall be a bank or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000, in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and shall be subject to supervision or examination by federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 6.02 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Notwithstanding the foregoing, a bank or trust company which does not have a combined capital and surplus of at least $100,000,000 may become a successor Trustee if its obligations hereunder are guaranteed by an affiliate which meets the qualifications of a successor Trustee hereunder and such guaranty is acceptable in form and substance to the Financing Authority. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee and payment of the fees and expenses of the Trustee being removed.

**Section 6.03. Resignation of Trustee.** The Trustee or any successor may at any time resign by giving written notice to the Financing Authority and by giving written notice sent by first-class mail, postage prepaid, to the Owners of its intention to resign and of the proposed date of resignation. Upon receiving such notice of resignation, the Financing Authority shall, promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Financing Authority fails to appoint a successor Trustee within 30 days following receipt of such written notice of resignation, the resigning Trustee, at the expense of the Financing Authority, may petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Any successor Trustee approved by the Owners, the Financing Authority or any court shall satisfy the qualifications set forth in Section 6.02 hereof. Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee (or Paying Agent) shall take effect until a successor shall be appointed.

**Section 6.04. Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 6.02 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further action, anything herein to the contrary notwithstanding.

**Section 6.05. Protection and Rights of the Trustee.** The Trustee shall be protected and shall incur no liability in acting upon or processing in good faith any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, written direction or requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture of Trust, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with

counsel, who may or may not be counsel to the County or the Financing Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith reliance thereon.

The Trustee shall not be liable for any error in judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or relating to the exercise of any trust or power conferred upon the Trustee under this Indenture of Trust.

Whenever in the administration of its duties under this Indenture of Trust the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of a Financing Authority Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Indenture of Trust in good faith reliance thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee; may acquire and dispose of bonds or other evidences of indebtedness of the Financing Authority and enforce its rights as Owner thereof to the same extent as if it were not Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Outstanding Bonds.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties hereunder, and the Trustee shall not be answerable for the misconduct or negligence of any such attorney, agent, or receiver selected by it with reasonable care.

If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture of Trust. The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at the Principal Office of the Trustee. Except as expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default thereunder. No provision of this Indenture of Trust shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability

in the performance of its duties hereunder or in the exercise of any of its rights or powers if repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

Before taking any action under Article IX or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

**Section 6.06. Trustee to Act as Set Forth Herein.** The Trustee has the power to receive, to hold in accordance with the terms hereof and to disburse the money to be paid pursuant to the Sublease, the Sub-Sub-Sublease or this Indenture of Trust. The Trustee has no power to vary, alter or substitute the Sublease or the Sub-Sub-Sublease or the corpus of any trust created hereby or pursuant to the Sublease or the Sub-Sub-Sublease or this Indenture of Trust at any time, except as specifically authorized herein.

**Section 6.07. Paying Agents.** The Trustee is hereby appointed as paying agent for the Bonds. The Financing Authority, and upon written consent of a Financing Authority Representative, the Trustee may appoint such other paying agents with respect to the Bonds as it may deem advisable. Any paying agent appointed shall be a bank or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000 and shall be subject to supervision by a federal or state banking authority.

## ARTICLE VII.

## AMENDMENTS

**Section 7.01. Amendments to Indenture of Trust.** This Indenture of Trust may be amended in writing by agreement between the parties, but no such amendment shall become effective as to the Owners of Bonds then Outstanding unless and until approved in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding. Notwithstanding the foregoing, this Indenture of Trust and the rights and obligations provided hereby may also be modified or amended at any time without the consent of any Owners of the Bonds, upon the written agreement of the Financing Authority and the Trustee, but only (a) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in this Indenture of Trust, (b) in regard to questions arising under this Indenture of Trust which the Trustee may deem necessary or desirable and not inconsistent with this Indenture of Trust and which shall not adversely affect the interests of the Owners of the Bonds then Outstanding, (c) to preserve and maintain the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, (d) to qualify this Indenture of Trust under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect, (e) to authorize the execution, authentication and delivery of Additional Bonds if the conditions set forth in Section 7.04 hereof are met,

or (f) for any other reason, provided such modification or amendment does not materially adversely affect the interests of the Owners of the Bonds then Outstanding; provided that the Financing Authority and the Trustee may rely in entering into any such amendment or modification hereof upon the opinion of Independent Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment shall impair the right of any Owner to receive such Owner's principal and interest in accordance with the terms of his Bond. The Trustee shall not be required to enter into or consent to any amendment or modification which, in the sole judgment of the Trustee, might adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein. Notwithstanding any other provision of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Bondholders as if there were no Insurance Policy.

**Section 7.02. Amendments to Lease, Sublease, Sub-Sublease, Sub-Sub-Sublease and Agency Agreement.** Subject to Section 11.07 hereof, the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, and the Agency Agreement may be amended in writing by agreement between the parties thereto, with the consent of the Trustee, but no such amendment shall become effective as to the Owners of Bonds then Outstanding unless and until approved in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding. Notwithstanding the foregoing, the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, and the Agency Agreement and the rights and obligations provided thereby may also be modified or amended at any time without the consent of any Owners of the Bonds, upon the written agreement between the respective parties thereto, with the consent of the Trustee but only (a) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, or the Agency Agreement, (b) in regard to questions arising under the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, or the Agency Agreement which the Trustee, the County and the Financing Authority, as applicable, may deem necessary or desirable and not inconsistent with the terms thereof and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding, (c) to modify or amend the description of the Facilities, to release from the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease any portion of the Facilities or to substitute other property and/or improvements for the Facilities or any portion thereof pursuant to Section 3.7 of the Sublease or Section 3.7 of the Sub-Sub-Sublease, (d) to provide for the authorization of Additional Bonds if the conditions set forth in Section 7.04 have been met, or (e) for any other reason, provided such modification or amendment does not materially adversely affect the interests of the Owners of the Bonds then Outstanding; provided, however, that the County, the Financing Authority and the Trustee may rely in entering into any such amendment or modification thereof or in giving consent thereto upon the opinion of Independent Counsel (which opinion may rely upon the certificates or opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification.

**Section 7.03. Consent of Owners.** If the Financing Authority or the County should desire to obtain any consent in writing of Owners, the Board of Directors of the Financing Authority may, by resolution, propose the amendment to which consent is desired. A copy of such resolution, together with a request to Owners for their consent to the amendment proposed therein, shall be mailed by first-class mail, postage paid, to each registered Owner at such Owner's address as it appears on the Bond Register.

The lack of actual receipt by any Owner of such resolution and request for consent and any defects in such resolution and request for consent shall not affect the validity of the proceedings for the obtaining of such consent. A certificate by the Secretary of the Financing Authority, approved by

resolution of the Board of Directors of the Financing Authority, that said resolution and request for consent have been delivered as herein provided shall be conclusive as against all parties.

Any such written consent shall be binding upon the Owner giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or by the subsequent Owner. To be effective, any revocation of consent must be filed at the address provided in the request for consent before the adoption of the resolution accepting consents as hereinafter provided.

After the Owners of at least a majority in aggregate principal amount of the Outstanding Bonds shall have consented in writing, the Board of Directors of the Financing Authority shall adopt a resolution accepting such consents and such resolution shall constitute complete evidence of the consent of Owners under this Section 7.03.

Notice specifying the amendment that has received the consent of Owners as required by this Section 7.03 shall be sent by first-class mail, postage prepaid, not more than 60 days following the final action in the proceedings for the obtaining of such consent, to each registered Owner at such Owner's address as it appears on the Bond Register. Such notice is only for the information of Owners, and failure to mail or receive such notice or any defect therein shall not affect the validity of the proceedings theretofore taken in the obtaining of such consent.

**Section 7.04. Additional Bonds.** The Financing Authority may from time to time, by a supplement or amendment to this Indenture of Trust, authorize one or more series of Additional Bonds on a parity with or secured separately from, the Outstanding Bonds. Such supplement or amendment to this Indenture of Trust may provide for the creation of such funds and accounts as may be required for the issuance of Additional Bonds. The Financing Authority shall execute and the Trustee shall authenticate and deliver the Additional Bonds of any series only upon the receipt by the Trustee of:

(a) A copy of a supplement or amendment to this Indenture of Trust authorizing such series of Additional Bonds which shall, among other provisions, specify: (i) the authorized principal amount, designation and series of such Additional Bonds, (ii) the purpose for which such Additional Bonds are to be executed, authenticated and delivered, (iii) the maturity date or dates of such Additional Bonds, (iv) the source of security of such Additional Bonds, (v) the interest payment dates for and the interest rate or rates or the maximum rate of interest payable on the Additional Bonds of such series, (vi) the denominations of and the manner of dating and numbering such Additional Bonds, (vii) the redemption provisions and redemption dates and prices and any defeasance provisions for such Additional Bonds, (viii) the form of such Additional Bonds, (ix) the establishment of any provisions concerning additional funds, accounts and subaccounts in the Bond Fund or a bond fund created pursuant to such supplement or amendment, held by the Trustee under this Indenture of Trust to provide for the payment of principal, premium, if any, and interest on such Additional Bonds, (x) the establishment of any provisions concerning additional funds, accounts and subaccounts in the Reserve Fund or a reserve fund created pursuant to such supplement or amendment and held by the Trustee hereunder so that such Additional Bonds are secured by a reserve requirement calculated on the same basis as the Reserve Requirement, and (xi) the establishment of any provisions concerning such other funds, accounts and subaccounts as the Financing Authority shall deem necessary or desirable for such Additional Bonds, including, without limitation, construction and acquisition funds.

(b) A duly executed copy of an amendment to the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease such that (i) the Base Rental payable under the Sublease and the Sub-Sub-Sublease, as amended, is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds and that the Base Rental payable thereunder is not in excess of the fair rental value

of the Facilities, including any new facilities, additions or improvements thereto to be financed with the proceeds of such Additional Bonds, and (ii) the insurance provisions of the Sublease and the Sub-Sub-Sublease shall provide adequate coverage for any new facilities, additions or improvements. If appropriate, such amendment or amendments shall contain any modifications necessary to include any such financed facilities, additions or improvements in the Facilities.

(c) Evidence that any amendments to the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease executed in connection with such Additional Bonds have been duly recorded in the official records of the County Recorder of the County of Los Angeles.

(d) If such Additional Bonds are being executed, authenticated and delivered to finance the construction or acquisition of new facilities, additions or improvements to the Facilities, either (i) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Facilities, without taking into account such new facilities, additions or improvements, is at least equal to the Base Rental payable under the Sublease or the Sub-Sub-Sublease, as amended, and that such Base Rental is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds, (ii) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Facilities, including any new facilities, additions or improvements which are completed and are available for use and possession by the County, is at least equal to the Base Rental payable under the Sublease or the Sub-Sub-Sublease, as amended, and that such Base Rental is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds, or (iii) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Facilities, including such new facilities, additions or improvements, when completed, will be at least equal to the Base Rental payable under the Sublease or the Sub-Sub-Sublease, as amended, and that such Base Rental is sufficient to pay all principal and interest on the Outstanding Bonds and Additional Bonds, which certificate shall be accompanied by (1) an executed copy of a fixed price construction contract for such new facilities, additions or improvements, which contract includes a scheduled completion date and provides for liquidated damages sufficient to pay the portion of Base Rental attributable thereto for each day from the scheduled completion date to the date on which such new facilities, additions or improvements are accepted by the County, and (2) the deposit of a sufficient amount of capitalized interest to pay interest on the Additional Bonds until such scheduled completion date.

(e) An opinion of Independent Counsel to the effect that (i) the supplement or amendment to this Indenture of Trust and any amendments to the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease or the Agency Agreement executed in connection therewith are authorized or permitted by the Constitution and laws of the State and this Indenture of Trust and have been duly and validly authorized, executed and delivered by the Financing Authority and the County, as applicable, and constitute the legally valid and binding obligations of the Financing Authority and the County, as applicable, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, and (ii) the execution, authentication and delivery of such Additional Bonds will not adversely affect the exclusion for federal income tax purposes of the interest on the Bonds received by or allocated to the Owners of the Bonds and the owners of any Additional Bonds previously executed, authenticated and delivered.

(f) Written evidence from the Rating Agencies that the execution, authentication and delivery of such Additional Bonds will not, by itself, result in a downgrading of the ratings assigned to

the Bonds from the ratings in effect immediately prior to such execution, authentication and delivery of the Additional Bonds.

## ARTICLE VIII.

## COVENANTS; NOTICES

**Section 8.01. Extension of Payment of Bonds.** The Financing Authority shall not directly or indirectly extend the dates upon which the principal of the Bonds is required to be paid or redeemed, or the time of payment of interest thereon. Nothing herein shall be deemed to limit the right of the Financing Authority to issue any securities for the purpose of providing funds for the redemption or payment of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

**Section 8.02. Offices for Servicing Bonds.** The Financing Authority shall at all times maintain one or more offices or agencies in Los Angeles, California or New York, New York where Bonds may be presented for payment, and shall at all times maintain one or more agencies one of which shall be in Los Angeles, California or New York, New York where Bonds may be presented for registration of transfer or exchange, and where notices, demands and other documents may be served upon the Financing Authority in respect of the Bonds. The Financing Authority hereby appoints the Trustee at its Principal Office as its agent in Los Angeles, California for purposes of this Section 8.02.

**Section 8.03. Access to Books and Records.** The Trustee shall at all times have access to those books and records of the Financing Authority which may be reasonably required by the Trustee to fulfill its duties and obligations hereunder.

**Section 8.04. General.** The Financing Authority certifies, declares, recites and warrants that upon the date of execution, authentication and delivery of any of the Bonds, all conditions, acts and things required by law and this Indenture of Trust to exist, to have happened and to have been performed precedent to and in the execution, authentication and delivery of such Bonds do exist, have happened and have been performed and the execution, authentication and delivery of such Bonds shall comply in all respects with the applicable laws of the State of California.

**Section 8.05. Tax Matters.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any Proceeds and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

"Proceeds", with respect to an issue of governmental obligations, has the meaning set forth in has the meaning set forth in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds).

"Rebate Amount" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Tax Regulations" means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

"Yield" of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The Authority covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond or Prior Obligation to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond or Prior Obligation from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(d) Not to Invest at Higher Yield. Except as would not cause the Bonds to become "arbitrage bonds" within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(e) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(f) Information Report. The Authority shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(g) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(1) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, within 60 days of each Computation Date the Authority shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Agency.

(h) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(i) Bonds Not Hedge Bonds.

(1) The Authority represents that none of the Bonds or Refunded Obligations is or will become a "hedge bond" within the meaning of section 149(g) of the Code.

(2) Without limitation of clause (1) of this subsection (i): (A) on the date of issuance of the Prior Obligations the Authority reasonably expected that at least 85% of the spendable proceeds thereof would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Prior Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(3) Without limitation of clause (1) of this subsection (i): (A) the Authority will not execute and deliver the Bonds unless as of the date of issuance of the Bonds the Authority reasonably expects that at least 85% of the spendable proceeds of the Bonds will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(j) Elections. The Authority hereby directs and authorizes any County Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such County Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(k) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Bonds a Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, or similar document containing additional representations and

covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes (the "Tax Certificate"), which representations and covenants are incorporated as though expressly set forth herein.

Notwithstanding any provision of this Indenture of Trust to the contrary, upon the Financing Authority's failure to observe, or refusal to comply with, the foregoing covenant, no person other than the Trustee or the Owners of the Bonds shall be entitled to exercise any right or remedy provided to the Owners under this Indenture of Trust on the basis of the Financing Authority's failure to observe, or refusal to comply with, the covenant.

**Section 8.06. Performance.** The Financing Authority shall faithfully observe all covenants and other provisions contained in this Indenture of Trust, in each Bond executed, authenticated and delivered hereunder and under the Lease.

**Section 8.07. Prosecution and Defense of Suits.** The Financing Authority shall promptly take such action as may be necessary to cure any defect in the title to the Facilities or any part thereof, whether now existing or hereafter occurring, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

**Section 8.08. Further Assurances.** The Financing Authority will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture of Trust, and for the better assuring and confirming to the Trustee, on behalf of the Owners, the rights and benefits provided herein.

**Section 8.09. Continuing Disclosure.** The County covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the County to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default; however, the Trustee, who shall be entitled to adequate indemnification, or any Owner or Beneficial Owner 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 Section 8.09. The sole remedy under the Continuing Disclosure Certificate in the event of any failure of the County to comply with the Continuing Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under the Continuing Disclosure Certificate. For purposes of this Section 8.10, the term "Beneficial Owner" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

## ARTICLE IX.

## EVENTS OF DEFAULT

**Section 9.01. Events of Default Defined.** The following shall be "events of default" under this Indenture of Trust and the terms "Events of Default" and "default" shall mean, whenever they are used in this Indenture of Trust, any one or more of the following events:

(a) Default in the due and punctual payment of the interest on any Bond or the principal or premium, if any, on any Bond when and as the same shall become due and payable; provided, however, that any default in such due and punctual payment which is due to a rental abatement under Section 3.5 of the Sublease or the Sub-Sub-Sublease shall not be considered an Event of Default hereunder.

(b) An event of default shall have occurred under clause (i) of Section 12.1 or clause (ii) of Section 12.1 of the Sublease or the Sub-Sub-Sublease.

(c) An event of default shall have occurred under clause (iii) of Section 12.1 of the Sublease or the Sub-Sub-Sublease, or the Financing Authority shall have failed to observe or perform any covenants, conditions or agreement on its part to be observed or performed under this Indenture of Trust (other than such failure as may constitute an event of default under clause (a) or clause (b) of this Section), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Financing Authority or the County, as applicable, by the Trustee, or to the Financing Authority or the County, as applicable, and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds; provided, however, if the failure stated in the notice cannot be corrected within such period, then such period will be extended so long as corrective action is instituted by the Financing Authority or the County, as applicable, within such period and diligently pursued until the default is corrected, but only if such extension would not materially adversely affect the interests of any Owner.

**Section 9.02. Remedies on Default.** Upon the occurrence and continuance of any Event of Default specified in Section 9.01(b) of this Indenture of Trust, the Trustee, subject to Section 11.03 hereof, shall proceed, or upon the occurrence and continuance of any other Event of Default hereunder, the Trustee may proceed (and upon written request of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and upon being indemnified to its satisfaction by such Owners shall proceed) to exercise the remedies set forth in Section 12 of the Sublease or the Sub-Sub-Sublease or available to the Trustee hereunder.

**Section 9.03. Notice of Events of Default.** In the event the Financing Authority is in default, the Trustee shall give notice, at the expense of the Financing Authority, of such default to the Owners. Such notice shall state that the Financing Authority is in default and shall provide a brief description of such default. The Trustee in its discretion may withhold notice if it deems it in the best interest of the Owners. The notice provided for in this Section 9.03 shall be given by first-class mail, postage prepaid, to the Owners within 30 days of the occurrence of such default.

**Section 9.04. No Remedy Exclusive.** No remedy conferred upon or reserved to the Trustee under this Indenture of Trust, the Sublease or the Sub-Sub-Sublease is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture of Trust, the Sublease and the Sub-Sub-Sublease, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Owners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than such notice as may be required in this Article or by law.

**Section 9.05. Waiver; No Additional Waiver Implied by One Waiver.** The Trustee may in its discretion waive any Event of Default and its consequences and shall do so upon the written request of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; provided, however, that no default in the payment of the principal of, premium or interest on any Bond shall be waived unless prior to such waiver, all arrears of such payments have been made and all fees and expenses of the Trustee have been paid. In case of any such waiver, the Trustee, the Financing Authority and the Owners shall be restored to their former positions and rights hereunder respectively, but such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**Section 9.06. Action by Owners.** In the event the Trustee fails to take any action to eliminate an Event of Default under Section 12 of the Sublease or the Sub-Sub-Sublease, or hereunder, including the collection of Base Rental when due, the Owners of a majority in aggregate principal amount of the Outstanding Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Sublease or the Sub-Sub-Sublease or this Indenture of Trust, but only if such Owners shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or herein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless the Trustee shall have been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Notwithstanding any other provision in this Indenture of Trust, the right of any Owner to receive payment in accordance with the terms of his Bond or to institute suit for the enforcement of any such payment on or after such payment becomes due shall not be impaired or affected without the consent of such Owner.

**Section 9.07. Application of Proceeds in Event of Default.** Except to the extent necessary to compensate the Trustee for its reasonable fees and expenses (including reasonable attorneys' fees and expenses), to the extent necessary to pay all principal of and interest then due and unpaid on all Outstanding Bonds and to make the deposits into the Base Rental Fund required to be made pursuant to Section 3.1(a) of the Sublease or the Sub-Sub-Sublease, all damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under this Indenture of Trust or Section 12 of the Sublease or the Sub-Sub-Sublease shall be deposited by the Trustee into the Bond Fund and transferred first to the Interest Account therein and then to the Principal Account therein to pay the interest and principal due on the Bonds. If the amount deposited into the Bond Fund is not sufficient to pay all overdue interest payments, the amounts deposited shall be distributed pro rata to Owners on the basis of the amount of interest due and unpaid to such Owners. If the amount deposited into the Bond Fund is not sufficient to pay all overdue payments of principal, the amounts deposited shall be distributed pro rata to the Owners on the basis of the amount of principal due and unpaid to such Owners.

To the extent not required to be deposited into the Bond Fund pursuant to the immediately preceding paragraph, all damages or other payments received by the Trustee from the enforcement of any rights and powers under this Indenture of Trust or Section 12 of the Sublease or the Sub-Sub-Sublease shall be applied as follows in the order of priority indicated: (i) deposited into the Reserve Fund to the extent that the amount in the Reserve Fund is less than the Reserve Requirement; (ii) applied to the payment of Additional Rental then due and payable; and (iii) deposited into and retained in the Bond Fund for application to the payments due on the Bonds on the next succeeding payment dates thereof.

## ARTICLE X.

## LIMITATION OF LIABILITY

**Section 10.01. No Liability of Financing Authority for Trustee Performance.** The Financing Authority shall not have any obligation or liability to the County or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Indenture of Trust, including the distribution by the Trustee of principal and interest on the Bonds to the Owners.

**Section 10.02. No Liability of Trustee for Base Rental Payments by County.** Except as provided herein, the Trustee shall have no obligation or liability to the Owners with respect to the payment of Base Rental by the County when due, or with respect to the performance by the County or the Financing Authority of any other covenant made by any of them in the Sublease or the Sub-Sub-Sublease or in this Indenture of Trust, as applicable.

**Section 10.03. No Liability of County or Financing Authority Except as Stated.** Except for (i) the payment of Base Rental and Additional Rental when due in accordance with the terms of the Sublease or the Sub-Sub-Sublease (in the case of the County), and (ii) the performance by the County and the Financing Authority of their respective obligations and duties as set forth in the Sublease or the Sub-Sub-Sublease and in this Indenture of Trust, as applicable, the County and the Financing Authority shall have no obligation or liability to the Trustee or the Owners.

**Section 10.04. Limited Liability of Trustee.** The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment quality of the Bonds, for the sufficiency of any Base Rental or for the actions or representations of the Financing Authority or the County. The Trustee shall have no obligation or liability to the Financing Authority or to the Owners with respect to the failure or refusal of the Financing Authority or the County to perform any covenant or agreement made by any of them under this Indenture of Trust or the Sublease or the Sub-Sub-Sublease, as applicable, but shall be responsible solely for the performance of the duties expressly imposed upon it hereunder. The recitals of facts, covenants and agreements contained herein and in the Bonds shall be taken as statements, covenants and agreements of the Financing Authority, and the Trustee assumes no responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of this Indenture of Trust, the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, the Agency Agreement, or the Bonds, or as to the value of or title to the Facilities and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein expressly assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

**Section 10.05. Limited Liability of County and Financing Authority.** Notwithstanding anything in this Indenture of Trust to the contrary, the Financing Authority shall not be required to advance any moneys derived from any source, other than the Base Rental payments and the moneys, funds and accounts pledged or assigned under this Indenture of Trust or the Sublease or the Sub-Sub-Sublease, for the payment of principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from Base Rental payments, and the funds and accounts pledged or assigned under this Indenture of Trust, or otherwise from amounts payable under the Sublease or the Sub-Sub-Sublease). The Financing Authority may at its sole discretion, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Financing Authority for such purpose without incurring indebtedness.

