County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

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August 10, 2010

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

48 August 10, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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

Dear Supervisors:

APPROVAL OF RECOVERY ZONE FACILITY BOND, ECONOMIC DEVELOPMENT BOND AND QUALIFIED ENERGY CONSERVATION BOND PROJECTS, ALLOCATION OF BOND AUTHORIZATION, REVISIONS TO BOND PLANS OF ISSUANCE
(ALL DISTRICTS) (3 VOTES)

SUBJECT

Approval of Recovery Zone Economic Development Bond, Recovery Zone Facility Bond and Qualified Energy Conservation Bond allocations, approval of capital projects, approval of voluntary waiver of unused Recovery Zone Facility Bonds, and adoption of bond resolutions.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the High Desert Complex Solar Farm Project (C.P. 67940) as part of the County's Energy Conservation Bond Program to install an approximate two megawatt ground-mounted solar photovoltaic panel electricity generating system, subject to completion of environmental documentation.

2. Approve the Solar Roof Program as part of the County Energy Conservation Bond program to install solar photovoltaic panel roof systems on nine County-owned facilities and its constituent capital projects as detailed herein and listed in the Attachment A, subject to completion of environmental documentation.

3. Allocate the use of the $39,018,000 in Qualified Energy Conservation Bonds authorization the County of Los Angeles received under the ARRA of 2009 for the High Desert Complex Solar Farm Project ($14,445,000) and Solar Roof Program projects (in the aggregate amount of $24,573,000) as described herein and on Attachment A.

4. Delegate the Chief Executive Office authorization to submit applications for California Solar Incentive funding to Southern California Edison and the Los Angeles Department of Water and Power's Solar Photovoltaic Incentive Program to secure incentive payments for the generation of solar power.

5. Approve a revised County of Los Angeles Plan of Issuance for its $180,989,000 allocation of Recovery Zone Economic Development Bond authorization, as described herein and summarized on Attachment B.

6. Approve the County's allocation of $214,755,000 in Recovery Zone Facility Bond authorization to the eight firms for proposed projects (the "Facility Bond Projects") and in the allocation amounts as listed on Attachment C, subject to receipt of credit enhancement and other documentation prior to August 12, 2010.

7. Ratify Tax Equity and Fiscal Responsibility Act (TEFRA) Hearings held by the Los Angeles County Chief Executive Office for the Facility Bond Projects in the total aggregate amount of $214,755,000 recommended for approval of Recovery Zone Facility Bond authorization as listed on Attachment C.

8. Delegate the authority to the Chief Executive Office to determine compliance by Recovery Zone Facility Bond applicants with Recovery Zone Facility Bond program requirements.

9. Delegate the authority to the Chief Executive Office to take any and all administrative actions necessary to preserve County allocations of Recovery Zone Bonds and Qualified Energy Conservation Bonds received under the American Recovery and Reinvestment Act of 2009.

10. Approve the voluntary waiver of $56,729,000 in unallocated Recovery Zone Facility Bond authorization to return unused allocation for reallocation by the State of California's California Debt Limit Allocation Committee.

11. Adopt the Recovery Zone Projects resolution attached.

12. Adopt the Qualified Energy Conservation Bond resolution attached.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of recommended actions will enable the County to preserve its allocations of Recovery Zone and Qualified Energy Conservation Bond authorization received under the American Recovery and Reinvestment Act of 2009 (Recovery Act). The recommended actions do not authorize the issuance of bonds. We will return with final bond issuance recommendations that will be developed in collaboration with the Treasurer.

Background

On February 17, 2009, President Obama signed the Recovery Act into law and enacted a $787 billion stimulus program, which included the Build America Bonds (BABs), an expansion of the Energy Bond program and Recovery Zone Bonds. The intent of the Recovery Act and these financing programs was to promote economic growth through the provision of unique financing incentives for state and local capital improvements. The BABs and Recovery Zone programs require the issuance of bonds by December 13, 2010.

Current Program Status

Qualified Energy Conservation Bonds

Qualified Energy Conservation Bonds are taxable bonds that can be issued by state or local governments to finance public capital improvements that will reduce energy consumption by 20 percent in governmental buildings or expand the use of renewable energy sources and other alternatives to fossil fuel technologies. The County is authorized to issue $39,018,000 in Energy Bonds. Legislation was approved in March 2010 that resulted in a direct federal subsidy of 70 percent of interest costs on the bonds. The bonds are not subject to an issuance deadline.

