COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

June 10, 2009

TO: Supervisor Don Knabe, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino
Treasurer and Tax Collector

SUBJECT: SALE OF 2009-10 TAX AND REVENUE ANTICIPATION NOTES

This memorandum is to advise you that earlier today my office sold $1.3 billion in tax and revenue anticipation notes (the "Notes") at a 2.5% coupon rate and a yield of 0.8%. The issuance of the 2009-10 Notes was authorized by your Board on May 12, 2009 as a necessary component of the County's cash management program. The borrowing cost of 0.8% represents the lowest interest rate achieved since the inception of this program in 1977.

The pricing of the Notes was accomplished in a market environment that remains very cautious regarding municipal issuers in the State of California. The Governor's proposed revisions to the 2009-10 Adopted State Budget threaten to dramatically reduce funding to cities and counties throughout the State. As a result, investors are demanding that local governments maintain adequate cash flows to withstand any potential impact from State budget cuts. The large institutional investors that did not purchase the County's Notes expressed a concern regarding the projected deterioration in the County's cash position for Fiscal Year 2009-10.

In connection with this year's financing, my office requested that each of the three credit rating agencies assign short-term ratings to the 2009-10 Notes. For the 13th consecutive year, Moody's Investors Service and Fitch Ratings gave their highest short-term ratings to the County's note financing. Standard & Poor's, however, lowered the County's short-term rating from SP-1+ to SP-1, and cited the proposed revisions to the State budget as a critical factor in their rating decision. In particular, Standard & Poor's based their ratings downgrade on the perceived impact to the County from the Governor's proposal to eliminate CalWORKs and other health and social service programs.

If you have any questions regarding either the County's short-term ratings or the sale of the 2009-10 Notes, please contact me directly or have your staff contact Glenn Byers of my office at 974-7175.

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c: Executive Officer, Board of Supervisors
Chief Executive Officer
Auditor-Controller
Acting County Counsel