The Bonds shall be lease revenue bonds, payable exclusively from Base Rental and other funds as provided in this Indenture of Trust. The credit of the Financing Authority and the County is not pledged for the payment of the principal, interest and premium (if any) on the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Financing Authority or the County. The principal and interest on the Bonds, and any premiums upon the redemption of any Bonds, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Financing Authority or the County or upon any of their income, receipts or revenues except the Base Rental payments and other funds pledged to the payment thereof as provided in this Indenture of Trust.

**Section 10.06. Indemnification.** To the extent permitted by law, the County hereby agrees to indemnify and save the Trustee harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all losses, including the cost of defense (including legal fees), and damages suffered by it as a result thereof, where and to the extent such claim, suit or action arises out of the performance of its duties under this Indenture of Trust or the actions of any other party to this Indenture of Trust or the Sublease or the Sub-Sub-Sublease, including but not limited to the ownership, operation or use of the Facilities, the use, presence, disposal or release of any Hazardous Substances on or about the Facilities, the defense of any suit or the enforcement of any remedies under this Indenture of Trust, the Bonds or any related document. Such indemnification shall not extend to judgments or settlements obtained against the Trustee and expenses of litigation in connection therewith based upon failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Indenture of Trust, unless the County has agreed in writing that the Trustee not perform such duty. In the event the County is required to indemnify the Trustee as herein provided, the County shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

**Section 10.07. Limitation of Rights.** Nothing in this Indenture of Trust or in the Bonds expressed or implied is intended or shall be construed to give any person other than the County, the Financing Authority, the Trustee or the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture of Trust or any covenant, condition or provision hereof; all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Financing Authority, the Trustee and such Owners.

## ARTICLE XI.

## PROVISIONS RELATING TO BOND INSURANCE

**Section 11.01. Provisions of this Article to Govern.** Notwithstanding anything to the contrary contained in the provisions of any other Article of this Indenture, the provisions of this Article shall govern.

**Section 11.02. Insurer Deemed Sole Holder.** The Insurer shall be deemed to be the sole holder of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to this Indenture.

**Section 11.03. Insurer Right to Control Remedies.** The Insurer shall have the right to direct the Trustee in the pursuit of any remedies provided in Article IX hereof, and the Trustee shall act at such direction.

**Section 11.04. Trustee Application of Moneys in Event of Default.** The discretion of the Trustee to apply moneys following a default shall not permit the Trustee to fail to liquidate investment obligations in the Bond Fund and Reserve Fund and apply amounts credited to such funds to the payment of debt service on any Interest Payment Date.

**Section 11.05. Removal of Trustee and Appointment of Successor Trustee.** The Insurer shall be granted the right to direct the removal of the Trustee pursuant to the procedures set forth in Section 6.02 hereof, but only in the event that an Event of Default under the Sublease or the Sub-Sub-Sublease shall have occurred and be continuing, and upon the removal of the Trustee pursuant to this Section, the appointment of a successor Trustee pursuant to Section 6.02 hereof shall be by the County with the consent of the Insurer.

**Section 11.06. Insurer Third Party Beneficiary.** To the extent that this Indenture confers to the Insurer any right, remedy or claim under or by reason of this Indenture, the Insurer is hereby expressly recognized as a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred hereunder.

**Section 11.07. Amendment.** No modification, amendment or supplement to the Indenture, the Lease, the Sublease, the Sub-Sublease or the Sub-Sub-Sublease (other than amendments or supplements for the purposes of issuing additional bonds authorized by the Indenture) may become effective except upon obtaining the prior written consent of the Insurer. Copies of any modification or amendment to the Indenture, the Lease, the Sublease, the Sub-Sublease or the Sub-Sub-Sublease shall be sent to the Rating Agencies at least 10 days prior to the effective date thereof.

**Section 11.08. Limitation on Certain Rights of Insurer; Effect of Exercise Thereof.**

(a) Rights of the Insurer to direct or consent to Issuer, Trustee or Bondholder actions under the Indenture shall be suspended during any period in which the Insurer is in default in its payment obligations under the Insurance Policy (except to the extent of amounts previously paid by the Insurer and due and owing to the Insurer) and shall be of no force or effect in the event the Insurance Policy is no longer in effect or the Insurer asserts that the Insurance Policy is not in effect or the Insurer shall have provided written notice that it waives such rights.

(b) The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondholders nor does such action evidence any position of the Insurer, positive or negative, as to whether Bondholder consent is required in addition to consent of the Insurer.

**[Reserved].**

**Section 11.09. Claims Upon the Insurance Policy and Payments by and to the Insurer.**

If, on the third business day prior to the related scheduled interest payment date or principal payment date or the date to which Bond maturity has been accelerated ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed

portion of the Bond surrendered. The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

The Insurer shall, to the extent it makes any payment of principal of (or, in the case of capital appreciation Bonds, accreted value) or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy.

The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture, the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease; (ii) the pursuit of any remedies under the Indenture, the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease whether or not executed or completed, (iv) the violation by the Issuer or the Obligor of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Indenture, the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease, or the transactions contemplated thereby, other than amounts resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture, the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease.

Payments required to be made to the Insurer shall be payable solely from amounts pledged to the payment of the Bonds pursuant to this Indenture and shall be paid (i) prior to an event of default, to the extent not paid from the Bond Fund, after required deposits to the Reserve Fund and (ii) after an event of default, with respect to amounts other than principal and interest on the Bonds, on the same priority as payments to the Trustee for expenses. The obligations to the Insurer shall survive discharge or termination of the Indenture, the Lease, the Sublease, the Sub-Sublease and/or the Sub-Sub-Sublease.

The Insurer shall be entitled to pay principal (or, in the case of capital appreciation Bonds, accreted value) or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

**Section 11.10. Additional Bonds.** No Additional Bonds may be issued (1) should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at its requirement (including the new issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

## ARTICLE XII.

## MISCELLANEOUS

**Section 12.01. Defeasance.** (a) If all Bonds shall be paid and discharged as provided in this Section 12.01, then all obligations of the Trustee and the Financing Authority under this Indenture of Trust with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the Owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to Section 2.05 and Section 2.06 hereof, (ii) the obligation of the Financing Authority to pay the amounts owing to the Trustee under Section 6.01 and Section 10.06 hereof, and (iii) the obligation of the Financing Authority to comply with Section 4.16 and Section 8.05 hereof. Any funds held by the Trustee at the time of such termination which are not required for payment to Owners, or for payment to be made by the Financing Authority, shall be paid to the Financing Authority.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture of Trust if paid or discharged in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Base Rental Fund, the Bond Fund and the Reserve Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, premium, if any, and interest payable on, such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, cash and/or noncallable Government Obligations and/or pre-refunded municipal bonds rated Aaa by Moody's and AAA by S&P; provided, however, that if the issue is only rated by S&P, then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed

obligations, or AAA-rated pre-refunded municipal bonds, in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Government Obligations without the need for reinvestment, be fully sufficient to pay when due all principal of, premium, if any, and interest payable on, such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption or will be affected pursuant to the option to purchase under Section 15 of the Sublease or the Sub-Sub-Sublease within 45 days, proper notice of redemption of such Bond or of such purchase and its effect on such Bond, as applicable, shall have been previously given in accordance with Article V hereof or Section 15 of the Sublease or the Sub-Sub-Sublease, as applicable, to the Owner thereof or, in the event such Bond is not by its terms subject to redemption or will not be affected pursuant to the option to purchase under Section 15 of the Sublease or the Sub-Sub-Sublease within 45 days of making the deposit under clause (ii) or (iii) of subsection (a) above, the Financing Authority shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the Owner of such Bond as soon as practicable stating that the deposit required by clause (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that said Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon or the date on which such option to purchase will be exercised pursuant to Section 15 of the Sublease or the Sub-Sub-Sublease; or

(ii) the maturity of such Bond.

(c) Any funds held by the Trustee at the time of the first to occur of the events described above with respect to all Bonds, which are not required for payment to Owners, or for payment to be made to the Trustee by the Financing Authority, shall be paid over to the Financing Authority.

**Section 12.02. Records.** Until three years following the full payment of principal and interest due on the Bonds, the Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Indenture of Trust, which records shall be available for inspection by the County, by the Financing Authority and by any Owner, or the agent of any of them, at any time during regular business hours and upon reasonable prior written notice.

**Section 12.03. Notices.** All notices under this Indenture of Trust by any party shall be in writing (unless otherwise specified herein) and shall be sufficiently given and served upon the parties named below if delivered by hand directly to the offices named below or sent by United States first-class mail, postage prepaid, and addressed as follows:

(a) if to the County, to

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 437
Los Angeles, California 90012
Attention: Treasurer and Tax Collector;

(b) if to the Trustee, to

[Trustee]

Attention:

(c) if to the Financing Authority, to

Los Angeles County Public Works Financing Authority
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Room 383
Los Angeles, California 90012
Attention: Executive Officer

(d) if to the Insurer, to

(e) if to any Owner, to the address indicated on the Bond Register;

or to such other address or addresses as any such entity or person shall have designated to the others by notice given in accordance with this Section 12.03.

**Section 12.04. Governing Law.** This Indenture of Trust shall be construed and governed in accordance with the laws of the State of California.

**Section 12.05. Partial Invalidity.** Any provision of this Indenture of Trust found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Indenture of Trust.

**Section 12.06. Binding Effect; Successors; Parties Interested Herein.** This Indenture of Trust shall be binding upon and shall inure to the benefit of the parties hereto and the Owners and their respective successors. Whenever in this Indenture of Trust any party is named or referred to, such

reference shall be deemed to include such party's successors, and all covenants and agreements contained in this Indenture of Trust by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors whether so expressed or not. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Issuer, the Trustee, the Paying Agent, if any, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Paying Agent, if any, and the registered owners of the Bonds.

**Section 12.07. Execution in Counterparts.** This Indenture of Trust may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

**Section 12.08. Destruction of Canceled Bonds.** Whenever in this Indenture of Trust provision is made for the surrender to or cancellation of Bonds by the Trustee, the Trustee shall, upon such cancellation, destroy such Bonds and deliver a certificate evidencing such destruction to the Financing Authority.

**Section 12.09. Excess Payments.** Notwithstanding anything to the contrary contained herein, if for any reason, including but not limited to damage, destruction, condemnation or disposition of the Facilities, the Financing Authority, the County or the Trustee receives payments, proceeds or awards with respect to the Facilities in excess of the amount necessary to make all of the payments required herein, or to provide in accordance with this Indenture of Trust for all of such payments, such excess shall represent the County's equity interest in the Facilities and shall be paid to the County at the written order of a County Representative.

**Section 12.10. Headings.** The headings or titles of the several Articles and Sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture of Trust. Unless the context requires otherwise, all references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture of Trust.

**IN WITNESS WHEREOF,** the parties have executed this Indenture of Trust effective the date first above written.

COUNTY OF LOS ANGELES

By_____
Chair, Board of Supervisors

[SEAL]

ATTEST:

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

[TRUSTEE]
as Trustee

By_____
Authorized Officer

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By_____
Chair, Board of Directors

ATTEST:

JOANNE STURGES
Secretary

By_____
Deputy

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF BOARD OF SUPERVISORS**

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles, acting as the Chair of the Board of Directors of the Los Angeles County Public Works Financing Authority and Chair of the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board of Supervisors

By_____
Deputy

[SEAL]

**EXHIBIT A**

**FORM OF BOND**

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND
(2005 Master Refunding Project) Series A

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R-_____ $_____

| CUSIP NUMBER | INTEREST RATE | MATURITY DATE | DATE OF INITIAL AUTHENTICATION |
|---|---|---|---|
| _____ | | December 1, ____ | _____, 2005 |

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Dollars

THIS IS TO CERTIFY THAT the registered owner identified above or registered assigns, as the registered owner of this Lease Revenue Bond (the "Bond"), is the owner of a right to receive principal and interest payments payable from Base Rental payments under a Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sublease"), and under a Sub-Sub-Sublease and Option to Purchase, dated as of March 1, 2005, (the "Sub-Sub-Sublease"), each between the County of Los Angeles, a political subdivision of the State of California (the "County"), and the Los Angeles County Public Works Financing Authority, a California joint powers authority (the "Financing Authority").

The registered owner of this Bond is entitled to receive, subject to the terms of the Indenture and unless sooner paid in full, on the Maturity Date identified above, the Principal Amount identified above, and on each June 1 and December 1, commencing June 1, 2005 (each, an "Interest Payment Date"), until the Maturity Date identified above or earlier redemption hereof, interest coming due on such dates. Interest to be paid to the registered owner of this Bond on each Interest Payment Date shall be equal to the amount determined by applying the annual interest rate shown above to the principal amount shown above and computed using a year of 360 days comprised of twelve 30-day months.

The interest payable hereon shall accrue from the Interest Payment Date next preceding the date of authentication and delivery hereof, unless this Bond is executed after the close of business on a May 15 or November 15 (each, a "Record Date") and before the close of business on the immediately succeeding Interest Payment Date, in which event interest hereon shall be payable from such Interest Payment Date, or unless this Bond is executed prior to the close of business on May 15, 2005, in which event interest hereon shall be payable from its date of initial delivery; provided, however, that if at the time of execution of this Bond interest hereon is in default, interest shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from its date of initial delivery.

Subject to the provisions of the Representation Letter prepared in connection with the issuance of this Bond, amounts due hereunder with respect to principal and premium, if any, are payable upon presentation and surrender hereof at the Principal Office of [Trustee], as trustee (or any successors thereto) (the "Trustee"), in Los Angeles, California (or any successor office or agency designated by the Trustee) or such other place as designated by the Trustee. Amounts representing interest on this Bond are payable by check of the Trustee mailed on the Interest Payment Date by first-class mail, postage prepaid, or by wire transfer to any registered owner of $1,000,000 or more of Bonds to the account within the United States specified by such registered owner in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the registered owner of this Bond, at such registered owner's address as it appears on the registration books of the Trustee, on the Record Date preceding the Interest Payment Date. Payments of defaulted interest, if any, on this Bond shall be payable by check to the registered owner of this Bond as of the close of business on a special record date to be fixed by the Trustee which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. The principal, premium, if any, and interest on this Bond shall be payable in any lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The County is authorized to enter into the Sublease and the Sub-Sub-Sublease pursuant to the laws of the State of California. The County has entered into the Sublease and the Sub-Sub-Sublease for the purpose of subleasing certain real property (the "Facilities") in connection with the performance of the County's governmental functions. The Financing Authority has transferred certain of its rights under the Sublease and the Sub-Sub-Sublease to the Trustee pursuant to the Indenture of Trust, dated as of March 1, 2005 (the "Indenture of Trust"), for the benefit of the registered owners of the Bonds pursuant to the Indenture of Trust, among the Financing Authority, the County and the Trustee. Proceeds of the Bonds will be applied to refund and defease certain existing obligations of the County, to pay a portion of the interest on the Bonds and to pay the costs of issuance of the Bonds.

This Bond is one of a duly authorized issue of $_____ aggregate amount of lease revenue bonds designated as the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A. The Bonds are executed, authenticated and delivered under and are entitled to the protection given by the Indenture of Trust, authorizing the execution, authentication and delivery of the Bonds.

Reference is hereby made to the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, the Agency Agreement, and the Indenture of Trust (copies of all of which are on file at the aforesaid offices of the Trustee) for a description of the terms on which the Bonds are executed, authenticated and delivered, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the County and the Financing Authority under the Lease, the Sublease, the Sub-Sublease, the Sub-Sub-Sublease, the Agency Agreement, and the Indenture of Trust, as applicable, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees.

The County is required under the Sublease and the Sub-Sub-Sublease to pay Base Rental from any source of legally available funds. The County has covenanted in the Sublease and the Sub-Sub-Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Trustee prior to each payment date for application to the Base Rental Fund established under the Indenture of Trust. The Financing Authority has pledged all of its interest in all amounts on hand from time to time in the funds, accounts and subaccounts established under the Indenture of Trust (except amounts in the Excess Earnings Account of the Earnings Fund) to secure the payment of the Bonds and the interest thereon and the performance of all of the covenants, agreements and conditions contained herein and in the Indenture of Trust, the Sublease and the Sub-Sub-Sublease.

The Bonds are special obligations of the Financing Authority payable solely from Base Rental payments received pursuant to the Sublease and the Sub-Sub-Sublease and from amounts held by the Trustee in certain funds and accounts established by the Indenture of Trust. The obligation of the County to pay Base Rental does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. Except to the extent of certain limited and special funds and amounts specified in the Sublease and the Sub-Sub-Sublease, the County's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, theft, title defects or condemnation, there is substantial interference with the County's right to use or possession of the Facilities or any material portion thereof. Failure of the County to pay Base Rental during any such period shall not constitute a default under the Sublease, the Sub-Sub-Sublease, the Indenture of Trust or this Bond. The Financing Authority has no taxing power and has no obligation to pay Base Rental payments.

To the extent and in the manner permitted by the terms of the Indenture of Trust, the provisions of the Indenture of Trust, the Sublease, the Sub-Sub-Sublease, the Agency Agreement, the Lease and the Sub-Sublease may be amended by the parties thereto with the written consent of the registered owners of a majority in aggregate principal amount of the Outstanding Bonds. The Indenture of Trust, the Sublease, the Sub-Sub-Sublease, the Agency Agreement, the Lease and the Sub-Sublease may also, under certain circumstances, be amended without such consent. No amendment of the Indenture of Trust shall be permitted, however, which would impair the right of any registered owner to receive in any case such registered owner's principal and interest in accordance with such registered owner's Bond.

Registration of this Bond is transferable by the registered owner hereof at the corporate trust office of the Trustee or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, provided in the Indenture of Trust and upon surrender and cancellation of this Bond. Upon such registration of transfer a new Bond or Bonds, of an authorized denomination or denominations, for the same type, aggregate principal amount, maturity and interest rate will be executed, authenticated and delivered to the transferee in exchange herefor. Subject to the provisions of the Indenture of Trust, the County, the Financing Authority and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not principal of or interest on this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Bonds are deliverable in the denominations of $5,000 or any integral multiple thereof.

The Bonds are subject to mandatory redemption prior to maturity in whole or in part, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption

date, without premium, upon the occurrence of damage to, or destruction, theft or condemnation of, all or a portion of the Facilities or loss of the use or possession of the Facilities or any portion of the Facilities due to a title defect, from the net proceeds of certain insurance or condemnation awards, or from moneys transferred from the Reserve Fund to the Redemption Account of the Bond Fund under the conditions and as provided in the Indenture of Trust.

The Bonds maturing on and after December 1, 20___ are subject to redemption prior to maturity from amounts deposited with the Trustee by the County in furtherance of the exercise of the County's option to purchase the Financing Authority's right, title and interest in the Facilities or any portion thereof in accordance with the Sublease or the Sub-Sub-Sublease and from any other funds legally available therefor upon notice as specified in the Indenture of Trust, as a whole on any date or in part on any Interest Payment Date, on or after December 1, 20___, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued but unpaid interest to the redemption date:

| Redemption Dates (inclusive) | Redemption Price |
|---|---|
| December 1, 20__ through November 30, 20__ | |
| December 1, 20__ through November 30, 20__ | |
| December 1, 20__ and thereafter | |

The Bonds maturing on December 1, 20__, are subject to mandatory redemption, in part, by lot, on December 1, 20__ and on each December 1 thereafter prior to maturity, from Sinking Account Installments on deposit in the Principal Account of the Bond Fund, at the principal amount of such Bonds to be redeemed, without premium, plus accrued but unpaid interest to the redemption date as indicated on the following table:

December 1, 20__ Term Bonds

| Sinking Account Installment Date (December 1) | Principal Amount |
|---|---|
| | |
| (maturity) | |

Notice of any redemption shall be given to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee in accordance with the provisions of the Indenture of Trust. The Trustee shall give notice by first-class mail, postage prepaid, at least 30 days but not more than 45 days prior to the redemption date. Such notice shall set forth, in the case of each Bond to be redeemed only in part, the portion of the principal thereof which is to be redeemed. Neither failure to receive such notice nor any defect therein shall affect the sufficiency of the proceedings for the redemption of such Bonds.

If this Bond is called for redemption, notice is given as required by the Indenture of Trust and the redemption price of this Bond plus accrued and unpaid interest due hereon to the redemption date is duly provided for as specified in the Indenture of Trust, then interest shall cease to accrue from and after the date fixed for redemption.

The Trustee has no obligation or liability to the registered owners of the Bonds to make payments on the Bonds, except from amounts on deposit for such purpose with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Bonds the various funds, accounts and subaccounts established under the Indenture of Trust and to perform the other

duties expressly imposed upon it under the Indenture of Trust. The Trustee does not warrant the accuracy of the recitals of fact contained herein.

This Bond shall not be entitled to any benefit under the Indenture of Trust or become valid for any purpose until it has been duly executed by the Financing Authority and authenticated and delivered by the Trustee.

**THE FINANCING AUTHORITY HAS CERTIFIED, RECITED AND DECLARED** that all things, conditions and acts required by the Constitution and laws of the State of California and the Indenture of Trust to exist, to have happened and to have been performed precedent to and in the execution, authentication and the delivery of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by law and the Indenture of Trust.

**IN WITNESS WHEREOF**, the Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of its Chair and Secretary, all as of the dated date identified above.

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

By_____
Chair

Attest:

By_____
Secretary

## TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture of Trust.

Date: _____

**[TRUSTEE]**
as Trustee

By_____
Authorized Signatory

**[FORM OF ASSIGNMENT]**

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

Dated: _____, _____.

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

Tax I.D. #: _____

Signature of: _____ Guaranteed

By_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

# STATEMENT OF INSURANCE

# EXHIBIT B

# FORM OF REPRESENTATION LETTER

**EXHIBIT C**

**FORM OF DISBURSEMENT REQUEST**

[On Letterhead]

DISBURSEMENT REQUEST NO. ____

[Trustee Name]
[Trustee Address]
Attention: Corporate Trust

Re: $_____ Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A

Request for Disbursement From the [_____] Subaccount of the General Account of the Construction and Acquisition Fund

In accordance with the terms of the Indenture of Trust, among you, the County of Los Angeles (the "County") and the Los Angeles County Public Works Financing Authority (the "Financing Authority"), dated as of March 1, 2005 (the "Indenture of Trust"), you are hereby authorized and requested to make immediate disbursement of funds held by you for Construction and Acquisition Costs (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture of Trust) from the above referenced Subaccount of the General Account of the Construction and Acquisition Fund.

The undersigned hereby certifies that:

(i) all of the amount requested to be disbursed herein will be applied to a payment constituting a Construction and Acquisition Cost and no part of the amount requested herein has been included in any other payment request previously filed with you;

(ii) the labor, services and/or materials covered hereby have been performed upon or furnished to the Project and the payment requested herein is due and payable under a purchase order, contract or other authorization;

(iii) all construction and acquisition to date has been performed in accordance with the Plans and Specifications for the Component on file with the County, and there have been no changes in those Plans and Specifications except as have been expressly permitted by the County in writing pursuant to the applicable Agency Agreement;

(iv) there have been no changes in the scope or time of performance of the work, nor any extra work, labor or materials ordered or contracted for, nor are any such changes contemplated, except as may be permitted by the terms of the contract or other agreement under which such labor, services and/or materials have been performed or furnished;

(v) all amounts previously disbursed by you for labor, services and/or materials, pursuant to previous disbursement requests, have been paid to the parties entitled thereto; and

(vi) all conditions to the disbursement of the funds requested herein as set forth in the Indenture of Trust and in the Sublease and the Sub-Sub-Sublease have been fulfilled, and, to the best knowledge of the undersigned, no default under the Sublease or the Sub-Sub-Sublease has occurred and is continuing.

You are hereby requested to pay from the [_____] Subaccount within the General Account of the Construction and Acquisition Fund, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of all (___) or a portion (___) (designated by the insertion of an "x" in the parentheses following the correct word or phrase) of the Construction and Acquisition Cost described below.

Payee:

Address:

Amount:

Description of construction and acquisition or portion thereof accepted by the undersigned and authorized to be paid to the Payee:

Dated:

COUNTY OF LOS ANGELES

By:_____
County Representative

**EXHIBIT D**

**FORM OF PAYMENT REQUEST**

**[On Letterhead]**

PAYMENT REQUEST NO.:_____

[Trustee]
[Trustee's Address]
Attention: Corporate Trust

Re: $_____ Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A

Pursuant to Section 4.02(a) of the Indenture of Trust, dated as of March 1, 2005 (the "Indenture of Trust"), among the Los Angeles County Public Works Financing Authority, the County of Los Angeles and you, you are hereby instructed to disburse the sum of $_____ from the Costs of Issuance Account established under the Indenture of Trust. You are instructed to pay such disbursement to the order of the following payee, and for the following cost(s) and/or expense(s).