On January 26, 2010, your Board affirmed the County's intent to fully utilize its $39,018,000 Energy Bond allocation. Subsequent to your Board's approval, we have worked with the Chief Information Office (CIO) and Internal Services Department (ISD) to identify suitable locations for solar photovoltaic panel installations, based upon solar potential, system size (larger systems are more cost efficient due to economies of scale), and on-site electricity usage, which exceeds the electricity generated by the solar panel installation. Based on these criteria, the following projects are being recommended for financing under the Energy Bond Program, which together, are anticipated to result in the installation of approximately 6.5 megawatts of solar power once completed. The Energy Bond Program consists of a large, ground mounted solar

photovoltaic panel system and a program of solar roof installations on County-owned facilities throughout the County.

High Desert Complex Solar Farm Project (C.P. 67940)

The installation of a 2-megawatt, ground-mounted solar panel farm will be proposed at the County's High Desert Campus, located on vacant land between Mira Loma Detention Center and Challenger Probation Camp in the City of Lancaster. The electricity generated by the proposed solar farm would be used by the County facilities on the campus and generate sufficient energy to offset a substantial share of their electricity costs. A Mitigated Negative Declaration is being prepared and should be completed in August. We are recommending an allocation of $14,445,000 in Energy Bond authorization for the project to cover the estimated $14,000,000 project costs and $445,000 in financing costs.

Solar Installation Program: Roof Installations on County Facilities

It is recommended that the remaining $24.9 million in Energy Bond issuance authorization be committed to the installation of solar panels on the roofs of certain County facilities which present the best opportunities for County solar rooftop installations. A list of the facilities and allocations is provided below. It is conservatively estimated that the remaining Energy Bond allocation of $24,573,000 million, which will fund approximately $24.6 million in project costs, will fund roof installations with an aggregate capacity of 4.5 megawatts. The projected system size to be installed at each site is based on the conservative assumption of 4.5 megawatts of installed capacity.

Facility	Location	Projected System Size (Megawatts)
Humphrey Comp. Health Center	Los Angeles	0.75
Sheriff STARS Training Center	Whittier	0.75
Nidorf Juvenile Hall	Sylmar	0.75
Los Padrinos Juvenile Hall	Downey	0.75
Palmdale Sheriff Station	Palmdale	0.3
LAC+USC Medical Center (General Hospital)	Los Angeles	0.3
Probation Camps Miller/Kilpatrick	Malibu	0.3
Century Regional Detention Center	Lynwood	0.3
El Monte Comprehensive Health Center	El Monte	0.3

This office is working with ISD to confirm building conditions, such as roof profiles and conditions, as well as building energy data, and are budgeting project cost estimates. We are planning to present final cost and savings projections to your Board for approval, along with final financing recommendations that will be developed in collaboration with the Treasurer's office, by the end of December, 2010.

Solar Energy Generation Incentives

Owners of solar installations in Southern California Edison's service area can receive incentive payments under the California Solar Initiative program based on the amount of power produced. These State incentives for solar energy electricity generation presently provide $0.19 per kilowatt hour (kWh) produced for the first five years.

Los Angeles Department of Water and Power (LADWP) service areas are not eligible to receive these incentives. LADWP does offer, however, a separate incentive program which provides a one-time incentive payment for anticipated electricity generation over a 20-year period. The incentive rates are $0.059 per kWh, or $0.11 per kWh if the County irrevocably gives up the rights to the renewable energy credits from the installation to LADWP.

Present incentive rates offered in these two programs may decrease once sufficient project applications are received. To enable the County to achieve the highest possible incentive payment rates, we have requested your Board's approval to submit allocations for the County with Southern California Edison and LADWP. We will recommend an account to be established as part of the 2010-11 Final Supplemental budget recommendations to cover applicable incentive program fees.

Recovery Zone Bonds

The Recovery Act also authorizes the issuance of two types of bonds for projects in Recovery Zones: Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds. Both types of bonds may be used, subject to certain restrictions, to finance capital expenditures that are made within designated "Recovery Zones," which are defined under the Recovery Act as any area designated by a jurisdiction as experiencing significant poverty, unemployment, rates of home foreclosures or general distress, economic distress related to military base closures, and any area currently designated as an Empowerment Zone or Renewal Community.

On January 26, 2010, your Board designated the entire County as its Recovery Zone, based upon an analysis of relevant US Census, Housing and Urban Development statistics and other socio-economic data.