Payee: _____

The undersigned hereby certifies that each such cost or expense constitutes a proper charge against the Costs of Issuance Account and has not been the subject of any other payment request filed with you.

Cost(s) and/or expense(s) for which disbursement is requested:

_____.

Dated:

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

By:_____
Financing Authority Representative

# EXHIBIT E

# TAX AND NONARBITRAGE CERTIFICATE

# AGENCY AGREEMENT

**Dated as of March 1, 2005**

**By and Between**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

**and**

**COUNTY OF LOS ANGELES**

**Relating to the**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**
**LEASE REVENUE REFUNDING BONDS**
**(2005 Master Refunding Project) Series A**

# AGENCY AGREEMENT

**THIS AGENCY AGREEMENT**, dated as of March 1, 2005 (this "Agreement"), by and between the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority") and the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County");

**W I T N E S S E T H:**

**WHEREAS**, in connection with the issuance or delivery of the $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A, $115,680,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B, $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A, and $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) (collectively, the "Prior Obligations"), the County and the Authority have undertaken the construction of certain public capital improvements (collectively, the "Project"); and

**WHEREAS**, the Authority is issuing its $_____ Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "Bonds"), to refund in whole or in part the Prior Obligations; and

**WHEREAS**, a portion of the proceeds of the Bonds will be used to complete the Project; and

**WHEREAS**, the Financing Authority desires to appoint the County as its agent in connection with the construction and completion of the Project; and

**WHEREAS**, the County, the Financing Authority and the Trustee have entered into an Indenture of Trust, dated as of the date hereof (the "Indenture of Trust"), pursuant to which the Trustee has agreed to authenticate and deliver the Bonds;

**NOW THEREFORE**, in the joint and mutual exercise of their powers and in consideration of the above premises and the mutual covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

**Section 1. Definitions**. All capitalized terms used herein without definition shall have the meanings given to such terms in the Indenture of Trust.

**Section 2. Appointment**. The Financing Authority hereby appoints the County as its agent to carry out or cause to be carried out all phases of the design, construction, acquisition, delivery and installation of the Project in accordance with the plans and specifications for the Project on file at the administrative offices of the County (the "Plans and Specifications") and any contracts the County determines necessary or appropriate in connection therewith. The County, as agent of the Financing Authority, assumes all rights, duties, liabilities and responsibilities of the Financing Authority regarding the design, construction, acquisition, delivery and installation of the Project, except as limited herein.

**Section 3. Construction and Acquisition of the Project**. The County agrees to cause the Project to be designed, constructed, acquired, delivered and installed, and to enter into contracts and to otherwise provide for, or cause to be provided for, the completion thereof in accordance with the following terms:

**(a) Design, Construction and Completion**. The County agrees to proceed with all due diligence to complete the design, construction, acquisition, delivery and installation of the Project, all in accordance with the Plans and Specifications. The County shall comply with all statutes and laws applicable to the performance of its obligations hereunder, including all public laws applicable thereto and all laws regarding the design, approval and construction of public projects by counties in the State. The County shall make certain that each contract relating to any Component of the Project is awarded in accordance with applicable law and contains a scheduled completion date which requires completion on or before the scheduled completion date for such Component of the Project. The County, as agent of the Financing Authority, shall deposit or cause to be deposited in the Base Rental Fund, all liquidated damages received by the County pursuant to each general construction contract;

**(b) Change Orders**. Subject to any other restrictions imposed upon the County, the County may approve any changes to the Plans and Specifications so long as any change does not, and all such changes as a whole do not, (i) substantially alter the nature of any Component of the Project, (ii) delay the completion of any Component of the Project beyond its scheduled completion date, (iii) reduce the fair rental value of the Facilities, or (iv) increase the total Construction and Acquisition Costs for any Component of the Project to an amount in excess of the amount available in the respective Subaccount of the General Account of the Construction and Acquisition Fund (including the estimated investment earnings to be credited to such Subaccount of the General Account of the Construction and Acquisition Fund) unless the County deposits, prior to making such changes, an amount equal to such excess in such Subaccount of the General Account of the Construction and Acquisition Fund;

**(c) Payment of Construction and Acquisition Costs**. Payment of Construction and Acquisition Costs for any Component shall be made from moneys deposited in the Subaccount of the General Account of the Construction and Acquisition Fund for such Component and shall be disbursed for such purpose in accordance and upon compliance with Article IV of the Indenture of Trust. Neither the Financing Authority nor the County shall be liable for the payment of the Construction and Acquisition Costs for any Component other than from amounts on deposit in the Subaccount of the General Account of the Construction and Acquisition Fund for such Component, unless otherwise specified in the Indenture of Trust; and

**(d) Unexpended Moneys**. The County agrees that unexpended moneys remaining in any Subaccount of the General Account of the Construction and Acquisition Fund for a Component shall, upon payment in full of all Construction and Acquisition Costs relating to such Component, be applied solely in accordance with the provisions of the Indenture of Trust.

**Section 4. Supervision**. The County shall have the right to supervise the design, construction, acquisition, delivery and installation of the Project and to monitor the performance of any contractors in whatever manner the County, in its sole discretion, deems appropriate.

**Section 5. Right to Enforce Contracts**. The County shall have the right to enforce any contract (including but not limited to construction contracts) that it enters into with respect to the Project, in its own name, at law or in equity; provided, however, that the Financing Authority shall be able to assert said rights and powers on its own behalf.

**Section 6. Effective Date**. This Agreement shall become effective as of the date of its execution by the parties hereto and shall remain in full force and effect during the Term of the Sublease

and the Sub-Sub-Sublease, until completion of the design, construction, acquisition, delivery and installation of each Component of the Project as evidenced by the delivery to the Trustee of a Certificate of Component Completion with respect to each Component of the Project.

**Section 7. Governing Law**. This Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 8. Further Assurances**. The Financing Authority and the County will each make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming to the parties hereto the rights, benefits and obligations intended to be conveyed pursuant hereto.

**Section 9. Counterparts**. This Agreement may be executed in a number of counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute but one and the same Agreement.

**Section 10. Indemnification and Hold Harmless Agreement**. To the extent permitted by law, the County hereby agrees to indemnify, defend, and hold harmless the Financing Authority and its officers and directors against any and all liabilities which arise out of or are related to the Property or any portion thereof, the Facilities or any portion thereof, the Financing Documents or the Bonds, and the County further agrees to defend the Financing Authority and its officers and directors in any action arising out of or related to the Property or any portion thereof, the Facilities or any portion thereof, the Financing Documents or the Bonds.

**Section 11. Amendment**. This Agency Agreement may be amended only in accordance with and as permitted by the applicable terms of Section 7.02 of the Indenture of Trust.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agency Agreement as of the date first above written.

COUNTY OF LOS ANGELES

By_____
Gloria Molina
Chair

[SEAL]

ATTEST:

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By_____
Gloria Molina
Chair

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF THE BOARD OF SUPERVISORS**

On this ___ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

[SEAL]

By_____
Deputy

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# ESCROW AGREEMENT

**by and between the**

**COUNTY OF LOS ANGELES,**

**and**

**U.S. BANK NATIONAL ASSOCIATION**

**as Escrow Agent and**
**Refunded Bonds Trustee**

**Dated as of March 1, 2005**

Pertaining to the Redemption and Defeasance of
$352,450,000
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds (Multiple Capital Facilities Project IV)

# ESCROW AGREEMENT

This Escrow Agreement, made and entered into as of March 1, 2005, by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and Refunded Bonds Trustee (the "Escrow Agent");

## W I T N E S S E T H:

**WHEREAS,** the Los Angeles County Public Works Financing Authority, a joint exercise of powers authority formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority") has previously caused to be issued $352,450,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "Refunded Bonds"), pursuant to an Indenture of Trust, dated as of December 1, 1993 (the "Refunded Bonds Indenture"), by and between the Financing Authority and U.S. Bank National Association, as successor trustee thereunder (the "Refunded Bonds Trustee"); and

**WHEREAS,** the Refunded Bonds are secured by and payable from the Base Rental payments to be made by the County of Los Angeles (the "County") under the terms of a Sublease and Option to Purchase dated as of December 1, 1993 (the "Refunded Bonds Sublease"); and

**WHEREAS,** the Refunded Bonds Indenture provides that if the County deposits with the Refunded Bonds Trustee, or a paying agent for the Refunded Bonds, in trust, at or before maturity of the Bonds, cash and/or Government Obligations (as defined in the Refunded Bonds Indenture) in an amount sufficient, together with the earnings to accrue on such Government Obligations and without the need for further investment, to pay when due such Refunded Bonds, including all principal, redemption premium, if any, and interest payable with respect thereto, and if notice of the redemption of the Bonds, or the County's irrevocable instructions to the Refunded Bonds Trustee to give such notice of redemption shall have been made, then the Refunded Bonds shall no longer be deemed Outstanding under the Refunded Bonds Indenture, and the obligations of the County and the Refunded Bonds Trustee with respect to the Refunded Bonds shall cease and terminate (except the obligations to make such payments from such funds and to maintain the necessary mechanics therefor) and any funds held by the Escrow Agent in excess of the amount necessary to make such payments shall be paid over to the County; and

**WHEREAS,** the Refunded Bonds Sublease provides that the term of the Refunded Bonds Sublease shall end on November 1, 2011 or at such earlier time as all of the Refunded Bonds shall have been paid or provision for their payment shall have been made in accordance with the Refunded Bonds Indenture, and that upon such termination title to the Leased Premises (as defined in the Refunded Bonds Sublease) shall be transferred directly to the County or its designee; and

**WHEREAS,** the Financing Authority has agreed to issue its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A, a portion of the proceeds of which shall be used for the purpose of making the Lease Payment to the County under the Lease, dated as of March 1, 2005 (the "Lease"), by and between the Financing Authority and the County; and

**WHEREAS,** the County will use the Lease Payment along with certain other monies held in the funds and accounts of the Refunded Bonds Indenture to defease the Refunded Bonds;

**NOW, THEREFORE,** in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1.** As used herein, the following terms shall have the following meanings:

"Closing Date" means March 2, 2005.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Los Angeles.

"Escrow Agent" means U.S. Bank National Association, and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal and interest due on the Refunded Bonds to and including December 1, 2010, and to pay the redemption price of $_____ for the Refunded Bonds maturing thereafter, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Securities" means Investment Securities deposited in the Escrow Fund pursuant to Section 5 hereof.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Financing Authority" means the Los Angeles County Public Works Financing Authority.

"Government Obligations" shall have the meaning given in the Refunded Bonds Indenture.

"Investment Securities" means Government Obligations (as defined in the Refunded Bonds Indenture) meeting the requirements of the Refunded Bonds Indenture.

"Refunded Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV).

"Refunded Bonds Indenture" means the Indenture of Trust, dated as of December 1, 1993, between the Authority and the Refunded Bonds Trustee, pertaining to the Refunded Bonds.

"Refunded Bonds Trustee" means U.S. Bank National Association, its successors and assigns, and any other corporation or association that may at any time be substituted in its place, as Trustee for the Refunded Bonds.

"Refunding Bonds" means the Financing Authority's Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A.

"Refunding Bonds Indenture" means the Indenture of Trust, dated as of March 1, 2005, by and among the County, the Authority and [Trustee], as trustee.

"Refunding Bonds Trustee" means the trustee under the Refunding Bonds Indenture.

"Verification Agent" means _____.

**SECTION 2.** The County hereby appoints U.S. Bank National Association, as Escrow Agent under this Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Refunded Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Refunded Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

**SECTION 3.** Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

**SECTION 4.** The County herewith deposits, or causes to be deposited no later than the Closing Date, with the Escrow Agent, and hereby directs the Escrow Agent to deposit into the Escrow Fund, to be held irrevocably in trust by the Escrow Agent and to be applied solely as provided in this Agreement, from the proceeds of the Refunding Bonds, the sum of $_____.

The County hereby directs the Escrow Agent to deposit, and the Escrow Agent herewith deposits or causes to be deposited, no later than the Closing Date, into the Escrow Fund, the following amounts:

(i) from the Reserve Fund created under Section 4.06 of the Refunded Bonds Indenture, the sum of $_____;

(ii) from the Base Rental Fund created pursuant to Section 4.04 of the Refunded Bonds Indenture, the sum of $_____.

Any moneys remaining in the funds and accounts of the Refunded Bonds Indenture which are not required to make the foregoing deposits are to be transferred on April 1, 2005, or as soon as practicable thereafter, to the Refunding Bonds Trustee for deposit into such Component subaccount or subaccounts of the General Account of the Construction and Acquisition Fund under the Refunding Bonds Indenture, or into such other account or accounts under the Refunding Bonds Indenture, as shall be designated by the County, and the accounts of the Refunded Bonds Indenture shall thereafter be closed.

**SECTION 5.** The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $_____ of such amounts in the Investment Securities set forth in Exhibit B hereto, and to deposit such Investment Securities in the Escrow Fund and to retain the amount of $_____ in cash in the Escrow Fund.

**SECTION 6.** EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 6, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE ESCROW SECURITIES. Interest income and other amounts received

by the Escrow Agent as payments on the Escrow Securities held in the Escrow Fund shall be held as part of such Escrow Fund to be used for the purposes set forth in this Escrow Agreement and may be invested by the Escrow Agent at the written direction of an authorized representative of the County or as directed in the Escrow Verification Report, provided that (a) such amounts may only be invested in Defeasance Securities as defined in this Section 6 and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by this Escrow Agreement.

Upon the fulfillment of the conditions set forth in this Section 6, the Escrow Agent at the written direction of an authorized representative of the County may sell, liquidate or otherwise dispose of some or all of the Escrow Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in different Escrow Securities, provided that no such substitution shall occur unless the County shall first deliver to the Escrow Agent (a) an opinion by the Verification Agent or other firm expert in the preparation of verification reports that, after such reinvestment or substitution, the principal amount of the Escrow Securities then held in such Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal, premium and interest with respect to the Refunded Bonds secured by the Escrow Fund on the dates and in the amounts as directed pursuant to the Refunded Bonds and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Escrow Securities is permitted under this Escrow Agreement, the Refunded Bonds Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunding Bonds or the Refunded Bonds from income taxation under the Internal Revenue Code of 1986 (the "Code"); provided further that no opinions shall be required pursuant to this Section 6 with respect to the reinvestment of any moneys derived from Escrow Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Escrow Securities maturing not later than the date such funds are required to redeem the applicable Bonds and the yield on such Escrow Securities does not exceed the yield on the Refunding Bonds.

**SECTION 7.** The County has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities listed in Exhibit B to pay the Escrow Requirements.

**SECTION 8.** The County hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the principal amount of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

**SECTION 9.** The County irrevocably instructs the Escrow Agent to (i) pay when due the principal and interest on the Refunded Bonds maturing prior to December 1, 2010 when due; and (ii) to pay the redemption price of the Refunded Bonds maturing on or after December 1, 2010, on the first date for which such redemption can be scheduled. The County irrevocably instructs the Refunded Bonds Trustee under the Refunded Bonds Indenture to mail and publish a notice of redemption of the Refunded Bonds maturing on or after December 1, 2010, as soon as practicable, as provided in Sections 5.03 and 12.01(b)(i) of the Refunded Bonds Indenture.

**SECTION 10.** The County represents that, concurrently with the initial deposit of the uninvested funds and Investment Securities set forth in Section 5 hereof and the irrevocable instructions to the Escrow Agent to give notice of redemption of the Refunded Bonds set forth in Section 9 hereof, and pursuant to the Escrow Verification Report of the Verification Agent, the Refunded Bonds are no longer deemed to be Outstanding and unpaid within the meaning and with the effect expressed in the Refunded Bonds Indenture.

**SECTION 11.** The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

**SECTION 12.** This Agreement is made pursuant to and in furtherance of the Refunded Bonds Indenture and for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Refunded Bonds Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13.** In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

**SECTION 14.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the County and the Refunded Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and the Refunded Bonds Trustee and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in

principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least $100,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the County, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 15.** The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 6 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 16.** To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to

indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 17.** The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Refunded Bonds Indenture or to the validity of this Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 18.** This Agreement shall terminate upon payment of all Refunded Bonds on November 1, 2001. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the County.

**SECTION 19.** This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

**SECTION 20.** If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 21.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

[SEAL]

Attest:

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of the
Board of Supervisors

By_____
Deputy

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Refunded Bonds Trustee

By _____
Name: _____
Title: _____

**Exhibit A**
**Escrow Verification Report**

**Exhibit B**
**Schedule of Escrow Securities**

| Principal Amount | Security | Maturity Date | Purchase Price |
|---|---|---|---|

CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of
the Board of Supervisors

By _____
Deputy

[SEAL]

# ESCROW AGREEMENT

**by and between the**

**COUNTY OF LOS ANGELES,**

**and**

**THE BANK OF NEW YORK TRUST COMPANY N.A.**

**as Escrow Agent and**
**Refunded Bonds Trustee**

**Dated as of March 1, 2005**

Pertaining to the Redemption and Defeasance of
$52,690,000
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A

# ESCROW AGREEMENT

This Escrow Agreement, made and entered into as of March 1, 2005, by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and The Bank of New York Trust Company N.A., a New York banking corporation organized and existing under the laws of the State of New York, as Escrow Agent and Refunded Bonds Trustee (the "Escrow Agent");

## W I T N E S S E T H:

**WHEREAS,** the Los Angeles County Public Works Financing Authority, a joint exercise of powers authority formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority") has previously caused to be issued $52,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "Refunded Bonds"), pursuant to an Indenture of Trust, dated as of September 1, 1996 (the "Refunded Bonds Indenture"), by and between the Financing Authority and The Bank of New York Trust Company N.A., as successor trustee thereunder (the "Refunded Bonds Trustee"); and

**WHEREAS,** the Refunded Bonds are secured by and payable from the Base Rental payments to be made by the County of Los Angeles (the "County") under the terms of a Sublease and Option to Purchase dated as of September 1, 1996 (the "Refunded Bonds Sublease"); and

**WHEREAS,** the Refunded Bonds Indenture provides that if the County deposits with the Refunded Bonds Trustee, or a paying agent for the Refunded Bonds, in trust, at or before maturity of the Bonds, cash and/or Government Obligations (as defined in the Refunded Bonds Indenture) in an amount sufficient, together with the earnings to accrue on such Government Obligations and without the need for further investment, to pay when due such Refunded Bonds, including all principal, redemption premium, if any, and interest payable with respect thereto, and if notice of the redemption of the Bonds, or the County's irrevocable instructions to the Refunded Bonds Trustee to give such notice of redemption shall have been made, then the Refunded Bonds shall no longer be deemed Outstanding under the Refunded Bonds Indenture, and the obligations of the County and the Refunded Bonds Trustee with respect to the Refunded Bonds shall cease and terminate (except the obligations to make such payments from such funds and to maintain the necessary mechanics therefor) and any funds held by the Escrow Agent in excess of the amount necessary to make such payments shall be paid over to the County; and

**WHEREAS,** the Refunded Bonds Sublease provides that the term of the Refunded Bonds Sublease shall end on November 1, 2011 or at such earlier time as all of the Refunded Bonds shall have been paid or provision for their payment shall have been made in accordance with the Refunded Bonds Indenture, and that upon such termination title to the Leased Premises (as defined in the Refunded Bonds Sublease) shall be transferred directly to the County or its designee; and

**WHEREAS,** the Financing Authority has agreed to issue its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A, a portion of the proceeds of which shall be used for the purpose of making the Lease Payment to the County under the Lease, dated as of March 1, 2005 (the "Lease"), by and between the Financing Authority and the County; and

**WHEREAS,** the County will use the Lease Payment along with certain other monies held in the funds and accounts of the Refunded Bonds Indenture to defease the Refunded Bonds;

**NOW, THEREFORE,** in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1.** As used herein, the following terms shall have the following meanings:

"Closing Date" means March 2, 2005.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Los Angeles.

"Escrow Agent" means The Bank of New York Trust Company N.A., and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal and interest due on the Refunded Bonds to and including Jun 1, 2006, and to pay the redemption price of $_____ for the Refunded Bonds maturing thereafter, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Securities" means Investment Securities deposited in the Escrow Fund pursuant to Section 5 hereof.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Financing Authority" means the Los Angeles County Public Works Financing Authority.

"Government Obligations" shall have the meaning given in the Refunded Bonds Indenture.

"Investment Securities" means Government Obligations (as defined in the Refunded Bonds Indenture) meeting the requirements of the Refunded Bonds Indenture.

"Refunded Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A.

"Refunded Bonds Indenture" means the Indenture of Trust, dated as of September 1, 1996, between the Authority and the Refunded Bonds Trustee, pertaining to the Refunded Bonds.

"Refunded Bonds Trustee" means The Bank of New York Trust Company N.A., its successors and assigns, and any other corporation or association that may at any time be substituted in its place, as Trustee for the Refunded Bonds.

"Refunding Bonds" means the Financing Authority's Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A.

"Refunding Bonds Indenture" means the Indenture of Trust, dated as of March 1, 2005, by and among the County, the Authority and [Trustee], as trustee.

"Refunding Bonds Trustee" means the trustee under the Refunding Bonds Indenture.

"Verification Agent" means _____.

**SECTION 2.** The County hereby appoints The Bank of New York Trust Company N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Refunded Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Refunded Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

**SECTION 3.** Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

**SECTION 4.** The County herewith deposits, or causes to be deposited no later than the Closing Date, with the Escrow Agent, and hereby directs the Escrow Agent to deposit into the Escrow Fund, to be held irrevocably in trust by the Escrow Agent and to be applied solely as provided in this Agreement, from the proceeds of the Refunding Bonds, the sum of $_____.

The County hereby directs the Escrow Agent to deposit, and the Escrow Agent herewith deposits or causes to be deposited, no later than the Closing Date, into the Escrow Fund, the following amounts:

(i) from the Reserve Fund created under Section 4.06 of the Refunded Bonds Indenture, the sum of $_____;

(ii) from the Base Rental Fund created pursuant to Section 4.04 of the Refunded Bonds Indenture, the sum of $_____.

Any moneys remaining in the funds and accounts of the Refunded Bonds Indenture which are not required to make the foregoing deposits are to be transferred on April 1, 2005, or as soon as practicable thereafter, to the Refunding Bonds Trustee for deposit into such Component subaccount or subaccounts of the General Account of the Construction and Acquisition Fund under the Refunding Bonds Indenture, or into such other account or accounts under the Refunding Bonds Indenture, as shall be designated by the County, and the accounts of the Refunded Bonds Indenture shall thereafter be closed.

**SECTION 5.** The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $_____ of such amounts in the Investment Securities set forth in Exhibit B hereto, and to deposit such Investment Securities in the Escrow Fund and to retain the amount of $_____ in cash in the Escrow Fund.

**SECTION 6.** EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 6, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE ESCROW SECURITIES. Interest income and other amounts received

by the Escrow Agent as payments on the Escrow Securities held in the Escrow Fund shall be held as part of such Escrow Fund to be used for the purposes set forth in this Escrow Agreement and may be invested by the Escrow Agent at the written direction of an authorized representative of the County or as directed in the Escrow Verification Report, provided that (a) such amounts may only be invested in Defeasance Securities as defined in this Section 6 and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by this Escrow Agreement.

Upon the fulfillment of the conditions set forth in this Section 6, the Escrow Agent at the written direction of an authorized representative of the County may sell, liquidate or otherwise dispose of some or all of the Escrow Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in different Escrow Securities, provided that no such substitution shall occur unless the County shall first deliver to the Escrow Agent (a) an opinion by the Verification Agent or other firm expert in the preparation of verification reports that, after such reinvestment or substitution, the principal amount of the Escrow Securities then held in such Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal, premium and interest with respect to the Refunded Bonds secured by the Escrow Fund on the dates and in the amounts as directed pursuant to the Refunded Bonds and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Escrow Securities is permitted under this Escrow Agreement, the Refunded Bonds Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunding Bonds or the Refunded Bonds from income taxation under the Internal Revenue Code of 1986 (the "Code"); provided further that no opinions shall be required pursuant to this Section 6 with respect to the reinvestment of any moneys derived from Escrow Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Escrow Securities maturing not later than the date such funds are required to redeem the applicable Bonds and the yield on such Escrow Securities does not exceed the yield on the Refunding Bonds.

**SECTION 7.** The County has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities listed in Exhibit B to pay the Escrow Requirements.

**SECTION 8.** The County hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the principal amount of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

**SECTION 9.** The County irrevocably instructs the Escrow Agent to (i) pay when due the principal and interest on the Refunded Bonds maturing prior to June 1, 2006 when due; and (ii) to pay the redemption price of the Refunded Bonds maturing on or after June 1, 2006, on the first date for which such redemption can be scheduled. The County irrevocably instructs the Refunded Bonds Trustee under the Refunded Bonds Indenture to mail and publish a notice of redemption of the Refunded Bonds maturing on or after June 1, 2006, as soon as practicable, as provided in Sections 5.03 and 12.01(b)(i) of the Refunded Bonds Indenture.

**SECTION 10.** The County represents that, concurrently with the initial deposit of the uninvested funds and Investment Securities set forth in Section 5 hereof and the irrevocable instructions to the Escrow Agent to give notice of redemption of the Refunded Bonds set forth in Section 9 hereof, and pursuant to the Escrow Verification Report of the Verification Agent, the Refunded Bonds are no longer deemed to be Outstanding and unpaid within the meaning and with the effect expressed in the Refunded Bonds Indenture.

**SECTION 11.** The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

**SECTION 12.** This Agreement is made pursuant to and in furtherance of the Refunded Bonds Indenture and for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Refunded Bonds Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13.** In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

**SECTION 14.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the County and the Refunded Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and the Refunded Bonds Trustee and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in

principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least $100,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the County, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 15.** The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 6 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 16.** To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to

indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 17.** The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Refunded Bonds Indenture or to the validity of this Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 18.** This Agreement shall terminate upon payment of all Refunded Bonds on November 1, 2001. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the County.

**SECTION 19.** This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

**SECTION 20.** If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 21.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

[SEAL]

Attest:

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of the
Board of Supervisors

By_____
Deputy

THE BANK OF NEW YORK TRUST COMPANY
N.A.,
as Escrow Agent and Refunded Bonds Trustee

By _____
Name: _____
Title: _____

**Exhibit A**
**Escrow Verification Report**

**Exhibit B**
**Schedule of Escrow Securities**

| Principal Amount | Security | Maturity Date | Purchase Price |
|---|---|---|---|

CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of
the Board of Supervisors

By _____
Deputy

[SEAL]

# ESCROW AGREEMENT

**by and between the**

**COUNTY OF LOS ANGELES,**

**and**

**THE BANK OF NEW YORK TRUST COMPANY N.A.**

**as Escrow Agent and**
**Refunded Bonds Trustee**

**Dated as of March 1, 2005**

Pertaining to the Redemption and Defeasance of
$115,690,000
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B

# ESCROW AGREEMENT

This Escrow Agreement, made and entered into as of March 1, 2005, by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and The Bank of New York Trust Company N.A., a New York banking corporation organized and existing under the laws of the State of New York, as Escrow Agent and Refunded Bonds Trustee (the "Escrow Agent");

## W I T N E S S E T H:

**WHEREAS,** the Los Angeles County Public Works Financing Authority, a joint exercise of powers authority formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority") has previously caused to be issued $115,690,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "Refunded Bonds"), pursuant to an Indenture of Trust, dated as of September 1, 1996, and a First Supplemental Indenture of Trust, dated as of May 1, 1997 (collectively, the "Refunded Bonds Indenture"), by and between the Financing Authority and The Bank of New York Trust Company N.A., as successor trustee thereunder (the "Refunded Bonds Trustee"); and

**WHEREAS,** the Refunded Bonds are secured by and payable from the Base Rental payments to be made by the County of Los Angeles (the "County") under the terms of a Sublease and Option to Purchase dated as of May 1, 1997 (the "Refunded Bonds Sublease"); and

**WHEREAS,** the Refunded Bonds Indenture provides that if the County deposits with the Refunded Bonds Trustee, or a paying agent for the Refunded Bonds, in trust, at or before maturity of the Bonds, cash and/or Government Obligations (as defined in the Refunded Bonds Indenture) in an amount sufficient, together with the earnings to accrue on such Government Obligations and without the need for further investment, to pay when due such Refunded Bonds, including all principal, redemption premium, if any, and interest payable with respect thereto, and if notice of the redemption of the Bonds, or the County's irrevocable instructions to the Refunded Bonds Trustee to give such notice of redemption shall have been made, then the Refunded Bonds shall no longer be deemed Outstanding under the Refunded Bonds Indenture, and the obligations of the County and the Refunded Bonds Trustee with respect to the Refunded Bonds shall cease and terminate (except the obligations to make such payments from such funds and to maintain the necessary mechanics therefor) and any funds held by the Escrow Agent in excess of the amount necessary to make such payments shall be paid over to the County; and

**WHEREAS,** the Refunded Bonds Sublease provides that the term of the Refunded Bonds Sublease shall end on November 1, 2011 or at such earlier time as all of the Refunded Bonds shall have been paid or provision for their payment shall have been made in accordance with the Refunded Bonds Indenture, and that upon such termination title to the Leased Premises (as defined in the Refunded Bonds Sublease) shall be transferred directly to the County or its designee; and

**WHEREAS,** the Financing Authority has agreed to issue its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A, a portion of the proceeds of which shall be used for the purpose of making the Lease Payment to the County under the Lease, dated as of March 1, 2005 (the "Lease"), by and between the Financing Authority and the County; and

**WHEREAS,** the County will use the Lease Payment along with certain other monies held in the funds and accounts of the Refunded Bonds Indenture to defease the Refunded Bonds;

**NOW, THEREFORE,** in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1.** As used herein, the following terms shall have the following meanings:

"Closing Date" means March 2, 2005.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Los Angeles.

"Escrow Agent" means The Bank of New York Trust Company N.A., and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal and interest due on the Refunded Bonds to and including December 1, 2007, and to pay the redemption price of $_____ for the Refunded Bonds maturing thereafter, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Securities" means Investment Securities deposited in the Escrow Fund pursuant to Section 5 hereof.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Financing Authority" means the Los Angeles County Public Works Financing Authority.

"Government Obligations" shall have the meaning given in the Refunded Bonds Indenture.

"Investment Securities" means Government Obligations (as defined in the Refunded Bonds Indenture) meeting the requirements of the Refunded Bonds Indenture.

"Refunded Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B.

"Refunded Bonds Indenture" means, collectively, the Indenture of Trust, dated as of May 1, 1997, and the First Supplemental Indenture of Trust, dated as of May 1, 1997, each between the Authority and the Refunded Bonds Trustee, pertaining to the Refunded Bonds.

"Refunded Bonds Trustee" means The Bank of New York Trust Company N.A., its successors and assigns, and any other corporation or association that may at any time be substituted in its place, as Trustee for the Refunded Bonds.

"Refunding Bonds" means the Financing Authority's Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A.

"Refunding Bonds Indenture" means the Indenture of Trust, dated as of March 1, 2005, by and among the County, the Authority and [Trustee], as trustee.

"Refunding Bonds Trustee" means the trustee under the Refunding Bonds Indenture.

"Verification Agent" means _____.

**SECTION 2.** The County hereby appoints The Bank of New York Trust Company N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Refunded Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Refunded Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

**SECTION 3.** Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

**SECTION 4.** The County herewith deposits, or causes to be deposited no later than the Closing Date, with the Escrow Agent, and hereby directs the Escrow Agent to deposit into the Escrow Fund, to be held irrevocably in trust by the Escrow Agent and to be applied solely as provided in this Agreement, from the proceeds of the Refunding Bonds, the sum of $_____.

The County hereby directs the Escrow Agent to deposit, and the Escrow Agent herewith deposits or causes to be deposited, no later than the Closing Date, into the Escrow Fund, the following amounts:

(i) from the Reserve Fund created under Section 4.06 of the Refunded Bonds Indenture, the sum of $_____;

(ii) from the Base Rental Fund created pursuant to Section 4.04 of the Refunded Bonds Indenture, the sum of $_____.

Any moneys remaining in the funds and accounts of the Refunded Bonds Indenture which are not required to make the foregoing deposits are to be transferred on April 1, 2005, or as soon as practicable thereafter, to the Refunding Bonds Trustee for deposit into such Component subaccount or subaccounts of the General Account of the Construction and Acquisition Fund under the Refunding Bonds Indenture, or into such other account or accounts under the Refunding Bonds Indenture, as shall be designated by the County, and the accounts of the Refunded Bonds Indenture shall thereafter be closed.

**SECTION 5.** The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $_____ of such amounts in the Investment Securities set forth in Exhibit B hereto, and to deposit such Investment Securities in the Escrow Fund and to retain the amount of $_____ in cash in the Escrow Fund.

**SECTION 6.** EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 6, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE ESCROW SECURITIES. Interest income and other amounts received

by the Escrow Agent as payments on the Escrow Securities held in the Escrow Fund shall be held as part of such Escrow Fund to be used for the purposes set forth in this Escrow Agreement and may be invested by the Escrow Agent at the written direction of an authorized representative of the County or as directed in the Escrow Verification Report, provided that (a) such amounts may only be invested in Defeasance Securities as defined in this Section 6 and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by this Escrow Agreement.

Upon the fulfillment of the conditions set forth in this Section 6, the Escrow Agent at the written direction of an authorized representative of the County may sell, liquidate or otherwise dispose of some or all of the Escrow Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in different Escrow Securities, provided that no such substitution shall occur unless the County shall first deliver to the Escrow Agent (a) an opinion by the Verification Agent or other firm expert in the preparation of verification reports that, after such reinvestment or substitution, the principal amount of the Escrow Securities then held in such Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal, premium and interest with respect to the Refunded Bonds secured by the Escrow Fund on the dates and in the amounts as directed pursuant to the Refunded Bonds and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Escrow Securities is permitted under this Escrow Agreement, the Refunded Bonds Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunding Bonds or the Refunded Bonds from income taxation under the Internal Revenue Code of 1986 (the "Code"); provided further that no opinions shall be required pursuant to this Section 6 with respect to the reinvestment of any moneys derived from Escrow Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Escrow Securities maturing not later than the date such funds are required to redeem the applicable Bonds and the yield on such Escrow Securities does not exceed the yield on the Refunding Bonds.

**SECTION 7.** The County has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities listed in Exhibit B to pay the Escrow Requirements.

**SECTION 8.** The County hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the principal amount of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

**SECTION 9.** The County irrevocably instructs the Escrow Agent to (i) pay when due the principal and interest on the Refunded Bonds maturing prior to December 1, 2007 when due; and (ii) to pay the redemption price of the Refunded Bonds maturing on or after December 1, 2007, on the first date for which such redemption can be scheduled. The County irrevocably instructs the Refunded Bonds Trustee under the Refunded Bonds Indenture to mail and publish a notice of redemption of the Refunded Bonds maturing on or after December 1, 2007, as soon as practicable, as provided in Sections 5.03 and 12.01(b)(i) of the Refunded Bonds Indenture.

**SECTION 10.** The County represents that, concurrently with the initial deposit of the uninvested funds and Investment Securities set forth in Section 5 hereof and the irrevocable instructions to the Escrow Agent to give notice of redemption of the Refunded Bonds set forth in Section 9 hereof, and pursuant to the Escrow Verification Report of the Verification Agent, the Refunded Bonds are no longer deemed to be Outstanding and unpaid within the meaning and with the effect expressed in the Refunded Bonds Indenture.

**SECTION 11.** The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

**SECTION 12.** This Agreement is made pursuant to and in furtherance of the Refunded Bonds Indenture and for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Refunded Bonds Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13.** In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

**SECTION 14.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the County and the Refunded Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and the Refunded Bonds Trustee and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in

principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least $100,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the County, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 15.** The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 6 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 16.** To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to

indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 17.** The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Refunded Bonds Indenture or to the validity of this Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 18.** This Agreement shall terminate upon payment of all Refunded Bonds on November 1, 2001. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the County.

**SECTION 19.** This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

**SECTION 20.** If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 21.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

[SEAL]

Attest:

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of the
Board of Supervisors

By_____
Deputy

THE BANK OF NEW YORK TRUST COMPANY
N.A.,
as Escrow Agent and Refunded Bonds Trustee

By _____
Name: _____
Title: _____

**Exhibit A**
**Escrow Verification Report**

**Exhibit B**
**Schedule of Escrow Securities**

| Principal Amount | Security | Maturity Date | Purchase Price |
|---|---|---|---|

CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of
the Board of Supervisors

By _____
Deputy

[SEAL]

# ESCROW AGREEMENT

**by and between the**

**COUNTY OF LOS ANGELES,**

**and**

**THE BANK OF NEW YORK TRUST COMPANY N.A.**

**as Escrow Agent and**
**Refunded Bonds Trustee**

**Dated as of March 1, 2005**

Pertaining to the Redemption and Defeasance of
$96,180,000
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A

# ESCROW AGREEMENT

This Escrow Agreement, made and entered into as of March 1, 2005, by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and The Bank of New York Trust Company N.A., a New York banking corporation organized and existing under the laws of the State of New York, as Escrow Agent and Refunded Bonds Trustee (the "Escrow Agent");

## W I T N E S S E T H:

**WHEREAS,** the Los Angeles County Public Works Financing Authority, a joint exercise of powers authority formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Financing Authority") has previously caused to be issued $96,180,000 Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "Refunded Bonds"), pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "Refunded Bonds Indenture"), by and between the Financing Authority and The Bank of New York Trust Company N.A., as successor trustee thereunder (the "Refunded Bonds Trustee"); and

**WHEREAS,** the Refunded Bonds are secured by and payable from the Base Rental payments to be made by the County of Los Angeles (the "County") under the terms of a Sublease and Option to Purchase dated as of April 1, 2000 (the "Refunded Bonds Sublease"); and

**WHEREAS,** the Refunded Bonds Indenture provides that if the County deposits with the Refunded Bonds Trustee, or a paying agent for the Refunded Bonds, in trust, at or before maturity of the Bonds, cash and/or Government Obligations (as defined in the Refunded Bonds Indenture) in an amount sufficient, together with the earnings to accrue on such Government Obligations and without the need for further investment, to pay when due such Refunded Bonds, including all principal, redemption premium, if any, and interest payable with respect thereto, and if notice of the redemption of the Bonds, or the County's irrevocable instructions to the Refunded Bonds Trustee to give such notice of redemption shall have been made, then the Refunded Bonds shall no longer be deemed Outstanding under the Refunded Bonds Indenture, and the obligations of the County and the Refunded Bonds Trustee with respect to the Refunded Bonds shall cease and terminate (except the obligations to make such payments from such funds and to maintain the necessary mechanics therefor) and any funds held by the Escrow Agent in excess of the amount necessary to make such payments shall be paid over to the County; and

**WHEREAS,** the Refunded Bonds Sublease provides that the term of the Refunded Bonds Sublease shall end on November 1, 2011 or at such earlier time as all of the Refunded Bonds shall have been paid or provision for their payment shall have been made in accordance with the Refunded Bonds Indenture, and that upon such termination title to the Leased Premises (as defined in the Refunded Bonds Sublease) shall be transferred directly to the County or its designee; and

**WHEREAS,** the Financing Authority has agreed to issue its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A, a portion of the proceeds of which shall be used for the purpose of making the Lease Payment to the County under the Lease, dated as of March 1, 2005 (the "Lease"), by and between the Financing Authority and the County; and

**WHEREAS,** the County will use the Lease Payment along with certain other monies held in the funds and accounts of the Refunded Bonds Indenture to defease the Refunded Bonds;

**NOW, THEREFORE,** in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1.** As used herein, the following terms shall have the following meanings:

"Closing Date" means March 2, 2005.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Los Angeles.

"Escrow Agent" means The Bank of New York Trust Company N.A., and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal and interest due on the Refunded Bonds to and including May 1, 2011, and to pay the redemption price of $_____ for the Refunded Bonds maturing thereafter, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Securities" means Investment Securities deposited in the Escrow Fund pursuant to Section 5 hereof.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Financing Authority" means the Los Angeles County Public Works Financing Authority.

"Government Obligations" shall have the meaning given in the Refunded Bonds Indenture.

"Investment Securities" means Government Obligations (as defined in the Refunded Bonds Indenture) meeting the requirements of the Refunded Bonds Indenture.

"Refunded Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A.

"Refunded Bonds Indenture" means the Indenture of Trust, dated as of April 1, 2000, between the Authority and the Refunded Bonds Trustee, pertaining to the Refunded Bonds.

"Refunded Bonds Trustee" means The Bank of New York Trust Company N.A., its successors and assigns, and any other corporation or association that may at any time be substituted in its place, as Trustee for the Refunded Bonds.

"Refunding Bonds" means the Financing Authority's Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A.

"Refunding Bonds Indenture" means the Indenture of Trust, dated as of March 1, 2005, by and among the County, the Authority and [Trustee], as trustee.

"Refunding Bonds Trustee" means the trustee under the Refunding Bonds Indenture.

"Verification Agent" means _____.

**SECTION 2.** The County hereby appoints The Bank of New York Trust Company N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Refunded Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Refunded Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

**SECTION 3.** Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

**SECTION 4.** The County herewith deposits, or causes to be deposited no later than the Closing Date, with the Escrow Agent, and hereby directs the Escrow Agent to deposit into the Escrow Fund, to be held irrevocably in trust by the Escrow Agent and to be applied solely as provided in this Agreement, from the proceeds of the Refunding Bonds, the sum of $_____.

The County hereby directs the Escrow Agent to deposit, and the Escrow Agent herewith deposits or causes to be deposited, no later than the Closing Date, into the Escrow Fund, the following amounts:

(i) from the Reserve Fund created under Section 4.06 of the Refunded Bonds Indenture, the sum of $_____;

(ii) from the Base Rental Fund created pursuant to Section 4.04 of the Refunded Bonds Indenture, the sum of $_____.

Any moneys remaining in the funds and accounts of the Refunded Bonds Indenture which are not required to make the foregoing deposits are to be transferred on April 1, 2005, or as soon as practicable thereafter, to the Refunding Bonds Trustee for deposit into such Component subaccount or subaccounts of the General Account of the Construction and Acquisition Fund under the Refunding Bonds Indenture, or into such other account or accounts under the Refunding Bonds Indenture, as shall be designated by the County, and the accounts of the Refunded Bonds Indenture shall thereafter be closed.

**SECTION 5.** The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $_____ of such amounts in the Investment Securities set forth in Exhibit B hereto, and to deposit such Investment Securities in the Escrow Fund and to retain the amount of $_____ in cash in the Escrow Fund.

**SECTION 6.** EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 6, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE ESCROW SECURITIES. Interest income and other amounts received

by the Escrow Agent as payments on the Escrow Securities held in the Escrow Fund shall be held as part of such Escrow Fund to be used for the purposes set forth in this Escrow Agreement and may be invested by the Escrow Agent at the written direction of an authorized representative of the County or as directed in the Escrow Verification Report, provided that (a) such amounts may only be invested in Defeasance Securities as defined in this Section 6 and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by this Escrow Agreement.

Upon the fulfillment of the conditions set forth in this Section 6, the Escrow Agent at the written direction of an authorized representative of the County may sell, liquidate or otherwise dispose of some or all of the Escrow Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in different Escrow Securities, provided that no such substitution shall occur unless the County shall first deliver to the Escrow Agent (a) an opinion by the Verification Agent or other firm expert in the preparation of verification reports that, after such reinvestment or substitution, the principal amount of the Escrow Securities then held in such Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal, premium and interest with respect to the Refunded Bonds secured by the Escrow Fund on the dates and in the amounts as directed pursuant to the Refunded Bonds and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Escrow Securities is permitted under this Escrow Agreement, the Refunded Bonds Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunding Bonds or the Refunded Bonds from income taxation under the Internal Revenue Code of 1986 (the "Code"); provided further that no opinions shall be required pursuant to this Section 6 with respect to the reinvestment of any moneys derived from Escrow Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Escrow Securities maturing not later than the date such funds are required to redeem the applicable Bonds and the yield on such Escrow Securities does not exceed the yield on the Refunding Bonds.

**SECTION 7.** The County has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities listed in Exhibit B to pay the Escrow Requirements.

**SECTION 8.** The County hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the principal amount of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

**SECTION 9.** The County irrevocably instructs the Escrow Agent to (i) pay when due the principal and interest on the Refunded Bonds maturing prior to May 1, 2011 when due; and (ii) to pay the redemption price of the Refunded Bonds maturing on or after May 1, 2011, on the first date for which such redemption can be scheduled. The County irrevocably instructs the Refunded Bonds Trustee under the Refunded Bonds Indenture to mail and publish a notice of redemption of the Refunded Bonds maturing on or after May 1, 2011, as soon as practicable, as provided in Sections 5.03 and 12.01(b)(i) of the Refunded Bonds Indenture.

**SECTION 10.** The County represents that, concurrently with the initial deposit of the uninvested funds and Investment Securities set forth in Section 5 hereof and the irrevocable instructions to the Escrow Agent to give notice of redemption of the Refunded Bonds set forth in Section 9 hereof, and pursuant to the Escrow Verification Report of the Verification Agent, the Refunded Bonds are no longer deemed to be Outstanding and unpaid within the meaning and with the effect expressed in the Refunded Bonds Indenture.

**SECTION 11.** The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

**SECTION 12.** This Agreement is made pursuant to and in furtherance of the Refunded Bonds Indenture and for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Refunded Bonds Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13.** In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

**SECTION 14.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the County and the Refunded Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and the Refunded Bonds Trustee and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in

principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least $100,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the County, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 15.** The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 6 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 16.** To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to

indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 17.** The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Refunded Bonds Indenture or to the validity of this Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 18.** This Agreement shall terminate upon payment of all Refunded Bonds on November 1, 2001. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the County.

**SECTION 19.** This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

**SECTION 20.** If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 21.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

[SEAL]

Attest:

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of the
Board of Supervisors

By_____
Deputy

THE BANK OF NEW YORK TRUST COMPANY
N.A.,
as Escrow Agent and Refunded Bonds Trustee

By _____
Name: _____
Title: _____

**Exhibit A**
**Escrow Verification Report**

**Exhibit B**
**Schedule of Escrow Securities**

| Principal Amount | Security | Maturity Date | Purchase Price |
|---|---|---|---|

CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of
the Board of Supervisors

By _____
Deputy

[SEAL]

# ESCROW AGREEMENT

**by and between the**

**COUNTY OF LOS ANGELES,**

**and**

**THE BANK OF NEW YORK TRUST COMPANY N.A.**

**as Escrow Agent and**
**Refunded Certificates Trustee**

**Dated as of March 1, 2005**

Pertaining to the Prepayment and Defeasance of
$115,390,000
County of Los Angeles Certificates of Participation
(Antelope Valley Courthouse Project) Series 2000 A

# ESCROW AGREEMENT

This Escrow Agreement, made and entered into as of March 1, 2005, by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and The Bank of New York Trust Company N.A., a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and Refunded Certificates Trustee (the "Escrow Agent");

## W I T N E S S E T H:

**WHEREAS,** the County of Los Angeles has previously caused the execution and delivery of $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A (the "Refunded Certificates"), pursuant to an Indenture of Trust, dated as of November 1, 2000 (the "Refunded Certificates Indenture"), by and between the Financing Authority and The Bank of New York Trust Company N.A., as successor trustee thereunder (the "Refunded Certificates Trustee"); and

**WHEREAS,** the Refunded Certificates are secured by and payable from the Base Rental payments to be made by the County of Los Angeles (the "County") under the terms of a Sublease and Option to Purchase dated as of November 1, 2000 (the "Refunded Certificates Sublease"); and

**WHEREAS,** the Refunded Certificates Indenture provides that if the County deposits with the Refunded Certificates Trustee, or a paying agent for the Refunded Certificates, in trust, at or before maturity of the Refunded Certificates, cash and/or Federal Securities (as defined in the Refunded Certificates Indenture) in an amount sufficient, together with the earnings to accrue on such Federal Securities and without the need for further investment, to pay when due such Refunded Certificates, including all principal, prepayment premium, if any, and interest payable with respect thereto, and if notice of the prepayment of the Refunded Certificates, or the County's irrevocable instructions to the Refunded Certificates Trustee to give such notice of prepayment shall have been made, then the Refunded Certificates shall no longer be deemed Outstanding under the Refunded Certificates Indenture, and the obligations of the County and the Refunded Certificates Trustee with respect to the Refunded Certificates shall cease and terminate (except the obligations to make such payments from such funds and to maintain the necessary mechanics therefor) and any funds held by the Escrow Agent in excess of the amount necessary to make such payments shall be paid over to the County; and

**WHEREAS,** the Refunded Certificates Sublease provides that the term of the Refunded Certificates Sublease shall end on November 1, 2011 or at such earlier time as all of the Refunded Certificates shall have been paid or provision for their payment shall have been made in accordance with the Refunded Certificates Indenture, and that upon such termination title to the Leased Premises (as defined in the Refunded Certificates Sublease) shall be transferred directly to the County or its designee; and

**WHEREAS,** the Financing Authority has agreed to issue its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A, a portion of the proceeds of which shall be used for the purpose of making the Lease Payment to the County under the Lease, dated as of March 1, 2005 (the "Lease"), by and between the Financing Authority and the County; and

**WHEREAS,** the County will use the Lease Payment along with certain other monies held in the funds and accounts of the Refunded Certificates Indenture to defease the Refunded Certificates;

**NOW, THEREFORE,** in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1.** As used herein, the following terms shall have the following meanings:

"Closing Date" means March 2, 2005.