Economic Development Bonds

Economic Development Bonds are taxable bonds with a Federal subsidy of bond interest payments. They are subject to the same private use restrictions applicable for tax-exempt bonds. Economic Development Bonds may be issued to finance expenditures made for purposes of promoting development or other economic activity in a designated Recovery Zone, including costs related to property, public infrastructure, public facility construction, or job training and education programs. The bonds are also

subject to Davis-Bacon federal prevailing wage requirements. The Federal interest subsidy is set at 45 percent and under present law the bonds must be issued no later than December 31, 2010. The County received an allocation of $180,989,000 in Economic Development Bond authorization, which should be sufficient to finance approximately $150.0 million in project costs.

The January 26, 2010 Board report discussed the use of the County's $180,989,000 Economic Development Bond allocation toward financing project expenses associated with the design and construction of the Martin Luther King, Jr. (MLK) Multi-Service Ambulatory Care Project (MACC). Since that time, our office has continued to monitor the progress and refinement of cost estimates on several projects to determine the most appropriate project(s) to finance with these bonds. Such a determination is based on two primary factors:

- how closely a project's capitalized cost fits within the authorized allocation; and
- the lowest differential between the interest that is earned on bond proceeds expended during a project's construction and the interest that is accrued for the bondholder's benefit on the amount borrowed for the project's construction. This differential is often referred to as "negative carry."

An analysis of capital projects based on these factors has identified three alternative projects which would provide the County with a more efficient financing issue and lower debt service costs to the County as compared to the MLK MACC project. As a result of this analysis, this office will now be recommending that the Recovery Zone Economic Development Bond allocation be utilized to finance the alternate projects, which consist of the Olive View Emergency Room/Tuberculosis Unit, Coroner Refurbishment/Expansion, and Patriotic Hall Refurbishment Projects. These projects have a combined allocation of project costs of $149 million and, when reflecting the use of capitalized interest and issuance costs, are projected to require the full County authorization of $180,989,000 in Economic Development Bonds. A summary of the current project cost estimates and allocations is provided in Attachment C.

Facility Bonds

Recovery Zone Facility Bonds are tax-exempt, private activity bonds that will finance private, depreciable property related to new facility construction or the upgrade of existing facilities in a Recovery Zone. The County received an allocation of $271,484,000 in Facility Bond authorization, which under present law must be issued no later than December 31, 2010.

Similar to Industrial Development Bonds, Facility Bonds are a conduit financing mechanism that allows private borrowers to access lower interest rates that are generally available in the tax-exempt financing market. The Facility Bonds do not offer any Federal subsidy of interest payments.

Under the proposed program, the County would issue the Facility Bonds and loan the proceeds to a private or non-governmental entity for purposes of capital improvements within the Recovery Zone. The County would not be required to pledge any funds or guarantee repayment of the bonds. The private or non-governmental entity receiving the bond proceeds would be solely responsible for repayment of the bonds. As such, the creditworthiness and liquidity of the private borrower is critical to repayment of the bonds.

The aforementioned January 26, 2010 Recovery Zone designation that was approved by your Board permits the County to approve issuance of Facility Bonds for projects throughout the County. During 2009, businesses and other non-governmental entities contacted the County with interest in using Facility Bonds to finance projects with a value exceeding $1.0 billion, substantially greater than the County's allocation. Due to the level of expressed interest, we recommended that your Board state its intent to fully use its $271,484,000 Facility Bond allocation, which your Board affirmed on January 26, 2010.

The Chief Executive Office (CEO) subsequently worked with the Auditor-Controller and Treasurer-Tax Collector, Board deputies, and an outside financial consultant to further develop the qualifying criteria for the County's Facility Bond Program, focusing on credit worthiness, economic development potential and protecting the County from any credit risk. On June 30, 2010, the CEO released a Request for Proposals to interested parties with a submittal date of July 14, 2010. To minimize the County's exposure to the risk of default by the proposing firms, the CEO, based upon consultation with the Treasurer's and Auditor-Controller's offices, required proposing firms to provide either a Letter-of-Credit from a qualified bank supporting the requested bond issue or a commitment from a Qualified Institutional Buyer to buy the Facility Bonds in a private placement structure. These requirements were consistent with Facility Bond credit requirements established by other counties throughout California.