"Code" means the Internal Revenue Code of 1986, as amended.

"County" means the County of Los Angeles.

"Escrow Agent" means The Bank of New York Trust Company N.A., and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 14 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal and interest due on the Refunded Certificates to and including November 1, 2010, and to pay the prepayment price of $_____ for the Refunded Certificates maturing thereafter, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Securities" means Investment Securities deposited in the Escrow Fund pursuant to Section 5 hereof.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Federal Securities" shall have the meaning given in the Refunded Certificates Indenture.

"Financing Authority" means the Los Angeles County Public Works Financing Authority.

"Investment Securities" means Federal Securities (as defined in the Refunded Certificates Indenture) meeting the requirements of the Refunded Certificates Indenture.

"Refunded Certificates" means the County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A.

"Refunded Certificates Indenture" means the Indenture of Trust, dated as of November 1, 2000, between the Authority and the Refunded Certificates Trustee, pertaining to the Refunded Certificates.

"Refunded Certificates Trustee" means The Bank of New York Trust Company N.A., its successors and assigns, and any other corporation or association that may at any time be substituted in its place, as Trustee for the Refunded Certificates.

"Refunding Bonds" means the Financing Authority's Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A.

"Refunding Bonds Indenture" means the Indenture of Trust, dated as of March 1, 2005, by and among the County, the Authority and [Trustee], as trustee.

"Refunding Bonds Trustee" means the trustee under the Refunding Bonds Indenture.

"Verification Agent" means _____.

**SECTION 2.** The County hereby appoints The Bank of New York Trust Company N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Refunded Certificates. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Refunded Certificates Indenture, including particularly the prepayment provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Refunded Certificates Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

**SECTION 3.** Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the "County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A Escrow Fund" (the "Escrow Fund"), to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

**SECTION 4.** The County herewith deposits, or causes to be deposited no later than the Closing Date, with the Escrow Agent, and hereby directs the Escrow Agent to deposit into the Escrow Fund, to be held irrevocably in trust by the Escrow Agent and to be applied solely as provided in this Agreement, from the proceeds of the Refunding Bonds, the sum of $_____.

The County hereby directs the Escrow Agent to deposit, and the Escrow Agent herewith deposits or causes to be deposited, no later than the Closing Date, into the Escrow Fund, the following amounts:

(i) from the Reserve Fund created under Section _____ of the Refunded Certificates Indenture, the sum of $_____;

(ii) from the Base Rental Fund created pursuant to Section _____ of the Refunded Certificates Indenture, the sum of $_____.

Any moneys remaining in the funds and accounts of the Refunded Certificates Indenture which are not required to make the foregoing deposits are to be transferred on April 1, 2005, or as soon as practicable thereafter, to the Refunding Bonds Trustee for deposit into such Component subaccount or subaccounts of the General Account of the Construction and Acquisition Fund under the Refunding Bonds Indenture, or into such other account or accounts under the Refunding Bonds Indenture, as shall be designated by the County, and the accounts of the Refunded Certificates Indenture shall thereafter be closed.

**SECTION 5.** The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $_____ of such amounts in the Investment Securities set forth in Exhibit B hereto, and to deposit such Investment Securities in the Escrow Fund and to retain the amount of $_____ in cash in the Escrow Fund.

**SECTION 6.** EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 6, THE ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE PREPAYMENT OF OR

OTHERWISE DISPOSE OF THE ESCROW SECURITIES. Interest income and other amounts received by the Escrow Agent as payments on the Escrow Securities held in the Escrow Fund shall be held as part of such Escrow Fund to be used for the purposes set forth in this Escrow Agreement and may be invested by the Escrow Agent at the written direction of an authorized representative of the County or as directed in the Escrow Verification Report, provided that (a) such amounts may only be invested in Defeasance Securities as defined in this Section 6 and (b) such investments shall have maturities which do not extend beyond the date on which the moneys so invested will be needed to make payments required by this Escrow Agreement.

Upon the fulfillment of the conditions set forth in this Section 6, the Escrow Agent at the written direction of an authorized representative of the County may sell, liquidate or otherwise dispose of some or all of the Escrow Securities then held as an investment of the Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in different Escrow Securities, provided that no such substitution shall occur unless the County shall first deliver to the Escrow Agent (a) an opinion by the Verification Agent or other firm expert in the preparation of verification reports that, after such reinvestment or substitution, the principal amount of the Escrow Securities then held in such Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal, premium and interest with respect to the Refunded Certificates secured by the Escrow Fund on the dates and in the amounts as directed pursuant to the Refunded Certificates and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Escrow Securities is permitted under this Escrow Agreement, the Refunded Certificates Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunding Bonds or the Refunded Certificates from income taxation under the Internal Revenue Code of 1986 (the "Code"); provided further that no opinions shall be required pursuant to this Section 6 with respect to the reinvestment of any moneys derived from Escrow Securities held in the Escrow Fund hereunder which have matured so long as such moneys are reinvested in Escrow Securities maturing not later than the date such funds are required to prepay the Refunded Certificates and the yield on such Escrow Securities does not exceed the yield on the Refunding Bonds.

**SECTION 7.** The County has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities listed in Exhibit B to pay the Escrow Requirements.

**SECTION 8.** The County hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the principal amount of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

**SECTION 9.** The County irrevocably instructs the Escrow Agent to (i) pay when due the principal and interest on the Refunded Certificates maturing prior to December 1, 2010 when due; and (ii) to pay the prepayment price of the Refunded Certificates maturing on or after December 1, 2010, on the first date for which such prepayment can be scheduled. The County irrevocably instructs the Refunded Certificates Trustee under the Refunded Certificates Indenture to mail and publish a notice of prepayment of the Refunded Certificates maturing on or after December 1, 2010, as soon as practicable, as provided in Sections 4.03 and 11.01 of the Refunded Certificates Indenture.

**SECTION 10.** The County represents that, concurrently with the initial deposit of the uninvested funds and Investment Securities set forth in Section 5 hereof and the irrevocable instructions to the Escrow Agent to give notice of prepayment of the Refunded Certificates set forth in Section 9 hereof, and pursuant to the Escrow Verification Report of the Verification Agent, the Refunded Certificates are no longer deemed to be Outstanding and unpaid within the meaning and with the effect expressed in the Refunded Certificates Indenture.

**SECTION 11.** The trust hereby created shall be irrevocable and the holders of the Refunded Certificates shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

**SECTION 12.** This Agreement is made pursuant to and in furtherance of the Refunded Certificates Indenture and for the benefit of the County and the holders from time to time of the Refunded Certificates and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Certificates, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Refunded Certificates Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Certificates, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13.** In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

**SECTION 14.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the County and the Refunded Certificates Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Certificates or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and the Refunded Certificates Trustee and signed by the holders of a majority in principal amount of the Refunded Certificates.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in

principal amount of the Refunded Certificates, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Certificates, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Certificates or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $100,000,000. For purpose of this Section 14, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least $100,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $100,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section and if it is otherwise satisfactory to the County, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 15.** The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 6 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 16.** To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 17.** The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the prepayment of the Refunded Certificates pursuant to the Refunded Certificates Indenture or to the validity of this Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**SECTION 18.** This Agreement shall terminate upon payment of all Refunded Certificates on November 1, 2001. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the County.

**SECTION 19.** This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

**SECTION 20.** If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 21.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

[SEAL]

Attest:

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of the
Board of Supervisors

By_____
Deputy

THE BANK OF NEW YORK TRUST COMPANY
N.A.,
as Escrow Agent and Refunded Certificates Trustee

By _____
Name: _____
Title: _____

**Exhibit A**
**Escrow Verification Report**

**Exhibit B**
**Schedule of Escrow Securities**

| Principal Amount | Security | Maturity Date | Purchase Price |
|---|---|---|---|

CERTIFICATE OF EXECUTIVE OFFICER-CLERK
OF BOARD OF SUPERVISORS

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Clerk of the Board of Supervisors certifies that on this date, a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS,
Executive Officer-Clerk of
the Board of Supervisors

By _____
Deputy

[SEAL]

**$_____**

# LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (2005 MASTER REFUNDING PROJECT) SERIES A

## BOND PURCHASE AGREEMENT

February __, 2005

Los Angeles County
Public Works Financing Authority
Los Angeles, California

Board of Supervisors
County of Los Angeles, California
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, on behalf of itself and as representative (the "Representative") of the underwriters set forth on the cover of the Official Statement (herein defined) (the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Los Angeles County Public Works Financing Authority (the "Authority") and the County of Los Angeles, a political subdivision of the State of California (the "County"), which, upon acceptance of this offer by the Authority and the County, will be binding upon the Authority, the County and the Underwriters. This offer made is subject to receipt by the Underwriters of the documents referred to in Section 9 hereof and to acceptance by the Authority and the County by execution and delivery of this Bond Purchase Agreement to the Underwriters at or prior to 5:00 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Authority and the County at any time prior to the acceptance hereof by the Authority and the County.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree to purchase from the Authority to offer to the public, and the Authority hereby agrees to cause _____, a national bank association organized and existing under the laws of the United States of America, as Trustee, ("the Trustee") to deliver to the Underwriters for such purpose, all (but not less than all), in the manner provided herein, of the $_____ aggregate principal amount of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005 Series A Bonds"). The 2005 Series A Bonds shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The 2005 Series A Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, all as shown in Exhibit A. Interest on the 2005 Series A Bonds

will be payable semiannually each June 1 and December 1, commencing on June 1, 2005. The 2005 Series A Bonds shall otherwise be as described in the Official Statement with respect to the 2005 Series A Bonds, dated March 2, 2005 (the "Official Statement"), and be subject to redemption as provided in the Official Statement hereinafter mentioned. The aggregate purchase price of the 2005 Series A Bonds shall be $_____ (representing the aggregate principal amount of the 2005 Series A Bonds, plus net original issue premium of $_____, and less an Underwriters' discount of $_____).

2. The 2005 Series A Bonds. The 2005 Series A Bonds shall be issued in accordance with Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the Government Code of the State of California (the "Act"), that Resolution of the Authority adopted on February 1, 2005 (the "the Authority Resolution"), that Resolution of the County adopted on February 1, 2005 (the "County Resolution") and that Indenture of Trust, dated as of March 1, 2005 (the "Indenture"), by and among the County, the Authority and the Trustee. The 2005 Series A Bonds shall evidence and represent the right to receive principal and interest payments from Base Rental payments (as that term is defined in the Indenture) payable by the County pursuant to that certain Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sublease"), by and between the County and the Authority, relating to certain real properties and improvements located thereon (the "Sublease Facilities"), and that certain Sub-Sub-Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sub-Sub-Sublease"), by and between the County and the Authority, relating to certain real properties and improvements located thereon (the "Sub-Sub-Sublease Facilities" and, together with Sublease Facilities, the "Facilities"). In connection therewith, the County and the Authority have entered into a Lease, dated as of March 1, 2005 (the "Lease"), providing for the lease of the Sublease Facilities by the County to the Authority and a Sub-Sublease, dated as of March 1, 2005 (the "Sub-Sublease"), providing for the lease of the Sub-Sub-Sublease Facilities by the County to the Authority. Pursuant to the Indenture, the Authority will assign to the Trustee certain of its rights, title and interest in and to the Lease, the Sublease, the Sub-Sublease and the Sub-Sub-Sublease. Capitalized terms in this Bond Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indenture.

The payment of principal and interest with respect to the 2005 Series A Bonds, when due, will be insured by a municipal bond insurance policy (the "Insurance Policy") issued by [Insurer] (the "Insurer").

3. Purpose of 2005 Series A Bonds. The Authority will use the proceeds of the 2005 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Refunded Obligations (as herein defined), to current refund all or a portion of the $352,450,000 Los Angeles County Public Works Authority Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds") issued pursuant to an Indenture of Trust, dated as of December 1, 1993 (the "1993 Indenture"), advance refund all or a portion of the $52,690,000 Los Angeles County Public Works Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds") issued pursuant to an Indenture of Trust, dated as of September 1, 1996 (the "1996 Indenture"), advance refund all or a portion of the $115,680,000 Los Angeles County Public Works Authority Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds") issued pursuant to a First Supplemental Indenture of Trust, dated as of May 1, 1997 (the "1997 First

Supplemental Indenture"), advance refund all or a portion of the $96,180,000 Los Angeles County Public Works Authority Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds") issued pursuant to an Indenture of Trust, dated as of April 1, 2000 (the "2000 Bonds Indenture"), advance refund all or a portion of the $115,390,000 County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) (the "2000 Certificates") executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2000 (the "2000 Certificates Trust Agreement") (the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds, the 2000 Bonds and the 2000 Certificates being referred to collectively herein as the "Prior Obligations," and the respective maturities of each Prior Obligation being refunded being referred to as the "Refunded Obligations," and the 1993 Indenture, the 1996 Indenture, the 1997 First Supplemental Indenture, the 2000 Bonds Indenture and the 2000 Certificates Trust Agreement being referred to herein as the "Prior Indentures"), fund a Reserve Fund and pay certain costs of issuance incurred in connection with the issuance of the 2005 Series A Bonds.

The Authority will refund the Refunded Obligations by depositing into separate escrow funds with respect to each series of Refunded Obligations a portion of the proceeds of the 2005 Series A Bonds and moneys held in certain funds and accounts attributable to the Refunded Obligations. Each such escrow fund will be established under an escrow agreement (collectively, the "Escrow Agreements"), by and between the County and the trustee for each applicable series of Refunded Obligations (collectively, the "Prior Trustees").

4. Offering. (a) It shall be a condition to the Authority's obligation to sell and issue the 2005 Series A Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the 2005 Series A Bonds that the entire aggregate principal amount of the 2005 Series A Bonds referred to in Section 1 shall be issued by the Authority and purchased, accepted and paid for by the Underwriters at the Closing (as defined herein). The Underwriters agree to make a bona fide public offering of all the 2005 Series A Bonds, at prices not in excess of the initial public offering prices or yields for the 2005 Series A Bonds as set forth in the Official Statement (as herein defined); provided that the 2005 Series A Bonds may be offered and sold to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriters, at prices lower than such public offering prices and may effect transactions that stabilize or maintain the market price of the 2005 Series A Bonds. The County and the Authority hereby authorize the use by the Underwriters of this Bond Purchase Agreement, the Indenture, the Lease, the Sublease, the Sub-Sublease and the Sub-Sub-Sublease, the Authority Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreements and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the 2005 Series A Bonds (each as defined herein and, collectively, the "Legal Documents").

(b) The Underwriters agree as follows:

(i) to file on or before the date of Closing (as herein defined) a copy of the Official Statement, including any supplements thereto, with a Nationally Recognized Municipal Securities Information repository (as defined in Rule 15c2-12 (the

"Rule") promulgated by the U.S. Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933, as amended); and

(ii) to take any and all actions necessary to comply with rules of the SEC and Municipal Securities Rulemaking Board which are applicable to the Underwriters governing the offering, sale and delivery of the 2005 Series A Bonds to the ultimate purchasers.

5. Official Statement. Upon the Authority's and the County's acceptance of this offer, the Authority and the County shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement dated February 4, 2005 (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement") with respect to the 2005 Series A Bonds, in connection with the public offering and sale of the 2005 Series A Bonds by the Underwriters. The Authority shall deliver to the Underwriters copies of the Official Statement in such quantities as the Underwriters shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Representative (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Bond Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Official Statement"), approved for distribution pursuant to the Authority Resolution and the County Resolution. The Authority shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement.

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriters as follows:

(a) the County is, and will be on the date of Closing, a political subdivision of the State of California (the "State") organized and operating pursuant to the Constitution and laws of the State with the full power and authority to execute and deliver the Legal Documents to be executed by it and to own its properties and to carry on its business as presently conducted;

(b) by official action of the County, prior to or concurrently with the acceptance hereof, the County 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 Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the County and constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of the Facilities or its assets is otherwise subject, 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 properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(e) 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 Legal Documents to be executed by it, and, to the best knowledge of the County, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the County, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the payment of Base Rental as required under the Sublease or the Sub-Sub-Sublease or in any way contesting or affecting the validity or enforceability of the Act or the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or this Bond Purchase Agreement or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the County or in any way contesting the existence or powers of the County;

(g) the County will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the 2005 Series A Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the 2005 Series A Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the 2005 Series A Bonds; provided, however, that in no event shall the County be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and in the final Official Statement is, as of the date hereof, and will be, as of the Closing Date and the date which is 25 days following the End of the Underwriting Period, true and correct in all material respects and such information does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the 2005 Series A Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the County will notify the Representative, and, if in the reasonable opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall cooperate with the Authority in preparing and furnishing to the Underwriters (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an 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 existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the 2005 Series A Bonds, the County will furnish such information with respect to itself as the Representative may from time to time reasonably request; provided, further, as used in this Bond Purchase Agreement, the term "End of the Underwriting Period" for the 2005 Series A Bonds shall mean the earlier of (i) the Closing Date unless the County and the Authority shall have been notified in writing to the contrary by the Representative on or prior to the said date or (ii) the date on which the End of the Underwriting Period for the 2005 Series A Bonds has occurred under Rule 15c2-12, provided, however, that the County and the Authority may treat as the End of the Underwriting Period for the 2005 Series A Bonds as the date specified as such in a notice from the Representative stating the date that is the End of the Underwriting Period;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the 2005 Series A Bonds, the County will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the County of the transactions contemplated by the Official

Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the 2005 Series A by the Underwriters;

(l) after the date of Closing, the County will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(m) the financial statements of, and other financial information regarding, the County contained 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, to the best of the County's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Official Statement;

(n) any certificate signed by a County Representative and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the County to each of the Underwriters as to the truth of the statements therein made; and

(o) the exceptions set forth in the preliminary title report with respect to the Facilities, subject to permitted encumbrances, do not, and the exceptions set forth in the policy or policies of title insurance will not, materially impair the value of the Facilities, the existing facilities thereon or the sites thereof, nor materially impair the County's enjoyment of the same for any purposes for which they are, or may reasonably be expected to be, used.

7. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees with the Underwriters as follows:

(a) the Authority is, and will be on the Closing Date, a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the Government Code of the State with the full power and authority to issue the 2005 Series A Bonds, execute and deliver the Legal Documents to be executed by it and own its properties and carry on its business as presently conducted;

(b) by official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency

or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) the issuance of the 2005 Series A Bonds and the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, 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 properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the 2005 Series A Bonds or the Legal Documents executed by the Authority;

(e) the Authority 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 Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to issue the 2005 Series A Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best knowledge of the Authority, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the sale, execution or delivery of the 2005 Series A Bonds or the payment of principal and interest on the 2005 Series A Bonds or in any way contesting or affecting the validity or enforceability of the 2005 Series A Bonds, the Legal Documents or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the Authority or this Bond Purchase Agreement or that could have a material adverse impact upon the ability of the Authority to issue the 2005 Series A Bonds or enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the Authority or in any way contesting the existence or powers of the Authority;

(g) the Authority will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the 2005 Series A Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the 2005

Series A Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the 2005 Series A Bonds; provided, however, that in no event shall the Authority be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and in the Final Official Statement is, as of the date hereof, and will be, as of the Closing Date and the date which is 25 days following the End of the Underwriting Period, true and correct in all material respects and such information does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the 2005 Series A Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Representative, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish to the Underwriters (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an 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 existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the 2005 Series A Bonds, the Authority will furnish such information with respect to itself as the Representative may from time to time reasonably request;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the 2005 Series A Bonds, the Authority will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the 2005 Series A by the Underwriters;

(l) after the date of Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters; and

(m) any certificate signed by a the Authority Representative and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the Authority to each of the Underwriters as to the truth of the statements therein made.

8. Closing. At 8:00 a.m., California time, on March 2, 2005, or at such other date and time as shall have been mutually agreed upon by the Authority, the County and the Representative, the Authority will issue or cause to be issued to the Representative the 2005 Series A Bonds in definite form duly executed and authenticated by the Trustee in book-entry form through the facilities of The Depository Trust Company, New York, New York ("DTC") as described below, or at such other place upon which the Representative, the Authority and the County may mutually agree, and the other documents hereinafter mentioned shall be delivered at the office of Fulbright & Jaworski L.L.P., Los Angeles, California, or at such other place as shall have been mutually agreed upon by the Authority, the County and the Representative. The Representative will accept such issuance through the facilities of DTC and pay the purchase price of the 2005 Series A Bonds as set forth in Section 1 hereof in federal or other immediately available funds. Subject to the terms and conditions hereof, the Representative will accept delivery of the 2005 Series A Bonds and pay the purchase price thereof as set forth herein in federal or other immediately available funds (such delivery of and payment for the 2005 Series A Bonds is herein called the "Closing"). The 2005 Series A Bonds shall be prepared and delivered to the Representative on the date of Closing in the form of one certificate for each series, fully registered in the name of Cede & Co., as nominee of DTC.

9. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority and the County contained herein, 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 Authority and the County of their respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase, accept issuance of, and pay for the 2005 Series A Bonds shall be conditioned upon the performance by the Authority and the County of their obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the Authority and the County contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented

after the date thereof except as may have been agreed to in writing by the Representative, there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the County and the Authority shall have performed their obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the Authority and the County relating to the Legal Documents and the 2005 Series A Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Representative;

(d) at the time of Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) at or prior to the time of Closing, the Representative shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative and to Underwriters' counsel, Hawkins Delafield & Wood LLP:

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

(ii) a certified copy of the Statement of Facts Roster of Public Agencies Filing of the Authority, together with all amendments thereto;

(iii) executed copies of the Legal Documents;

(iv) the unqualified approving opinion of Fulbright & Jaworski L.L.P., Bond Counsel, dated the date of Closing and addressed to the Authority and the County, substantially in the form set forth in Appendix F to the Official Statement, together with a letter of such counsel, dated the date of Closing and addressed to the Underwriters and the Insurer, to the effect that the foregoing approving legal opinion addressed to the Authority and the County may be relied upon by the Underwriters and the Insurer to the same extent as if such letter were addressed to them;

(v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriters and the Insurer to the effect that:

(A) this Bond Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, delivered by, and constitute legal, valid and binding agreements of, the Authority in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to creditors' rights generally;

(B) the 2005 Series A Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is not required to be qualified pursuant to the Trust Indenture Act of 1939, as amended;

(C) the statements contained in the Official Statement under the captions "Introduction – Security and Sources of Payment for the 2005 Series A Bonds," and "– The 2005 Series A Bonds," "Plan of Refunding," "The 2005 Series A Bonds," "Security and Sources of Payment for the Bonds," and "Tax Matters" and in Appendix C – "Summary of Principal Legal Documents," and Appendix F – "Form of Opinion of Bond Counsel," insofar as the statements contained under such captions purport to summarize certain provisions of the 2005 Series A Bonds and the Legal Documents and said firm's final legal opinion concerning certain tax matters relating to the 2005 Series A Bonds, are accurate in all material respects; and

(D) the Refunded Obligations have been paid and discharged as provided in the Prior Indentures.