To date, the CEO has received nine proposals requesting the authorization to issue $239.7 million in Facility Bonds. Each of the proposals has been reviewed by staff from the CEO and the Treasurer's office for creditworthiness, potential economic development, and compliance with requirements established by the California Debt Limit Allocation Committee (CDLAC). None of the projects proposed, while worthy in terms of economic development, meet all the CDLAC requirements. The majority of the proposing firms have yet to conclude due diligence reviews by their proposed private placement buyers. CDLAC, however, is also requiring that your Board approve the

projects for which the County intends to issue Facility Bonds by August 15, 2010. A list of the proposing firms is provided in Attachment C.

In response to this deadline and given that the proposing firms have yet to complete credit reviews, we recommend that your Board approve eight of the nine proposing firms for Facility Bond allocations in the total amount of $214,755,000, as indicated on Attachment D, contingent upon the successful completion of their respective credit reviews by their proposed private placement buyers and compliance with CDLAC requirements prior to the August 15, 2010, deadline. Since submitting its application, one proposing firm (Lawry's) has indicated it is no longer interested in pursuing allocation. The total amount of recommended allocation is $214,755,000, with $56,729,000 remaining unallocated. Due to the expiration of the program and the deadlines imposed on finalizing County allocation, there is no further opportunity to seek additional project proposals for unallocated Facility Bond authorization. We are recommending that the County voluntarily waive the remaining unused allocation of $56,729,000 to CDLAC for reallocation.

Action Required by California Debt Limit Allocation Committee

In order to utilize either type of Recovery Zone Bonds or the Energy Bonds, the State Treasurer's CDLAC has imposed a deadline of August 15, 2010 for local issuers to submit the following documentation in order to maintain access to bond allocations:

- Board of Supervisor approval of the projects to be financed through Recovery Zone or Energy Bonds by August 15, 2010;

- A Board-adopted resolution for the approved projects;

- A legal memorandum from bond counsel which states that the projects receiving allocation are eligible under the Federal guidelines for the applicable bond type; and

- A commitment letter outlining the bond sale structure pursuant to CDLAC Regulations.

We have included the recommendations for project approval and the necessary resolutions in this action (Attachments D and E) and have coordinated with County Counsel to engage bond counsel to deliver the necessary legal memoranda for County projects which will be submitted to CDLAC by our office upon completion. For Facility Bond projects, the necessary commitment letters and legal memoranda are the responsibility of the proposing firms to submit to the County for submission to CDLAC prior to its August 15, 2010 deadline.

FISCAL IMPACT/FINANCING

These recommendations do not have an impact on the General Fund. The actions provide conceptual project approvals only. We will seek approval of project financing recommendations in future actions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The attached resolutions have been reviewed and approved by County Counsel, with consultation with outside bond counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

CONCLUSION

Upon approval of the recommendations, please forward an adopted copy of the board letter and an executed copy of the resolutions to the Chief Executive Office, Capital Projects Division.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:SK
DJT:PB:zu

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Treasurer and Tax Collector

K:2010Word/FAM/CP/recovery act board letter 081010

Solar Roof Program Projects for Use of Qualified Energy Conservation Bond Allocation

ATTACHMENT A

Solar Roof Project - Facility	C.P.	City	District	Assumed System Size	Estimated Project Costs	Bond Requirement (incl. cap. interest + costs of issuance)*
High Desert Complex	88970	Lancaster	5	2,000	$ 14,000,000	$ 14,445,000
H.Humphrey CHC	88971	Los Angeles	2	750	$ 4,105,275	$ 4,236,207
Sheriff STARS Center	88972	Whittier	4	750	$ 4,105,275	$ 4,236,207
Nidorf Juvenile Hall	88973	Sylmar	3	750	$ 4,105,275	$ 4,236,207
Los Padrinos Juvenile Hall	88974	Downey	4	750	$ 4,105,275	$ 4,236,207
Palmdale Sheriff's Station	88975	Palmdale	5	270	$ 1,477,899	$ 1,525,034
LAC+USC Med Center	88976	Los Angeles	1	270	$ 1,477,899	$ 1,525,034
Camp Miller / Kilpatrick	88977	Malibu	3	270	$ 1,477,899	$ 1,525,034
Century Regional Detention Ctr	88978	Lynwood	2	270	$ 1,477,899	$ 1,525,034
El Monte Comp Health Ctr	88979	El Monte	1	270	$ 1,477,899	$ 1,525,034
					$ 37,810,595	$ 39,015,000

* Bond requirement total does not exactly match County allocation of $39,017,973.83 due to requirement to issue in $5,000 increments

ATTACHMENT B

Olive View Emergency Room/Tuberculosis Unit Project

Project Cost Estimate:	$54,000,000
Projected Bond requirements for capitalized interest and costs of issuance:	$11,593,000
Recovery Zone Economic Development Bond (EDB) allocation:	**$65,593,000**

Coroner Refurbishment/Expansion Project

Project Cost Estimate:	$35,000,000
Costs of Issuance/Capitalized Interest:	$ 7,514,000
Recovery Zone Economic Development Bond (EDB) allocation:	$42,514,000

Bob Hope Patriotic Hall Refurbishment Project

Project Cost Estimate:	$60,000,000
Costs of Issuance/Capitalized Interest:	$12,882,000
Recovery Zone Economic Development Bond (EDB) allocation:	$72,882,000

Project	EDB Allocation
Olive View Emergency Room/Tuberculosis Unit Project	$65,593,000
Coroner Refurbishment/Expansion Project	$42,514,000
Bob Hope Patriotic Hall Refurbishment Project	$72,882,000
Total Economic Development bond allocation:	**$180,989,000**

Recovery Zone Facility Bond Proposing Firms and Recommended Contingent Award of Allocation

Proposing Firm/Organization	Legal Entity to be Used as Borrower	Project Name/Description	City	District	Allocation Amount Requested	Recommended Contingent Award of Allocation
Los Angeles County Fair Association	Los Angeles County Fair Association	Conference Center	Pomona	1	$ 24,255,000	**$ 24,255,000**
Lowe Enterprises	Compton Downtown Norht Economic Development Corporation	Compton Downtown North Community Development	Compton	2	$ 46,000,000	**$ 46,000,000**
Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center	Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center	New research/office facilities	Carson	4	$ 30,000,000	**$ 30,000,000**
Wattstar Theatres, Inc.	Wattstar Theatres, Inc.	Wattstar Cinema and Education Center	Los Angeles	2	$ 15,000,000	**$ 15,000,000**
Five Chairs Development	623 La Peer LLC	623 La Peer Mixed Use Development	West Hollywood	3	$ 40,000,000	**$ 40,000,000**
Advanced Clean Air Technologies, Inc.	Advanced Clean Air Technologies, Inc.	Manufacturing equipment	Long Beach	4	$ 33,000,000	**$ 33,000,000**
Lawry's Restaurants Inc.*	Lawry's Restaurants Inc.	California Center @ Fairplex	Pomona	1	$ 25,000,000	**$ -**
Aszkenazy Development	Gateway San Fernando Development	Gateway San Fernando Office/ Project	San Fernando	3	$ 23,500,000	**$ 23,500,000**
Urth Caffe'	Urth Pasadena Development, LLC	Retail and commercial development	Pasadena	5	$ 3,000,000	**$ 3,000,000**
		Total			**$ 239,755,000**	**$ 214,755,000**
		Total County Allocation			***$ 271,484,000***	***$ 271,484,000***
		Balance			***$ 31,729,000***	***$ 56,729,000***

* Subsequent to submitting application withdrew its interest in seeking allocatior

EXHIBIT D – Recovery Zone Bond resolution

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES SETTING FORTH THE COUNTY'S OFFICIAL INTENT TO ISSUE BONDS, IN ONE OR MORE SERIES, FROM TIME TO TIME, TO FINANCE VARIOUS RECOVERY ZONE PROJECTS, AND RELATED ACTIONS

WHEREAS, the County of Los Angeles (the "County") is authorized and empowered by Title 10, Chapter 1 of the California Government Code (the "IDB Act") to issue revenue bonds for the purpose of financing or refinancing costs of facilities such as the Project (hereinafter defined); and

WHEREAS, the entities described in Exhibit A hereto (collectively, the "Borrower"), has requested that the County consider the issuance and sale of tax-exempt revenue bonds, in one or more series, from time to time, in an expected maximum principal amount of $214,755,000 (the "Recovery Zone Facility Bonds") pursuant to the IDB Act for the purpose of lending the proceeds thereof to the Borrower to (i) finance or refinance the acquisition, installation, construction and development of the projects described on Exhibit A hereto (collectively, the "Project") to be located in the County, and to be owned and/or operated by the Borrower and (ii) pay all or a portion of the costs incurred with the issuance of the Bonds; and