(vi) an opinion of the County Counsel, as counsel to the County, dated the date of Closing and addressed to the Underwriters and the Insurer to the effect that:

(A) the County is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Legal Documents to which it is a party;

(B) the County Resolution was duly adopted at a meeting of the Board of Supervisors of the County, as the governing board of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, 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 Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County or any of the Facilities or its assets is otherwise subject, 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 properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(E) to the best of County Counsel's knowledge, 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 against the County 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 County's covenant to make the necessary annual appropriations for all such Base Rental as required under the Sublease or the Sub-Sub-Sublease or contesting or affecting as to the County the validity or enforceability of the Act or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the 2005 Series A Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authorization in connection with the adoption of the County Resolution, or the execution and delivery by the County of the Legal Documents to which the County is party nor, to the best of County Counsel's knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the County or the performance by the County of its obligations under and in connection with the Legal Documents to which the County is a party; and

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Supervisors of the County;

(vii) an opinion of the County Counsel, as counsel to the Authority, dated the date of Closing and addressed to the Underwriters and the Insurer to the effect that:

(A) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the Government Code of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party and the 2005 Series A Bonds;

(B) the Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents and the 2005 Series A Bonds have been duly authorized, executed and delivered and issued, as applicable, by the Authority and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the Authority 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 Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to issue the 2005 Series A Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; the issuance of the 2005 Series A Bonds and the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the Authority is a party or is otherwise subject, 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 properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the 2005 Series A Bonds or Legal Documents executed by the Authority; and the issuance of

the 2005 Series A Bonds and the execution and delivery of the Legal Documents, and compliance with the provisions on the Authority's part contained therein will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment or decree or any provision of any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to us after reasonable inquiry to which the Authority is a party or to which the Authority or any of its Facilities or assets is otherwise subject, 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 Facilities or assets of the Authority or under the terms of any such law, regulation or instrument, except as expressly provided by the 2005 Series A Bonds (as set forth in the Indenture), the Authority Resolution, or the Bond Purchase Agreement; and

(E) to the best of County Counsel's knowledge, 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 against the Authority or threatened against the Authority affecting the corporate existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the issuance or sale of the 2005 Series A Bonds or the County's covenant to make the necessary annual appropriations for all such Base Rental as required under the Sublease or contesting or affecting as to the Authority the validity or enforceability of the Act, the 2005 Series A Bonds or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the 2005 Series A Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Authority or any authorization in connection with the issuance of the 2005 Series A Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the 2005 Series A Bonds or the Legal Documents to which the Authority is a party nor, to the best of its knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the Authority or the performance by the Authority of its obligations under and in connection with the 2005 Series A Bonds or the Legal Documents;

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Directors of the Authority;

(viii) a certificate of a County Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references herein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) except as may be stated to the contrary in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best of his/her knowledge, threatened against the County, affecting the existence of the County or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the County's covenant to make the necessary annual appropriations for all such Base Rental as required under the Sublease or the Sub-Sub-Sublease or in any way contesting or affecting the validity or enforceability of the Legal Documents to which it is a party or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement as the same may be supplemented or amended; or contesting the powers of the County or any authority for the execution and delivery of the Legal Documents to which it is a party, or the authorization, execution and delivery of this Bond Purchase Agreement except as set forth in the Official Statement, nor, to the best of his/her knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to which it is a party;

(C) to the best of his or her knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(D) the County has obtained insurance, or otherwise provided for self-insurance, as required by the Sublease, the Sub-Sub-Sublease and all required policies are in full force and effect and have not been revoked or rescinded;

(E) there does not exist any action, suit, proceeding or investigation pending, or to the best of the County Representative's knowledge, threatened which if adversely determined, could materially adversely affect (a) the financial position of the County, (b) the ability of the County to perform its obligations under the Legal Documents to which the County is a party, (c) the security for the 2005 Series A Bonds, or (d) the transactions contemplated by the Legal Documents to which it is a party; and

(F) the County has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(ix) a certificate of a the Authority Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) except as may be stated to the contrary in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best of his/her knowledge, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance of the 2005 Series A Bonds or in any way contesting or affecting the validity or enforceability of the 2005 Series A Bonds, the Legal Documents to which it is a party or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement as the same may be supplemented or amended; or contesting the powers of the Authority or any authority for the issuance of the 2005 Series A Bonds, the execution and delivery of the Legal Documents to which it is a party, or the authorization, execution and delivery of this Bond Purchase Agreement except as set forth in the Official Statement, nor, to the best of his/her knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2005 Series A Bonds or the Legal Documents to which it is a party;

(C) to the best of his or her knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(D) there does not exist any action, suit, proceeding or investigation pending, or to the best of the Authority Representative's knowledge, threatened which if adversely determined, could materially adversely affect (a) the financial position of the Authority, (b) the ability of the Authority to perform its obligations under the Legal Documents to

which it is a party, (c) the security for the 2005 Series A Bonds, or (d) the transactions contemplated by the Legal Documents to which it is a party; and

(E) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(x) a certificate of the Trustee dated the date of Closing to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture and to authenticate and deliver the 2005 Series A Bonds;

(B) the Trustee is duly authorized to enter into the Indenture, and, when the Indenture is duly authorized, executed and delivered by the other parties thereto, to deliver the 2005 Series A Bonds to the Representative pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Indenture and the 2005 Series A Bonds, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture by the Trustee or the delivery of the 2005 Series A Bonds by the Trustee;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the 2005 Series A Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect

the Trustee or the transactions contemplated in connection with the delivery of the 2005 Series A Bonds, or which, in any way, would adversely affect the validity of the 2005 Series A Bonds or the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture, or the consummation of the transactions contemplated in connection with the issuance of the 2005 Series A Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the 2005 Series A Bonds to the purposes specified in the Indenture;

(xi) an opinion of counsel to the Trustee dated the date of Closing addressed to the County, the Authority, the Underwriters and the Insurer to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Indenture and to deliver the 2005 Series A Bonds; and

(B) the 2005 Series A Bonds have been duly delivered by the Trustee in accordance with the Indenture, and the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xii) a certificate of each of the Prior Trustees dated the date of Closing to the effect that:

(A) the Prior Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States, having the full power and authority to perform its duties under the applicable Escrow Agreement;

(B) the compliance by the Prior Trustee with the applicable Escrow Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Prior Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Prior Trustee or any of its activities or properties (except that no representation, warranty or

agreement is made by the Prior Trustee with respect to any federal or state securities or blue sky laws or regulations); and

(C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Prior Trustee, threatened against or affecting the existence of the Prior Trustee or in any way contesting or affecting the validity of the applicable Escrow Agreement, or contesting the powers of the Prior Trustee or its authority to perform its obligations under the applicable Escrow Agreement, or wherein an unfavorable decision, ruling or finding would adversely affect the Prior Trustee or the transactions contemplated in connection with the issuance of the 2005 Series A Bonds, or which, in any way, would adversely affect the validity of the 2005 Series A Bonds, applicable Escrow Agreement or any agreement or instrument to which the Prior Trustee is a party and which is used or contemplated for use in the applicable Escrow Agreement in connection with the issuance of the 2005 Series A Bonds;

(xiii) an opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters in form reasonably satisfactory to the Representative;

(xiv) a copy of the Verification Report of Grant Thornton LLP, as Verification Agent, with respect to the Refunded Obligations;

(xv) evidence of the existence and validity of a policy or policies of title insurance with respect to the Facilities;

(xvi) certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture;

(xvii) copies of the Authority Resolution certified by the Clerk of the Board of Directors of the Authority authorizing the execution and delivery of the Legal Documents to which the Authority is a party;

(xviii) copies of the County Resolution certified by the Clerk of the Board of Supervisors of the County authorizing the execution and delivery of the Legal Documents to which the County is a party;

(xix) an executed copy of the Tax and Nonarbitrage Certificate in form and substance acceptable to Bond Counsel;

(xx) the Insurance Policy issued by the Insurer with respect to the 2005 Series A Bonds, the tax certificate representations of the Insurer, and an opinion of counsel to the Insurer regarding the enforceability of the Insurance Policy, in form reasonably satisfactory to the Authority, the County, Bond Counsel and the Representative;

(xxi) evidence from Fitch, Moody's and S&P that the 2005 Series A Bonds have been rated "___," "___" and "___," respectively, by such rating agencies; and

(xxii) such additional legal opinions, certificates, instruments and other documents as Bond Counsel or Counsel to the Underwriters may reasonably request to evidence compliance by the Trustee, the County and the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Trustee, the Authority and the County, at or prior to such time of all agreements the to be performed and all conditions then to be satisfied.

10. Termination. The Underwriters may terminate this Bond Purchase Agreement, without liability therefor, by notification to the Authority and the County if at any time subsequent to the date of this Bond Purchase Agreement and at or prior to the Closing:

(a) legislation enacted or recommended for passage by the President of the United States, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairman or ranking minority member of the Committee of Ways and Means of the House of Representatives or the Chairman or ranking minority member of the Committee on Finance of the Senate, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon moneys that would be received by the County or moneys for the payment of debt service that would be received by the Trustee under the Indenture or upon such interest as would be received by the Owners of the 2005 Series A Bonds; or

(b) there shall have occurred after the date of this 2005 Series A Bond Purchase Agreement any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable sole judgment of the Representative, impractical or inadvisable to proceed with the offering or delivery of the 2005 Series A Bonds as contemplated in the Official Statement (exclusive of any amendment or supplement thereto); or

(c) the declaration of a general banking moratorium by federal, New York or California authorities; or

(d) there shall be in force a general suspension of trading on the New York Stock Exchange or other national securities exchange, or the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the 2005 Series A Bonds or obligations of the general character of the 2005 Series A Bonds, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters; or

(e) trading of any publicly-issued general fund securities of the State shall have been suspended on any exchange or in any over-the-counter market; or

(f) legislation enacted or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) or press release issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2005 Series A Bonds, or the 2005 Series A Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the 2005 Series A Bonds, or of the 2005 Series A Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect; or

(g) the withdrawal or downgrading of any rating of any securities of the County by a national rating agency;

(h) any event occurring, or information becoming known that, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(i) a material adverse change in the financial position, results of operations or financial condition of the County.

11. Expenses. (a) The Underwriters shall be under no obligation to pay and the Authority and the County shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Indenture; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the 2005 Series A Bonds; (iv) the fees and disbursements of Bond Counsel and the County Counsel; (v) the fees and disbursements of Fieldman, Rolapp & Associates and/or other financial advisor for its services as financial advisor to the Authority and/or the County; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority and/or the County; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Verification Agent in connection with the certificate to be delivered pursuant to this Bond Purchase Agreement and (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the Authority and/or the County.

(b) The Underwriters shall pay only: (i) the cost of preparing the Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the 2005 Series A Bonds; (iii) the fees and disbursements of Hawkins

Delafield & Wood LLP, as counsel to the Underwriters; (iv) all California Debt and Investment Advisory Commission fees, and (v) all other expenses incurred by the Underwriters in connection with the public offering of the 2005 Series A Bonds, including the fees and disbursements of any other counsel retained by them.

12. Representations of Representative. The Representative represents and warrants to and agrees with the Authority and the County that it is authorized to take any action under this Bond Purchase Agreement required to be taken by and on behalf of the Underwriters and that this Bond Purchase Agreement is a binding contract of the Underwriters enforceable in accordance with its terms.

13. Notices. Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Bond Purchase Agreement may be given by delivering the same in writing to the County to:

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Public Finance

to the Authority:

Los Angeles County Public Works Authority
500 West Temple Street, Room 383
Los Angeles, California 90012
Attention: Executive Officer - Clerk of the Board of Supervisors

and to the Underwriters:

Merrill Lynch, Pierce, Fenner & Smith, Incorporated
101 California Street, Suite 1225
San Francisco, California 94111
Attention: Cheryl Hines

14. Parties in Interest; Survivability of Representations, Warranties and Agreements. This Bond Purchase Agreement is made solely for the benefit of the Authority, the County and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's and the County's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) issuance of and payment for the 2005 Series A Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

15. Governing Law. The laws of the State shall govern the validity, interpretation and performance of this Bond Purchase Agreement.

16. Parties in Interest. This Bond Purchase Agreement, when accepted by the Authority and the County in writing as heretofore specified, shall constitute the entire agreement among the Authority, the County and the Underwriters and is made solely for the benefit of the Authority, the County and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's and the County's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) issuance of and payment for the 2005 Series A Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

17. Headings. The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

18. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by a County Representative and a the Authority Representative and shall be valid and enforceable at the time of such acceptance.

19. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED, on behalf of itself and the Underwriters

By: _____
Name:
Title:

ACCEPTED:

This ___th day of February, 2005

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Mark J. Saladino
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: _____
Mark J. Saladino
Treasurer and Tax Collector

Approved as to Form:

RAYMOND G. FORTNER, JR.,
County Counsel

By: _____
Principal Deputy County Counsel

## EXHIBIT A

## MATURITY SCHEDULE

**$_____ 2005 Series A Bonds**

| December 1 | Principal | Rate | Yield | Price |
|---|---|---|---|---|
| | $ | % | % | % |

$_____ ___% Term Bonds due December 1, ___: Yield – __% CUSIP: _____

$_____ ___% Term Bonds due December 1, ___: Yield – __% CUSIP: _____

# CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Continuing Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") as of March 1, 2005 in connection with the offer and sale of $_____ Los Angeles County Public Works Financing Authority Lease Revenue Bonds (2005 Composite Refunding Project) Series A (the "Bonds"). The offer and sale of the Bonds is being effected pursuant to the terms of an Indenture of Trust, dated as of March 1, 2005 (the "Indenture"), among the County, the Los Angeles County Public Works Financing Authority (the "Authority") and [Trustee], Los Angeles, California, as Trustee (the "Trustee"). The County hereby covenants and agrees as follows:

Section 1. Purpose of Continuing Disclosure Certificate. This Continuing Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (as defined below).

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

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Certificate.

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

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule. As of the date of this Continuing Disclosure Certificate, the County has not appointed a Dissemination Agent.

"Listed Event" means any of the events listed in Section 5(a) of this Continuing Disclosure Certificate.

"National Repository" means, at any time, a then-existing nationally recognized municipal securities information repository for purposes of the Rule. The National Repositories currently approved by the Commission are set forth in the Commission's web site located at www.sec.gov/info/municipal/nrmsir.htm.

"Participating Underwriter" means any of the original purchasers of the Bonds required to comply with the Rule in connection with the offer and sale of the Bonds.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, including any official interpretations thereof issued

either before or after the effective date of this Continuing Disclosure Certificate which are applicable hereto.

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than February 1 in each year, commencing with the report for the County's fiscal year ended June 30, 2005, provide to each Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Continuing Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under subsection 5(c).

(b) Not later than 15 Business Days prior to the date specified in subsection (a) above for providing an Annual Report to each Repository, the County shall provide such Annual Report to the Dissemination Agent (if one has been appointed). If the County is unable to provide to the Repositories an Annual Report by the date specified in subsection (a) above, the County shall send a notice to each Repository, the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form of Exhibit A to this Continuing Disclosure Certificate.

(c) The Dissemination Agent (if one has been appointed) shall:

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

(ii) if the Annual Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

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

(a) The audited financial statements of the County for the fiscal year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a) of this Continuing Disclosure Certificate, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the financial statements, the following types of information will be provided in one or more reports:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the County's total budget funds for the fiscal year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(iv) summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

(v) summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

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

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the County to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County or to reflect changes in the business, structure, operations, legal form of the County or any mergers, consolidations, acquisitions or dispositions made by or affecting the County; provided that any such modifications shall comply with the requirements of the Rule.

Section 5. Reporting of Significant Events.

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

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax status of the Bonds;

(vii) modifications to the rights of Owners of the Bonds;

(viii) bond calls other than scheduled sinking fund redemptions;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Bonds; and

(xi) rating changes.

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

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly file, or cause to be filed, a notice of such event with the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than when the notice, if any, of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

(d) Each notice of the occurrence of a Listed Event shall be so captioned and prominently state the title, date and CUSIP numbers of the Bonds or, with respect to a notice of the occurrence of a Listed Event relating to all issues of the County, the CUSIP number of the County.

(e) The County may satisfy its obligations hereunder to file any notice, document or information with each Repository by filing the same with any dissemination agent or conduit, including the Municipal Advisory Council of Texas or any other "central post office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to each applicable Repository, to the extent permitted by the Commission or Commission staff or required by the Commission. For this purpose, permission shall be deemed to have been granted by the Commission staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the Commission staff to the effect that using the agent or conduit to transmit information to each Repository will be treated for purposes of the Rule as if such information were transmitted directly to each Repository.

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

Section 7. 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 Continuing Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty days written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Continuing Disclosure Certificate.

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

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

(b) The undertakings, 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 execution and delivery of the Bonds, 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 Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

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

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

Section 10. Default. In the event of a failure of the County to comply with any provision of this Continuing Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Continuing Disclosure Certificate. A default under this Continuing Disclosure Certificate shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Continuing Disclosure Certificate in the event of any failure of the County to comply with this Continuing Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Continuing Disclosure Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Certificate, and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may

incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's 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 Bonds.

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

Section 13. Governing Law. This Continuing Disclosure Certificate shall be governed by the laws of the State of California and the federal securities laws.

Section 15. Effective Date. This Continuing Disclosure Certificate shall be effective upon the issuance of the Bonds.

IN WITNESS WHEREOF, the County of Los Angeles has executed this Continuing Disclosure Certificate as of the date first set forth above.

COUNTY OF LOS ANGELES

By:_____
Mark J. Saladino, Treasurer and Tax Collector

**EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Los Angeles County Public Works Financing Authority

Name of Issue: $_____ Lease Revenue Bonds (2005 Composite Refunding Project) Series A

Date of Issuance: _____, 2005

NOTICE IS HEREBY GIVEN that the COUNTY OF LOS ANGELES, CALIFORNIA (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated as of March 1, 2005, executed and delivered by the County. [The County anticipates that the Annual Report will be filed by _____.]

Dated: _____

COUNTY OF LOS ANGELES

By:_____
Title:_____

**CERTIFICATE OF EXECUTIVE OFFICER-CLERK**
**OF THE BOARD OF SUPERVISORS**

On this _____ day of _____, 2005, pursuant to Section 25103 of the Government Code, the undersigned, Executive Officer-Clerk of the Board of Supervisors, certifies that on this date a copy of this document was delivered to the Chair of the Board of Supervisors of the County of Los Angeles.

Violet Varona-Lukens,
Executive Officer-Clerk
of the Board of Supervisors

By_____
Deputy

[SEAL]

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 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.

**HD&W – Third Draft – 1/19/05**

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY [4], 2005**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**RATINGS:**
**Fitch: "__"**
**Moody's: "__"**
**Standard & Poor's: "__"**
**See "Ratings" herein.**

*In the opinion of Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel, under existing law, interest on the 2005 Series A Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the 2005 Series A Bonds with certain covenants contained in the Resolutions authorizing the 2005 Series A Bonds and subject to the matters set forth under "Tax Matters" herein, interest on the 2005 Series A Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the 2005 Series A Bonds, and will not be included in computing the alternative minimum taxable income of individuals or, except as described herein, corporations. See "Tax Matters" herein.*

# $_____*
# Los Angeles County Public Works Financing Authority
# Lease Revenue Refunding Bonds
# (2005 Master Refunding Project) Series A

**Dated: Date of Delivery** **Due: December 1, as shown on the inside cover page**

The Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005 Series A Bonds") are being issued pursuant to an Indenture of Trust, dated as of March 1, 2005 (the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and _____, as trustee (the "Trustee"). Principal of and interest on the 2005 Series A Bonds are payable from Base Rental payments to be made by the County under a Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sublease"), by and between the County and the Authority, relating to certain real property and improvements located thereon, as more particularly described herein (the "Sublease Facility"), and a Sub-Sub-Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sub-Sub-Sublease"), by and between the County and the Authority, relating to certain real property and improvements located thereon, as more particularly described herein (the "Sub-Sub-Sublease Facility" and, together with the Sublease Facility, the "Facilities"). See "Security and Sources of Payment for the 2005 Series A Bonds" herein.

The proceeds of the 2005 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Refunded Obligations (defined herein), will be used to current refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project IV), advance refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A, advance refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B, advance refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A, advance refund all or a portion of the Authority's outstanding Certificates of Participation (Antelope Valley Courthouse Project), fund a Reserve Fund and pay certain costs of issuance incurred in connection with the issuance of the 2005 Series A Bonds. See "Plan of Refunding" and "Estimated Sources and Uses of Proceeds of the 2005 Series A Bonds" herein.

The 2005 Series A Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The 2005 Series A Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on June 1, 2005. The 2005 Series A Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2005 Series A Bonds. Ownership interests in the 2005 Series A Bonds may be purchased in book-entry form only. Principal of and interest on the 2005 Series A Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the 2005 Series A Bonds. See Appendix D – "Book-Entry Only System" attached hereto.

The 2005 Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "The 2005 Series A Bonds – Redemption" herein.

**THE 2005 SERIES A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE SUBLEASE AND THE SUB-SUB-SUBLEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE 2005 SERIES A BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.**

The scheduled payment of principal of and interest on the 2005 Series A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2005 Series A Bonds by _____ (the "Insurer"). See "Bond Insurance" herein and Appendix G – "Form of Municipal Bond Insurance Policy" attached hereto.

**[INSURER LOGO]**

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

The 2005 Series A Bonds are offered when, as and if issued, subject to the approval as to their legality by Fulbright & Jaworski L.L.P., Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Authority and the County by County Counsel. It is anticipated that the 2005 Series A Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March _, 2005.

MERRILL LYNCH & CO. MORGAN STANLEY

**Dated: February__, 2005**

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* Preliminary, subject to change.

## MATURITY SCHEDULE*

**$_____ ***
**Los Angeles County Public Works Financing Authority**
**Lease Revenue Refunding Bonds**
**(2005 Master Refunding Project) Series A**
**Base CUSIP**: _____**

| Due (December 1) | Principal Amount | Interest Rate | Price or Yield | CUSIP |
|---|---|---|---|---|
| | $ | % | % | |

$_____ ___% Term Bonds due December 1, ___: Yield – __% CUSIP: _____
$_____ ___% Term Bonds due December 1, ___: Yield – __% CUSIP: _____

* Preliminary, subject to change.

** CUSIP data, copyright 2004, American Bankers Association. CUSIP data herein are set forth herein for convenience of reference only. Neither the Authority, the County nor the Underwriters assume any responsibility for the accuracy of such data.

**COUNTY OF LOS ANGELES**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**
**LEASE REVENUE REFUNDING BONDS**
**(2005 Master Refunding Project) Series A**

**Board of Supervisors**

Gloria Molina
*First District, Chair*

Yvonne B. Burke
*Second District*

Zev Yaroslavsky
*Third District*

Don Knabe
*Fourth District*

Michael D. Antonovich
*Fifth District*

Violet Varona-Lukens
*Executive Officer-Clerk*
*Board of Supervisors*

**County Officials**

David E. Janssen
*Chief Administrative Officer*

Raymond G. Fortner, Jr.
*County Counsel*

J. Tyler McCauley
*Auditor-Controller*

Mark J. Saladino
*Treasurer and Tax Collector*

---

Fieldman, Rolapp & Associates
*Financial Advisor*

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*Trustee*

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Authority. 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 2005 Series A Bonds 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 2005 Series A Bonds. 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 representations of facts.

The information set forth in this Official Statement has been obtained from the Authority and County, and other sources that are believed by the Authority and County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the 2005 Series A Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and Authority.

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.

IN CONNECTION WITH THE OFFERING OF THE 2005 SERIES A BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2005 SERIES A BONDS 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 2005 SERIES A BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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$_____*

**Los Angeles County Public Works Financing Authority**
**Lease Revenue Refunding Bonds**
**(2005 Master Refunding Project) Series A**

## INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the 2005 Series A Bonds being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "State") and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the respective meanings assigned to them in the Indenture. See Appendix C – "Summary of Principal Legal Documents" attached hereto.*

### General

This Official Statement, including the cover page, the inside cover page and the appendices attached hereto (the "Official Statement"), provides certain information concerning the sale and issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A in the aggregate principal amount of $_____ (the "2005 Series A Bonds") pursuant to an Indenture of Trust, dated as of March 1, 2005 (the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and _____, as trustee (the "Trustee").

The proceeds of the 2005 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Refunded Obligations (defined below), will be used to current refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds"), advance refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds"), advance refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds"), advance refund all or a portion of the Authority's outstanding Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds"), advance refund all or a portion of the Authority's outstanding Certificates of Participation (Antelope Valley Courthouse Project) (the "2000 Certificates" and, together with the 1993 Bonds, the 1996 Series A Bonds, the 1996 Series B Bonds and the 2000 Bonds, the "Prior Obligations" and the respective maturities of each Prior Obligation being refunded as described herein being referred to as the "Refunded Obligations"), fund a Reserve Fund and pay certain costs of issuance incurred in connection with the issuance of the 2005 Series A Bonds. See "Plan of Refunding" and "Estimated Sources and Uses of Proceeds of the 2005 Series A Bonds" herein.

* Preliminary, subject to change.

The County will lease certain real property and improvements located thereon, as more particularly described herein (the "Sublease Facility"), to the Authority pursuant to a Lease, dated as of March 1, 2005 (the "Lease"), by and between the County and the Authority and certain real property and improvements located thereon, as more particularly described herein (the "Sub-Sub-Sublease Facility" and, together with the Sublease Facility, the "Facilities"), to the Authority pursuant to a Sub-Sublease, dated as of March 1, 2005 (the "Sub-Sublease"), by and between the County and the Authority. The County will lease the Sublease Facility from the Authority pursuant to a Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sublease"), by and between the County and the Authority and the Sub-Sub-Sublease Facility from the Authority pursuant to a Sub-Sub-Sublease and Option to Purchase, dated as of March 1, 2005 (the "Sub-Sub-Sublease"), by and between the County and the Authority. Base Rental payments to be made by the County under the Sublease and the Sub-Sub-Sublease will be used to pay principal of and interest on the 2005 Series A Bonds when due.

**Security and Sources of Payment for the 2005 Series A Bonds**

Principal of and interest on the 2005 Series A Bonds are payable from Base Rental payments to be made by the County under the Sublease and the Sub-Sub-Sublease. See "Security and Sources of Payment for the 2005 Series A Bonds – Base Rental" herein. Base Rental payments under the Sublease and the Sub-Sub-Sublease are scheduled to be sufficient to pay principal of and interest on the 2005 Series A Bonds when due. The County has covenanted in the Sublease and the Sub-Sub-Sublease to take such action as may be necessary to include all Base Rental and Additional Rental due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental, except to the extent such payments are abated in accordance with the Sublease and the Sub-Sub-Sublease. See Appendix C – "Summary of Principal Legal Documents," – "The Indenture," "– The Sublease" and "– The Sub-Sub-Sublease" attached hereto.

The County's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, theft, title defects or condemnation, there is substantial interference with the use or possession by the County of the Facilities or any material portion thereof. Failure of the County to pay Base Rental during any such period shall not constitute a default under the Sublease, the Sub-Sub-Sublease, the Indenture or the 2005 Series A Bonds. See "Security and Sources of Payment for the 2005 Series A Bonds – Abatement" herein.

**Terms of the 2005 Series A Bonds**

The 2005 Series A Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The 2005 Series A Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on June 1, 2005. The 2005 Series A Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2005 Series A Bonds. Ownership interests in the 2005 Series A Bonds may be purchased in book-entry form only. Principal of and interest on the 2005 Series A Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the 2005 Series A Bonds. See Appendix D – "Book-Entry Only System" attached hereto.

The 2005 Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "The 2005 Series A Bonds – Redemption" herein.

**Limited Obligation**

The 2005 Series A Bonds are special obligations of the Authority payable solely from Base Rental payments received pursuant to the Sublease and the Sub-Sub-Sublease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the County to pay Base Rental does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the 2005 Series A Bonds nor the obligation of the County to pay Base Rental constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power and has no obligation to pay Base Rental payments.

**Municipal Bond Insurance Policy**

The scheduled payment of principal of and interest on the 2005 Series A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2005 Series A Bonds by _____ (the "Insurer"). See "Bond Insurance" herein and Appendix G – "Form of Municipal Bond Insurance Policy" attached hereto.

**The County**

The County was established in 1850. The economy of the County is diversified and includes manufacturing, world trade, financial services, motion picture and television production, agriculture and tourism. For certain economic, demographic and financial information with respect to the County, see Appendix A – "The County of Los Angeles Information Statement" and Appendix B – "The County of Los Angeles Audited Financial Statements for the Fiscal Year Ended June 30, 2004" attached hereto.

**The Authority**

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended by a Certificate of Amendment dated April 26, 1994 and a Certificate of Amendment dated October 22, 1996, and as further amended from time to time, the "JPA Agreement"), to provide financial assistance from time to time to the County, the Los Angeles County Flood Control District, the Los Angeles County Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights Area) of the County of Los Angeles and any entity that becomes a party to the JPA Agreement in accordance with its terms. The Authority has previously issued obligations secured by certain revenues of and rental payments from certain contracting parties, which obligations are outstanding in the approximate principal amount of $1,350,000,000 as of June 30, 2004, and may issue additional obligations in the future. These other obligations of the Authority are not secured by any Base Rental payments under the Sublease or the Sub-Sub-Sublease, and the 2005 Series A Bonds are not secured by any other assets or property of the Authority other than Base Rental payments under the Sublease or the Sub-Sub-Sublease, as provided in the Indenture.

**Continuing Disclosure**

The County has covenanted to provide, or cause to be provided, by not later than February 1 of each fiscal year, commencing on February 1, 2006 to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, certain annual financial information and operating data and, in a timely manner, notice of certain material events. These covenants have been made in order to assist the Underwriters of the 2005 Series A Bonds in complying

with the Rule. See "Continuing Disclosure" herein and Appendix E – "Form of Continuing Disclosure Certificate" attached hereto.

**Forward-Looking Statements**

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

## PLAN OF REFUNDING

The proceeds of the 2005 Series A Bonds, together with that portion of moneys held in certain funds and accounts attributable to the Refunded Obligations, will be used to current refund all or a portion of the 1993 Bonds currently outstanding in the aggregate principal amount of $_____, advance refund all or a portion of the 1996 Series A Bonds currently outstanding in the aggregate principal amount of $_____, advance refund all or a portion of the 1996 Series B Bonds currently outstanding in the aggregate principal amount of $_____, advance refund all or a portion of the 2000 Bonds currently outstanding in the aggregate principal amount of $_____ and advance refund all or a portion of the 2000 Certificates in the aggregate principal amount of $_____.

The 1993 Bonds were issued to finance the acquisition, construction and improvement of the City of Alhambra Courthouse, the City of Burbank Courthouse, the Sheriff Department Headquarters, the Emergency Operations Center, the Harbor/UCLA Primary Care and Diagnostic Center, the Rancho Los Amigos Inpatient Care Unit, the Rancho Los Amigos Parking Structure, the Rancho Los Amigos Central Heating and Cooling Plant, the Rancho Los Amigos Master Plan for internal utility and infrastructure support of the central plant and inpatient care unit, the Martin Luther King, Jr., Trauma and Diagnostic Center, the Martin Luther King, Jr., Central Plant Upgrade, the Biscailuz Center and the Music Center Complex. The 1996 Series A Bonds were issued to finance the acquisition, construction and improvement of the San Fernando Valley Juvenile Hall and the 1996 Series B Bonds were issued to finance the acquisition, construction and improvement of the Los Angeles County Municipal Courthouse – Airport Branch. The 2000 Bonds were issued to finance the acquisition, construction and improvement of the City of Chatsworth Courthouse and an emergency power generating facility serving the Harbor-UCLA Medical Center. The 2000 Certificates were executed and delivered to finance the acquisition, construction and improvement of the Antelope Valley Courthouse.

The County intends to refund the Refunded Obligations by depositing into the escrow fund with respect to each series of Refunded Obligations a portion of the proceeds of the 2005 Series A Bonds and moneys held in certain funds and accounts attributable to the Refunded Obligations. Each such escrow fund will be established under an escrow agreement (collectively, the "Escrow Agreements"), by and between the County and the trustee for the applicable series of Refunded Obligations (collectively, the "Prior Trustees"). Moneys deposited in such escrow funds will be held as cash and invested in Government Obligations or Federal Securities (each as defined in the indenture or trust agreement relating to such series of Refunded Obligations (collectively, the "Prior Indentures")), as applicable, such that the amounts in each such escrow fund, together with the earnings to accrue on such Government Obligations or Federal Securities, as applicable, and without the need for further investment, will be sufficient to pay when due such Refunded Obligations, including all principal, redemption premium, if any, and interest payable with respect thereto.

The Refunded Obligations are set forth in the following table:

**REFUNDED OBLIGATIONS***

| Series | Maturity Dates | Principal Amounts | Redemption Price | CUSIP |
|---|---|---|---|---|
| 1993 Bonds | December 1, 2005 | $20,595,000 | % | |
| | December 1, 2006 | 14,815,000 | | |
| | December 1, 2007 | 15,580,000 | | |
| | December 1, 2008 | 16,380,000 | | |
| | December 1, 2010 | 35,220,000 | | |
| | December 1, 2013 | 59,515,000 | | |
| | December 1, 2016 | 38,190,000 | | |
| 1996 Series A Bonds | June 1, 2005 | 2,110,000 | | |
| | June 1, 2006 | 2,220,000 | | |
| | June 1, 2007 | 2,325,000 | | |
| | June 1, 2008 | 2,450,000 | | |
| | June 1, 2017 | 25,750,000 | | |
| 1996 Series B Bonds | December 1, 2005 | 2,150,000 | | |
| | December 1, 2006 | 2,265,000 | | |
| | December 1, 2007 | 2,405,000 | | |
| | December 1, 2008 | 2,550,000 | | |
| | December 1, 2009 | 2,680,000 | | |
| | December 1, 2010 | 2,815,000 | | |
| | December 1, 2011 | 2,965,000 | | |
| | December 1, 2012 | 3,115,000 | | |
| | December 1, 2017 | 18,105,000 | | |
| | December 1, 2029 | 67,290,000 | | |

**REFUNDED OBLIGATIONS***
**(continued)**

| Series | Maturity Dates | Principal Amounts | Redemption Price | CUSIP |
|---|---|---|---|---|
| 2000 Bonds | May 1, 2005 | $2,165,000 | % | |
| | May 1, 2006 | 2,280,000 | | |
| | May 1, 2007 | 2,400,000 | | |
| | May 1, 2008 | 2,525,000 | | |
| | May 1, 2009 | 2,655,000 | | |
| | May 1, 2010 | 2,795,000 | | |
| | May 1, 2011 | 2,980,000 | | |
| | May 1, 2012 | 3,175,000 | | |
| | May 1, 2013 | 2,010,000 | | |
| | May 1, 2014 | 2,145,000 | | |
| | May 1, 2015 | 2,280,000 | | |
| | May 1, 2016 | 2,405,000 | | |
| | May 1, 2017 | 2,535,000 | | |
| | May 1, 2018 | 2,670,000 | | |
| | May 1, 2019 | 2,815,000 | | |
| | May 1, 2020 | 2,970,000 | | |
| | May 1, 2022 | 6,425,000 | | |
| | May 1, 2026 | 15,095,000 | | |
| | May 1, 2029 | 13,700,000 | | |
| | May 1, 2032 | 16,140,000 | | |
| 2000 Certificates | November 1, 2005 | 1,760,000 | | |
| | November 1, 2006 | 1,835,000 | | |
| | November 1, 2007 | 1,915,000 | | |
| | November 1, 2008 | 1,995,000 | | |
| | November 1, 2009 | 2,085,000 | | |
| | November 1, 2010 | 2,175,000 | | |
| | November 1, 2011 | 2,275,000 | | |
| | November 1, 2012 | 2,395,000 | | |
| | November 1, 2013 | 2,535,000 | | |
| | November 1, 2014 | 2,685,000 | | |
| | November 1, 2015 | 2,845,000 | | |
| | November 1, 2016 | 3,015,000 | | |
| | November 1, 2017 | 3,180,000 | | |
| | November 1, 2018 | 3,345,000 | | |
| | November 1, 2019 | 3,530,000 | | |
| | November 1, 2020 | 3,735,000 | | |
| | November 1, 2021 | 3,960,000 | | |
| | November 1, 2022 | 4,195,000 | | |

* Preliminary, subject to change.

Upon deposit of the Government Obligations or Federal Securities, as applicable, pursuant to the Escrow Agreements, instructions to the Prior Trustees in accordance with the defeasance provisions of the Prior Indentures and either notice of the redemption of the Refunded Obligations or irrevocable instructions from the County to the Prior Trustees to give such notice of redemption, the Refunded

Obligations shall no longer be deemed outstanding under the Prior Indentures and the obligations of the parties to the Prior Indentures with respect to the Refunded Obligations shall cease and terminate (except the obligations to make payments from the escrow funds and to maintain the necessary mechanics therefor). _____, a firm of independent certified public accountants, will verify the mathematical computations used to determine the sufficiency of the deposits into the Escrow Funds. See "Verification of Mathematical Computations" herein.

## DESCRIPTION OF THE FACILITIES

The following are descriptions of the Facilities, which are comprised of the Sublease Facility and the Sub-Sub-Sublease Facility. The County may modify or amend the description of the Facilities, release from the Lease, the Sublease, the Sub-Sublease or the Sub-Sub-Sublease any portion of the Facilities or substitute other property and/or improvements for the Facilities or any portion thereof upon compliance with all of the terms set forth therein and in the Indenture. See "Substitution or Release" herein.

### Sublease Facility

***Alhambra Courthouse Expansion Facility.*** The Alhambra Courthouse Expansion Facility is a 22,500 square feet structure located at 150 West Commonwealth Avenue in the City of Alhambra, approximately ten miles northeast of the Los Angeles Civic Center. The facility includes three courtrooms, a jury assembly room, three jury deliberation rooms, a prisoner detention area and office, storage space for the Sheriff and County Clerk personnel and an adjacent surface parking lot.

***Burbank Courthouse Addition.*** The Burbank Courthouse Addition is a 37,000 square foot addition to the existing Burbank Courthouse that is located in the City of Burbank, approximately fifteen miles northwest of the Los Angeles Civic Center. The addition includes two courtrooms and related office and ancillary space, including a twelve-cell detention area in the basement.

***Sheriff Department Headquarters.*** The Sheriff Department Headquarters is located at 4700 Ramona Boulevard in the City of Monterey Park, approximately five miles east of the Los Angeles Civic Center at 4700 Ramona Boulevard. The five-story, 125,000 square foot building is situated on a 12.5-acre site overlooking the San Bernardino (I-10) and Long Beach (I-710) freeway interchange. The building was originally built in 1977 and was acquired by the Sheriff Department in February 1992.

***Emergency Operations Center.*** The Emergency Operations Center is a 28,580 square foot, two story building housing a state-of-the-art communication system that coordinates the collection and dissemination of information throughout the County in the event of a disaster. The facility is used to direct available resources and integrate local emergency services in accordance with mutual aid plans established with all [88] cities within the County. The facility is located at 1277 North Eastern Avenue in the City of Los Angeles.

***Harbor/UCLA Primary Care and Diagnostic Center.*** The Harbor/UCLA Primary Care and Diagnostic Center is a 47,000 gross square foot, three-level primary care and diagnostic center on the Harbor/UCLA Medical Center campus. The basement includes three self-contained primary care clinics. The first floor houses an urgent acute care clinic that provides non-emergency and walk-in services and support for the emergency room and primary care modules. The second floor houses the medical center's internal medicine clinics. The facility is located fifteen miles south of the Civic Center at 1000 West Carson Street in the City of Torrance.

***Rancho Los Amigos Inpatient Care Unit.*** The Rancho Los Amigos Inpatient Care Unit is a 252,000 square foot, four-story facility that provides primary care to up to 150 patients with spinal cord

injuries. This facility is located at the County's Rancho Los Amigos Medical Center in the City of Downey, a nationally renowned facility specializing in the care and rehabilitation of spinal cord injury patients. The basement houses the medical equipment repair department, the materials management staging area and the pathology modules. The first and second floors house a full service spinal cord injury unit that includes associated services to support the rehabilitation needs of its patients. Acute care services are provided on the third floor.

***Rancho Los Amigos Parking Structure.*** The Rancho Los Amigos Parking Structure consists of a five-level 990-car parking structure that serves the Inpatient Care Unit of the Rancho Los Amigos complex and an adjacent 40,000 square foot area that houses various hospital support departments, including the finance department, medical library and building crafts department, which provides plant maintenance and support to the facilities at the Rancho Los Amigos complex.

***Rancho Los Amigos Central Heating and Cooling Plant.*** The Central Heating and Cooling Plant provides cooling and heating for existing and future buildings to be erected at the Rancho Los Amigos complex. The Plant provides 5,625 tons of cooling power and more than 96,000 lbs./hr. of high-pressure steam to approximately 1,350,000 square feet of space upon completion.

***Rancho Los Amigos Master Plan.*** This facility consists of internal utility and infrastructure improvements needed to support the Rancho Los Amigos Central Heating and Cooling Plant and Rancho Los Amigos Inpatient Care Unit described above, site development and the construction of utility tunnels and corridors.

***Martin Luther King, Jr. Trauma and Diagnostic Center.*** The Martin Luther King, Jr. Trauma and Diagnostic Center is a six level, 182,000 gross square foot facility. The facility is situated adjacent to the northwest corner of the existing hospital building located 25 miles south of downtown at 12021 Wilmington Avenue in the City of Los Angeles. The facility includes an imaging center that provides state of the art magnetic resonance, radiographic, fluoroscopy, mammography and ultrasound services. In addition, a comprehensive trauma area consisting of a resuscitation unit provides general trauma and surgical care for patients. An eleven-bed shock unit and corresponding eleven bed recovery unit is available to treat the most acute trauma patients.

This facility also includes a 7,438 square foot Pediatric Care facility consisting of a single-story frame structure with pre-cast concrete walls attached to the south side of the Trauma and Diagnostic Center. The Pediatric Care facility serves children whose problems are not life threatening but who should not wait for a scheduled appointment and contains a triage room, a holding room with four beds for observation, examination rooms for work-up and treatment, and related support space such as nursing stations, stat lab and waiting area.

***Martin Luther King, Jr. Central Plant Upgrade.*** The Martin Luther King, Jr. General Hospital Central Plant cools and heats the Trauma and Diagnostic Center. The facility complies with air quality emission standards; its heating and cooling system is driven by two electric driven chillers and one absorption chiller. The facility contains an underground thermal storage system that reduces the cost of electrical energy used by the plant.

***San Fernando Valley Juvenile Hall.*** The San Fernando Valley Juvenile Hall is a [610-bed] facility that houses juvenile wards of the court. Pursuant to the Sublease, the County will lease from the Authority the portion of the juvenile hall consisting of two housing units totaling approximately 66,000 square feet and containing 160 beds, a visitors center, a parking structure, and portions of the main lobby and kitchen.

***Marengo Street Parking Structure.*** The Marengo Street Parking Structure is located on the LAC+USC Medical Center campus on the south side of Marengo Street between Kingston Avenue and Brittania Street, south of the main LAC+USC hospital. The parking structure holds 3,000 vehicles and is used almost exclusively by persons who work at the Medical Center. It is one of the largest parking structures in the County, with over 900,000 square feet situated on a footprint of 3.4 acres. The structure is eight levels high, serviced by six elevators and a television-monitored security system. This facility is the first major parking structure to be built in the County after the 1994 Northridge Earthquake and is designed to meet or exceed newly established building codes.

***Los Angeles County Municipal Court – Airport Branch.*** The Los Angeles County Municipal Court – Airport Branch consists of a 10-story building totaling approximately 292,000 square feet, including 12 courtrooms, 14 judges' chambers and areas for supporting departments. This facility also includes 93 surface and subsurface parking spaces and a parking structure that accommodates between 400 and 450 vehicles. The Courthouse is located near the Los Angeles International Airport on La Cienega Boulevard south of the 105 Freeway.

***City of Chatsworth Courthouse.*** The City of Chatsworth Courthouse consists of a 302,000 square foot, four-story structure, with three stories above ground and one story below ground. The facility is located on a 9.6-acre site on the southeast comer of Winnetka Avenue and Plummer Street in the Chatsworth area of the City of Los Angeles and includes 16 municipal courtrooms, 22 judges' chambers and ancillary space for support services, with 703 surface parking spaces and 31 spaces on the lower level. The facility is designed to accommodate the eventual addition of six courtrooms.

***Emergency Power Generating Facility.*** The emergency power generating facility serving the Harbor-UCLA Medical Center consists of four 2,000 kW emergency generators and distribution switchgear housed in a reinforced concrete masonry block structure. The structure has the capacity to accommodate two additional generators, should the hospital's emergency electrical requirements increase in the future. In the event of a power outage, the generators are capable of producing sufficient power to meet all of the hospital's current requirements. This facility also includes automatic transfer switches, a load bank, and a reinforced concrete masonry wall around the perimeter of the hospital's existing electrical equipment.

**Sub-Sub-Sublease Facility**

***Antelope Valley Courthouse.*** The County will lease from the Authority a portion of the Antelope Valley Courthouse pursuant to the Sub-Sub-Sublease. The Courthouse is located on a 17-acre site and provides approximately 380,000 square feet of floor area for 15 courtrooms, six unfinished courtrooms (that will remain unfinished until needed) and related facilities. The five-story facility is located along the western portion of the site, with four stories above ground and one story below ground. The facility includes approximately 1,100 surface parking spaces, which includes secured parking for judges on the building's underground level.

## ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2005 SERIES A BONDS

The proceeds of the 2005 Series A Bonds and the portion of moneys held in certain funds and accounts attributable to the Refunded Obligations are expected to be applied approximately as set forth below:

| | |
|---|---|
| Sources of Funds: | |
| Principal Amount of the 2005 Series A Bonds | $ |
| [Net Original Issue Premium] | |
| Available Amounts relating to the Refunded Obligations | |
| TOTAL SOURCES | $ |
| | |
| Uses of Funds: | |
| 1993 Bonds Escrow Fund | |
| 1996 Series A Bonds Escrow Fund | |
| 1996 Series B Bonds Escrow Fund | |
| 2000 Bonds Escrow Fund | |
| 2000 Certificates Escrow Fund | |
| Reserve Fund | |
| Construction and Acquisition Fund | |
| Bond Fund | |
| Costs of Issuance [1] | |
| TOTAL USES | $ |

[1] Includes underwriter's discount, bond insurance premium, financial advisor fees, rating agency fees, escrow agent fees, bond counsel fees, verification agent fees, printing costs and other miscellaneous expenses.

## THE 2005 SERIES A BONDS

The following is a summary of certain provisions of the 2005 Series A Bonds. Reference is made to the 2005 Series A Bonds for the complete text thereof and to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference.

## General

The 2005 Series A Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The 2005 Series A Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on June 1, 2005. The 2005 Series A Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2005 Series A Bonds. Ownership interests in the 2005 Series A Bonds may be purchased in book-entry form only. Principal of and interest on the 2005 Series A Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the 2005 Series A Bonds. See Appendix D – "Book-Entry Only System" attached hereto.

## Redemption

***Optional Redemption.*** The 2005 Series A Bonds maturing on or after December 1, 20__ are subject to redemption prior to maturity from amounts deposited with the Trustee by the County in furtherance of the exercise of the County's option to purchase the Authority's right, title and interest in the Facilities or any portion thereof in accordance with the Sublease or the Sub-Sub-Sublease and from any other funds legally available therefor, as a whole on any date or in part on any Interest Payment Date, on or after December 1, 20__, at the following redemption prices (expressed as percentages of the principal amount of the 2005 Series A Bonds to be redeemed), plus accrued but unpaid interest to the redemption date:

| **Redemption Dates (inclusive)** | **Redemption Price** |
|---|---|
| December 1, 20__ through November 30, 20__ | % |
| December 1, 20__ through November 30, 20__ | |
| December 1, 20__ and thereafter | |

***Mandatory Redemption.*** The 2005 Series A Bonds are subject to mandatory redemption prior to maturity, as a whole or in part at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, on the earliest Interest Payment Date following the deposit of such moneys, from amounts deposited in the Redemption Account pursuant to the Indenture following an event of damage, destruction, theft or condemnation of the Facilities or any portion thereof or loss of the use or possession of the Facilities or any portion thereof due to a title defect.

***Redemption from Sinking Account Installments.*** The 2005 Series A Bonds maturing on December 1, 20____, shall be subject to mandatory redemption, in part, by lot, on December 1, 20___ and on each March 1 thereafter prior to maturity, from Sinking Account Installments on deposit in the Principal Account of the Bond Fund, at a redemption price equal to the principal amount of such 2005 Series A Bonds to be redeemed, without premium, plus accrued but unpaid interest to the redemption date as indicated on the following table:

| Redemption Date (December 1) | Principal Amount |
|---|---|
| (maturity) | |

***Selection of 2005 Series A Bonds for Redemption.*** Whenever provision is made in this Indenture, the Sublease or the Sub-Sub-Sublease for the redemption of the 2005 Series A Bonds (other than from Sinking Account Installments) and less than all Outstanding 2005 Series A Bonds are to be redeemed, the Authority shall give written instruction to the Trustee of the principal amount of each maturity of Bonds to be redeemed. Within a maturity, the Trustee shall select 2005 Series A Bonds for redemption by lot. Redemption by lot shall be in such manner as the Trustee shall determine; provided, however, that the portion of any 2005 Series A Bond to be redeemed shall be in Authorized Denominations and all 2005 Series A Bonds to remain Outstanding after any redemption in part shall be in Authorized Denominations.