WHEREAS, the County intends to undertake certain public projects located within the County, which public projects (the "County Projects") are described on Exhibit B hereto, and to finance such projects with financing provided by the Los Angeles County Public Works Financing Authority (the "Authority") through its issuance of taxable lease revenue bonds in the amount of $180,989,000 (the "Recovery Zone Economic Development Bonds"); and

WHEREAS, the Authority is authorized and empowered under the Joint Exercise of Powers Act, Sections 6500 *et seq.* of the California Government Code and in accordance with its Joint Exercise of Powers Agreement dated May 18, 1993, as amended, to provide financial assistance to the County for the financing of the Recovery Zone Economic Development Bonds; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) authorizes a new category of federally tax-exempt private activity bonds entitled "recovery zone facility bonds" that have been codified in Sections 1400U-1 and 1400U-3 of the Internal Revenue Code of 1986, as amended (collectively, the "Recovery Zone Facility Act"); and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) authorizes a new category of federally taxable bonds entitled "recovery zone economic development bonds" that have been codified in Sections 1400U-1 and 1400U-2 of the Internal Revenue Code of 1986, as amended (collectively, the Recovery Zone Economic Development Act, and together with the Recovery Zone Facility Act, the "Recovery Zone Act"); and

WHEREAS, the Recovery Zone Act permits the issuance of recovery zone facility bonds and recovery zone economic development bonds to finance improvements in areas designated by the issuer of such bonds or the locality in which such improvements are located as a "recovery zone"; and

WHEREAS, the County has been awarded an allocation by the U.S. Department of the Treasury to issue up to $452,473,000 in Recovery Zone Bonds in accordance with the enabling legislation contained in the American Recovery and Reinvestment Act of 2009 ("ARRA"), consisting of authority to issue up to $180,989,000 in Recovery Zone Economic Development Bonds ("RZEDBS") as taxable bonds to finance public purpose governmental projects, and $271,484,000 in Recovery Zone Facility Bonds ("RZFBS") as tax exempt bonds for selected private development projects, through December 31, 2010 or as otherwise extended (the "Expiration Date"); and

WHEREAS, in accordance with applicable California law and the requirements of the California Debt Limit Allocation Committee ("CDLAC"), the County has elected to voluntarily waive $56,729,000 of its $271,484,000 RZFBS allocation to CDLAC for purposes of re-allocation to local governments and projects throughout the State of California; and

WHEREAS, pursuant to a Resolution entitled A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DESIGNATING LOS ANGELES COUNTY AS A RECOVERY ZONE PURSUANT TO THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, adopted on January 26, 2010 (the "Resolution"), the Board of Supervisors designated the entire geographic area of the County as a "Recovery Zone" within the meaning of Section 1400U-1 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to Section 5.04 of Notice 2009-50, an entity that receives a volume cap allocation is authorized to allocate such volume cap to an RZEDB or to an ultimate beneficiary of an RZFB in any reasonable manner as such entity shall determine in good faith in its discretion for use for eligible costs for use for qualified economic development purposes; and

WHEREAS, in accordance with applicable California law and the requirements of CDLAC, the County submitted its Plan of Issuance to CDLAC on or before January 31, 2010 with respect to the financing of the Project and the County's intention to use its allocation of a portion of the recovery zone facility bonds limitation under Section 54D of the Code; and

WHEREAS, in accordance with applicable California law and the requirements of CDLAC, the County submitted its Plan of Issuance to CDLAC on or before January 31, 2010 with respect to the financing of the County Projects and the County's intention to use its allocation of a portion of the recovery zone economic development bonds limitation under Section 54D of the Code; and

WHEREAS, the County desires to submit its Revised Plan of Issuance and other documentation to CDLAC by August 15, 2010 in accordance with the requirements of CDLAC, including the adoption of this Resolution by which the Board approves the Project and the financing thereof through the issuance of Bonds that will constitute *"recovery zone facility bonds "* within the meaning, and for purposes, of Sections 54A, 54D and 6431 of the Code and delivery of a certified copy of this Resolution to CDLAC by August 15, 2010 together with other supporting documentation required by CDLAC to preserve the County's allocation of such portion of the recovery zone facility bond limitation for issuance of the Bonds; and