**Notice of Redemption**

Whenever redemption is authorized or required pursuant to the Indenture, the Authority shall give the Trustee at least 45 days prior written notice, at the expense of the Authority, of the redemption of the 2005 Series A Bonds. Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such 2005 Series A Bonds.

**Effect of Notice of Redemption**

The 2005 Series A Bonds to be redeemed shall be due and payable on the date of redemption set forth in the Redemption Notice with respect thereto. If on such redemption date money for the redemption of all the 2005 Series A Bonds to be redeemed, together with interest to such redemption date, shall be held by the Trustee so as to be available therefor on such redemption date, and if a Redemption Notice shall have been given as described in the Indenture, then, from and after such redemption date, no additional interest shall become due on the 2005 Series A Bonds to be redeemed.

## SECURITY AND SOURCES OF PAYMENT FOR THE 2005 SERIES A BONDS

**Base Rental**

Base Rental payments under the Sublease and the Sub-Sub-Sublease are scheduled to be sufficient to pay principal of and interest on the 2005 Series A Bonds when due. The County has covenanted in the Sublease and the Sub-Sub-Sublease to take such action as may be necessary to include all Base Rental and Additional Rental due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental, except to the extent such payments are abated in accordance with the Sublease and the Sub-Sub-Sublease. See Appendix C – "Summary of Principal Legal Documents" attached hereto.

Subject to the provisions of the Sublease and the Sub-Sub-Sublease relating to abatement, the County's obligation to make Base Rental payments in the amounts and on the terms and conditions specified thereunder will be absolute and unconditional without any right of set-off or counterclaim. The Sublease and the Sub-Sub-Sublease provide that the covenants on the part of the County therein contained are deemed to be and are construed to be ministerial duties imposed by law, and they further provide that it will be the ministerial duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements on the part of the County contained in the Sublease and the Sub-Sub-Sublease. The Sublease and the Sub-Sub-Sublease provide that the County will pay from legally available funds Base Rental for the right to use and possession of the Facilities in the amounts, at the times and in the manner set forth in the Sublease and in the Sub-Sub-Sublease.

Notwithstanding any other provision of the Sublease or the Sub-Sub-Sublease or the Indenture, in no event will the Authority or any assignee of the rights of the Authority thereunder have the right to accelerate the payment of any Base Rental thereunder or otherwise declare any Base Rental not then in default to be immediately due and payable.

THE 2005 SERIES A BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE SUBLEASE AND THE SUB-SUB-SUBLEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL DOES NO CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE 2005 SERIES A BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

A table of the annual Base Rental payments to be made by the County with respect to the 2005 Series A Bonds under the Sublease and Sub-Sub-Sublease is set forth below.

**SCHEDULE OF BASE RENTAL PAYMENTS***

| Payment Dates (December 1) | 2005 Series A Bonds Principal | 2005 Series A Bonds Interest | Total Base Rental Payments |
|---|---|---|---|
| | $ | $ | $ |
| Total | $ | $ | $ |

**Reserve Fund**

On the date of issuance of the 2005 Series A Bonds, that portion of moneys held in certain funds and accounts attributable to the Refunded Obligations will be deposited in the Reserve Fund established under the Indenture. The Reserve Fund will be held by the Trustee and will be kept separate and apart from all other funds and moneys held by the Trustee. The Trustee will administer the Reserve Fund as provided in the Indenture. The Reserve Fund will be maintained by the Trustee in the amount of the Reserve Requirement until there are no longer any 2005 Series A Bonds Outstanding, except as provided in the Indenture. The "Reserve Requirement" means, as of any date of calculation, the least of (i) ten percent (10%) of the proceeds (within the meaning of section 148 of the Code (herein defined)) of the 2005 Series A Bonds; (ii) 125% of average annual debt service on the then Outstanding 2005 Series A Bonds: or (iii) the Maximum Annual Debt Service for that and any subsequent year. See Appendix C – "Summary of Principal Legal Documents – The Indenture" attached hereto.

**Abatement**

Pursuant to the Sublease or the Sub-Sub-Sublease, as applicable, Base Rental payments will be abated during any period in which, by reason of material damage, destruction, condemnation, theft or defects in the title to the Facilities or a portion thereof, there is substantial interference with the use or

* Preliminary, subject to change.

possession by the County of the Facilities or any material portion thereof. The amount of rental abatement will be such that the resulting total rental payments in any Fiscal Year during which such interference continues do not exceed the total fair rental value of the remaining portions of the Facilities as to which such damage, destruction, condemnation, theft or title defect do not substantially interfere with the County's right of use or possession. The Trustee may require a certificate of a County Representative to the effect that the resulting total rental represents such fair consideration as elaborated in the preceding sentence. Any such abatement shall continue for the period commencing with the date on which any such interference with the County's right to use or possession of the facilities, or a material portion thereof, as a result of such damage, destruction, condemnation, theft or title defect, commences and ending with the restoration of the Facilities, or the affected portion thereof, to tenantable condition.

**Insurance**

The County has covenanted in the Sublease and the Sub-Sub-Sublease to secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility, rated "A" or better by Standard & Poor's, Moody's or A.M. Best in *Best's Insurance Reports*, or through a program of self-insurance to the extent specifically permitted therein, all coverage with respect to the Facilities required by the Sublease and the Sub-Sub-Sublease. Notwithstanding the foregoing, the County will not be required to maintain the insurance required by the Sublease or the Sub-Sub-Sublease (except title insurance as required therein) with respect to any Component of the Facilities prior to the date on which a Certificate of Component Completion is filed with respect thereto. See "Security and Sources of Payment for the 2005 Series A Bonds – Abatement" and "Risk Factors – Abatement."

The County will not be required to maintain or cause to be maintained more insurance than is specifically referred to in the Sublease or in the Sub-Sub-Sublease, except with respect to rental interruption insurance, any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers at a reasonable cost on the open market; provided, however, that if the County determines that any such insurance, except for rental interruption insurance and title insurance, is not offered by reputable insurers at a reasonable cost on the open market, and elects with respect to those risks set forth above for which self-insurance is permitted, not to maintain the insurance with outside insurers as described above, it will self-insure those risks for which insurance is otherwise required. If the County is permitted to and does self-insure under this provision, then, except for any self-insurance for workers' compensation to which this sentence shall not apply, the County will establish and fund reserves which, in the opinion of the County Chief Administrative Officer are adequate.

**Substitution or Release**

Pursuant to the Sublease and the Sub-Sub-Sublease, the County shall have the right at any time and from time to time, to substitute other real property (the "Substitute Property") for any portion of the Facilities (the "Former Property"), or to remove Former Property from the Facilities without the addition of Substitute Property, provided that the County shall satisfy all of the requirements set forth in the Sublease or the Sub-Sub-Sublease, as applicable, including, but not limited to the following: (i) no Event of Default shall have occurred and be continuing; (ii) the County shall file with the Authority and the Trustee, and cause to be recorded in the office of the Los Angeles County Recorder, sufficient memorialization describing the Facilities after such substitution and/or removal as provided in the Sublease or the Sub-Sub-Sublease, as applicable; (iii) the County shall obtain a CLTA policy of title insurance insuring the County's leasehold estate (and the Authority's leasehold estate therein under the Lease) in the Facilities as amended by such substitution and/or removal, subject to the terms of the Sublease or the Sub-Sub-Sublease, as applicable; (iv) the County shall certify in writing to the Authority and to the Trustee that such Substitute Property constitutes property which the County is permitted to lease under the laws of the State of California; (v) the substitution of the Substitute Property shall not cause the County to violate any of its covenants, representations and warranties made therein; and (vi) the

County shall file with the Authority and the Trustee a certificate of a County Representative stating that the total fair rental value of the Facilities after such substitution and/or removal is at least equal to 100% of the maximum amount of Base Rental and Additional Rental payments coming due in the then current Lease Year and in any subsequent Lease Year and that the useful life of the Facilities after such substitution at least equals the lesser of (i) the useful life of the Facilities before such substitution and/or removal, or (ii) the date of the final Base Rental payment.

**Additional Bonds**

The Authority may from time to time, by a supplement or amendment to this Indenture, authorize one or more series of Additional Bonds on a parity with or secured separately from, the Outstanding Bonds. Such supplement or amendment to the Indenture may provide for the creation of such funds and accounts as may be required for the issuance of Additional Bonds. See Appendix C – "Summary of Principal Legal Documents – The Indenture".

## BOND INSURANCE

[TO COME]

## RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the 2005 Series A Bonds.

**Not a Pledge of Taxes**

The obligation of the County to pay Base Rental or Additional Rental payments under the Sublease and the Sub-Sub-Sublease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation. Neither the 2005 Series A Bonds nor the obligation of the County to make Base Rental or Additional Rental payments under the Sublease and the Sub-Sub-Sublease constitutes an indebtedness of the County, the State or any of its political subdivisions within the meaning of the constitution or statutory debt limitation or restriction. The Authority has no obligation to pay Base Rental. Under certain circumstances, Base Rental may be abated under the Sublease and the Sub-Sub-Sublease.

Although the principal of and interest on the 2005 Series A Bonds, and any premiums upon the redemption of any 2005 Series A Bonds, is not a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or the County or upon any of their income, receipts or revenues (except the Base Rental payments and other funds pledged to the payment thereof as provided in the Indenture), the County agrees under the Sublease and the Sub-Sub-Sublease to pay Base Rental from legally available funds for the right use and possession of the Facilities as provided therein and the County has covenanted in the Sublease and the Sub-Sub-Sublease to take such action as may be necessary to include all Base Rental or Additional Rental payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental or Additional Rental payments except to the extent such payments are abated in accordance with the Sublease and the Sub-Sub-Sublease. The County is currently liable on other obligations payable from general revenues.

**Additional Obligations of the County**

The County has the capability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental payments may be decreased.

The Base Rental payments and other payments due under the Sublease and the Sub-Sub-Sublease (including payment of costs of replacement, maintenance and repair of the Facilities and taxes, other governmental charges and utility charges levied against the Facilities) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental payments, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay principal of and interest on the 2005 Series A Bonds when due.

**Adequacy of County Insurance Reserves or Insurance Proceeds**

The County may self-insure for certain types of insurance required under the Sublease and the Sub-Sub-Sublease. See "Security and Sources of Payment for the 2005 Series A Bonds – Insurance." The County intends to self-insure for workers' compensation insurance [and general liability insurance] with respect to the Facilities. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. If the County's self-insurance reserves are inadequate, the amount of Base Rental payable under the Sublease and the Sub-Sub-Sublease could be abated. See "Security and Sources of Payment for the 2005 Series A Bonds – Abatement" and "Risk Factors – Abatement" herein.

**Abatement**

Except to the extent of amounts held pursuant to the Indenture, amounts received from rental interruption insurance, title insurance, condemnation awards and liquidated damages, if any, and amounts, if any, otherwise legally available to the County and deposited with the Trustee for the purpose of making payments on the Bonds, rental payments due under the Sublease or the Sub-Sub-Sublease, as applicable, will be abated during any period in which, by reason of material damage, destruction, condemnation, theft or defects in the title to the Facilities or a portion thereof, there is substantial interference with the use or possession by the County of the Facilities or any material portion thereof. The amount of rental abatement will be such that the resulting total rental payments in any Fiscal Year during which such interference continues, excluding any amounts described above, do not exceed the total fair rental value of the remaining portions of the Facilities as to which such damage, destruction, condemnation, theft or title defect do not substantially interfere with the County's right of use or possession. Any such abatement will continue for the period commencing with the date on which any such interference with the County's right to use or possession of the Facilities, or a material portion thereof, as a result of such damage, destruction, condemnation, theft or title defect, commences and ending with the restoration of the Facilities, or the affected portion thereof, to tenantable condition.

Such reduced or abated Base Rental, together with other moneys available to the Trustee, may not be sufficient, after depletion of amounts in the Reserve Fund and expiration of rental interruption insurance with respect to the Facilities, if any, to pay principal of an interest on the 2005 Series A Bonds in the amounts and at the rates set forth thereon. In such an event, all Owners would forfeit the right to receive a pro rata portion of interest attributable to abated Base Rental in any year of abatement and, to the extent the 2005 Series A Bonds matured during a period of abatement, such Owners would forfeit the right to receive a pro rata portion of principal attributable to such abased Base Rental. The failure to make such payments of principal and interest under such circumstances would not be considered an Event of Default under the Sublease, the Sub-Sub-Sublease or the Indenture.

**Remedies**

Under the Sublease and the Sub-Sub-Sublease, the Authority or its assignee has the right to pursue any remedy available at law or in equity, except as otherwise expressly provided thereunder, including the remedy described in California Civil Code Section 1951.4 as the same may be amended from time to time. The Authority or its assignee has the right, at its option, to sublet the Facilities whether or not the Sublease or the Sub-Sub-Sublease has terminated.

Notwithstanding anything to the contrary contained in the Sublease or the Sub-Sub-Sublease, in addition to the remedies set forth above, the Authority or its assignee has the right, at its option, without any further demand or notice to re-enter the Property or any portion thereof and eject all parties therefrom, and, without terminating the Sublease or the Sub-Sub-Sublease, re-let such Property or any portion thereof as the agent for the account of the County upon such terms and conditions as the Authority or its assignee may deem advisable, in which event the rental received on such re-letting shall be applied first to the expenses of re-letting and collection, including expenses necessary for repair or restoration of such Property to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commission, actually paid, second to Base Rental in accordance with the Sublease, the Sub-Sub-Sublease and the Indenture and third to Additional Rental in accordance with the Sublease, the Sub-Sub-Sublease and the Indenture and if a sufficient sum is not realized to pay such sums and other charges, then the County will pay to the Authority or its assignee any net deficiency existing on the date when Base Rental or Additional Rental is due thereunder. Any re-entry will be allowed by the County without hindrance, and the Authority and its assignee will not be liable for damages for any such re-entry or be guilty of trespass.

**Limitations on Remedies**

Under the Sublease and the Sub-Sub-Sublease, the Authority or any assignee of the rights of the Authority thereunder will not exercise their or its remedies, respectively, thereunder so as to cause the interest on the 2005 Series A Bonds to be includable in gross income for federal income tax purposes or subject to State personal income taxes. Notwithstanding any other provision of the Sublease, the Sub-Sub-Sublease or the Indenture, in no event will the Authority or any assignee of the rights of the Authority thereunder have the right to accelerate the payment of any Base Rental thereunder or otherwise declare any Base Rental not then in default to be immediately due and payable.

Additionally, enforceability of the rights and remedies of the Bondowners, and the obligations incurred by the Authority and 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 creditor's 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 Bondowners 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.

**Seismic Events**

The Facilities are located within a seismically active area, and damage from an earthquake could be substantial. If the proceeds of any earthquake insurance were insufficient to replace or repair the damage caused to the Facilities, the County would be limited to its general fund, reserves, and emergency

grants, if any, in seeking to make appropriate repairs. Pending such repairs, the County's obligation to make Base Rental Payments would be subject to abatement. See "Risk Factors – Abatement" herein.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the 2005 Series A Bonds, Grant Thornton LLP, independent accountants, will deliver a report on the arithmetical accuracy of certain computations contained in schedules provided to them by the Underwriters relating to the adequacy of the maturing principal of and interest on certain obligations and certain other moneys to pay all of the principal and prepayment premium, if any, and the interest due with respect to the Refunded Obligations as such principal, prepayment premium and interest become due and payable. See "Plan of Refunding" herein.

## TAX MATTERS

In the opinion of Fulbright & Jaworski L.L.P., Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2005 Series A Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the 2005 Series A Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the 2005 Series A Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State that interest on the 2005 Series A Bonds is exempt from personal income taxes of the State. A form of Bond Counsel's anticipated opinion is included as Appendix F. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

Interest on all tax-exempt obligations, including the 2005 Series A Bonds, owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a financial asset securitization investment trust, a real estate investment trust (REIT), or a real estate mortgage investment conduit (REMIC). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax is imposed by section 55 of the Code.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the County and the Authority made in a certificate of even date with the initial delivery of the 2005 Series A Bonds pertaining to the use, expenditure, and investment of the proceeds of the 2005 Series A Bonds and will assume continuing compliance with the provisions of the Resolutions by the County subsequent to the issuance of the 2005 Series A Bonds. The Tax and Nonarbitrage Certificate contains covenants by the County with respect to, among other matters, the use of the proceeds of the 2005 Series A Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2005 Series A Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2005 Series A Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the 2005 Series A Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2005 Series A Bonds. Prospective purchasers of the 2005 Series A Bonds should be aware that the ownership of tax-exempt obligations such as the 2005 Series A Bonds may result in collateral federal tax consequences to, among

others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the County described above. No ruling has been sought from the Internal Revenue Service (the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2005 Series A Bonds is commenced, under current procedures, the Service is likely to treat the Issuer as the "taxpayer," and the owners of the 2005 Series A Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2005 Series A Bonds, the Issuer may have different or conflicting interests from the owners of the 2005 Series A Bonds. Public awareness of any future audit of the 2005 Series A Bonds could adversely affect the value and liquidity of the 2005 Series A Bonds during the pendency of the audit, regardless of its ultimate outcome.

The initial offering price (as furnished by the Underwriters) of certain 2005 Series A Bonds (the "Premium Bonds"), may be greater than the amount payable on such 2005 Series A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that at least ten percent of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix F.

## CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County has agreed to provide, or cause to be provided, not later than February 1 in each year, commencing with the report for the County's fiscal year ended June 30, 2005, to each nationally recognized municipal securities information repository and each Respository certain annual report, including the County's financial statements and (i) assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended; (ii) summary financial information on revenues, expenditures and fund balances for the County's total budget funds for the Fiscal Year of the County most recently ended; (iii) summary financial information on the proposed and adopted budgets of the County for the current Fiscal Year and any changes in the adopted budget; (iv) summary of aggregate annual debt obligations of the County as of the beginning of the current Fiscal Year; (v) summary of annual outstanding principal

obligations of the County as of the beginning of the current Fiscal Year; and (vi) the ratio of the County's outstanding debt to total assessed valuations as of the most recently ended of the Fiscal Year of the County. See Appendix E – "Form of Continuing Disclosure Certificate" attached hereto.

In addition, the County has agreed to give, or cause to be given, to each Repository in a timely manner notice of the following listed events if determined by the County to be material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on the debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of any credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls other than mandatory sinking fund redemptions; (9) defeasances; (10) release, substitutions, or sale of property, if any, securing repayment of the respective series of the 2005 Series A Bonds; and (11) rating changes. These covenants have been made in order to assist the Underwriters in complying with the Rule. The County has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

The County may amend the Continuing Disclosure Certificate, and any provision of the Continuing Disclosure Certificate may be waived, provided that the following conditions are satisfied: (a) if the amendment or waiver relates to the provisions in connection with the content and provisions of the Annual Reports or Significant Events, 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 2005 Series A Bonds, or the type of business conducted; (b) the undertakings, 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 2005 Series A Bonds, 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 Owners of the 2005 Series A Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the 2005 Series A Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2005 Series A Bonds.

## CERTAIN LEGAL MATTERS

The validity of the 2005 Series A Bonds and certain other legal matters are subject to the approving opinion of Fulbright & Jaworski LLP, Los Angeles, California, Bond Counsel. The proposed form of opinion of Bond Counsel is contained in Appendix F hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California and for the County and the Authority by County Counsel.

## FINANCIAL ADVISOR

Fieldman, Rolapp & Associates served as the Financial Advisor to the County in connection with the delivery of the 2005 Series A Bonds, is a full service financial advisor, and is not engaged in the business of underwriting, trading or distributing municipal or other financial securities.

## LITIGATION

To the best knowledge of the County and the Authority, there is no litigation pending or threatened against the County or the Authority concerning the validity of the 2005 Series A Bonds or challenging any action taken by the County or the Authority in connection with the authorization of the Indentures, the Sublease, the Sub-Sub-Sublease or any other document relating to the 2005 Series A

Bonds to which the County or the Authority is or is to become a party or the performance by the County or the Authority of any of their obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make Base Rental payments. See Appendix A – "The County of Los Angeles Information Statement – General Litigation" attached hereto.

## RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") have assigned the 2005 Series A Bonds ratings of "___," "___" and "____", respectively, based on the understanding that the Insurer will issue its Insurance Policy concurrently with the issuance of the 2005 Series A Bonds. Such ratings reflect only the views of Fitch, Moody's and Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the 2005 Series A Bonds. Explanation of the significance of such ratings may be obtained only from the respective organizations at: Fitch Ratings, 33 Whitehall Street, 27th Floor, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007-2796 and Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2005 Series A Bonds.

## UNDERWRITING

The Underwriters have agreed to purchase the 2005 Series A Bonds from the County and the Authority at an aggregate purchase price of $_____ (consisting of the aggregate principal amount thereof plus net original issue premium of $_____ and less underwriters' discount of $_____), pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the 2005 Series A Bonds offered under the Bond Purchase Agreement if any of the 2005 Series A Bonds offered thereunder are purchased.

## ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease, the Sublease, the Sub-Sublease and the Sub-Sub-Sublease may be obtained upon request from the Trustee at: _____, Attention: Corporate Trust Services. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the County and the purchasers or Owners of any of the 2005 Series A Bonds.

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Owner may obtain a copy of any such report, as available, from the County at the address set forth below.

This Official Statement and its distribution have been duly authorized by the County and the Authority.

**GLENN BYERS**
**DIRECTOR OF PUBLIC FINANCE**
**COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR**
**KENNETH HAHN HALL OF ADMINISTRATION, ROOM 437**
**500 WEST TEMPLE STREET**
**LOS ANGELES, CALIFORNIA 90012**
**(213) 974-7175**

**APPENDIX A**

# THE COUNTY OF LOS ANGELES INFORMATION STATEMENT

**APPENDIX B**

# THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**APPENDIX C**

# SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

**APPENDIX D**

# BOOK-ENTRY ONLY SYSTEM

## BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and the Authority, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, 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 2005 Series A Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2005 Series A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2005 Series A Bonds, 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 Appendix D. 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.*

DTC will act as securities depository for the 2005 Series A Bonds. The 2005 Series A Bonds 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 security certificate will be issued for each maturity of the 2005 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC," "GSCC," "MBSCC," and "EMCC," also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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.

Purchases of the 2005 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2005 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("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 2005 Series A Bonds 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 the 2005 Series A Bonds, except in the event that use of the book-entry system for the 2005 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2005 Series A Bonds 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 the 2005 Series A Bonds 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 2005 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2005 Series A Bonds 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.

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 the 2005 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2005 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the 2005 Series A Bonds may wish to ascertain that the nominee holding the 2005 Series A Bonds 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.

Redemption notices shall be sent to DTC. The conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC 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. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify a Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2005 Series A Bonds called for redemption or of any other action premised on such notice. Redemption of portions of the 2005 Series A Bonds by the Authority will reduce the outstanding principal amount of the 2005 Series A Bonds held by DTC. In such event, DTC will implement, through its book-entry system, a redemption by lot of interest in the 2005 Series A Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants and then DTC Participants and Indirect Participants will implement a redemption of the 2005 Series A Bonds for the Beneficial Owners.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2005 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 the 2005 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the 2005 Series A Bonds 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 Authority or the Trustee, 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 (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2005 Series A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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.

NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF 2005 SERIES A BONDS FOR PREPAYMENT.

None of the Authority, the District or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the 2005 Series A Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the 2005 Series A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

None of the Authority, the Trustee or the Underwriters can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the 2005 Series A Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the Trustee or the Underwriters are responsible or liable for the failure of DTC or any Participants to make any payment or give any notice to a Beneficial Owner with respect to the 2005 Series A Bonds or an error or delay relating thereto.

**APPENDIX E**

# FORM OF CONTINUING DISCLOSURE CERTIFICATE

**APPENDIX F**

# FORM OF OPINION OF BOND COUNSEL

**APPENDIX G**

# FORM OF MUNICIPAL BOND INSURANCE POLICY