WHEREAS, the County desires to submit its Revised Plan of Issuance and other documentation to CDLAC by August 15, 2010 in accordance with the requirements of CDLAC, including the adoption of this Resolution by which the Board approves the County Project and the financing thereof through the issuance of Bonds that will constitute *"recovery zone economic development bonds "* within the meaning, and for purposes, of Sections 54A, 54D and 6431 of the Code and delivery of a certified copy of this Resolution to CDLAC by August 15, 2010 together with other supporting documentation required by CDLAC to preserve the County's allocation of such portion of the recovery zone economic development bond limitation for issuance of the Bonds; and

WHEREAS, in connection with the financing of the costs of the Project, the Borrower expects to incur expenses for which the Borrower will advance internal funds; and

WHEREAS, in connection with the financing of the costs of the County Projects, the County expects to incur expenses for which the County will advance internal funds; and

WHEREAS, the Borrower intends to reimburse itself for all or a portion of such costs of the Projects from the proceeds of the Recovery Zone Facility Bonds; and

WHEREAS, the County intends to reimburse itself for all or a portion of such costs of the County Projects from the proceeds of the Recovery Zone Economic Development Bonds; and

WHEREAS, the Borrower has requested an expression of this Board's willingness to authorize the issuance of the Recovery Zone Facility Bonds at a future date after the documentation relating to the financing has been prepared and completed, and the County's requirements for the issuance of such Bonds have been satisfied; and

WHEREAS, the County wishes to declare its intention to authorize the issuance of the Recovery Zone Facility Bonds, provided certain conditions are met, for the purpose of financing costs of the Project; and

WHEREAS, the County wishes to declare its intention to authorize the issuance of the Recovery Zone Economic Development Bonds, provided certain conditions are met, for the purpose of financing costs of the County Projects.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Board hereby finds and determines that the above recitals are true and correct.

Section 2. The Board finds and hereby determines that it is necessary and desirable and a public purpose for the County to provide financing for the Project and hereby expresses its official intent, at one time or from time to time, to issue and sell the Recovery Zone Facility Bonds pursuant to the IDB Act, subject to the conditions set forth herein. This Resolution does not bind the County to make any expenditure, incur any indebtedness, or proceed with the financing of the Project. The Board finds and hereby determines that it is necessary and desirable and a public purpose for the County to provide financing for the County Projects and hereby expresses its official intent, at one time or from time to time, to issue and sell through the Authority the Recovery Zone Economic Development Bonds under the Joint Exercise of Powers Act, Sections 6500 *et seq*. subject to the conditions set forth herein. This Resolution does not bind the County to make any expenditure, incur any indebtedness, or proceed with the financing of the County Project.

Section 3. The Recovery Zone Facility Bonds will be payable solely from revenues to be received by the County pursuant to a loan agreement or other agreements to be entered into with the Borrower in connection with the Project. The issuance of the Recovery Zone Facility Bonds is subject to the following conditions: (a) the County and the Borrower shall have first agreed to mutually acceptable terms for the Recovery Zone Facility Bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the Bond indenture, loan agreement, lease agreement or other agreements and other related documents for the financing of the Project; (b) all requisite governmental approvals for the Recovery Zone Facility Bonds shall have been obtained, including the allocation of Recovery Zone Facility Bond volume cap to the Project by the County; and (c) a resolution approving the financing documents to which the County will be a party shall have been adopted by the Board.

Section 4. The Recovery Zone Economic Development Bonds will be payable solely from base rental payments to be paid by the County to the Authority pursuant to a sublease, which the Authority assigns and pledges the rental payments to the trustee under the indenture, subject to the following conditions: (a) the County and the Authority in the case of lease revenue bonds, shall have first agreed to acceptable terms for the bonds and of the sale and delivery thereof, the lease, the sublease, and indenture, together with other agreements and other related documents; and (b) a resolution approving the financing documents, including the form in which the lease revenue bonds are to be issued and delivered as the County determines to be in its best interest, shall have been adopted by the County Board of Supervisors.

Section 5. This resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal

Revenue Code of 1986, as amended (the "Code"). Based upon the representations of the Borrower, the County reasonably expects that certain of the costs of the Project will be reimbursed with the proceeds of the Recovery Zone Facility Bonds and that certain costs of the County Projects will be reimbursed with the proceeds of the Recovery Zone Economic Development Bonds. The expected maximum principal amount of the Recovery Zone Facility Bonds is $214,755,000. The expected maximum principal amount of the Recovery Zone Economic Development Bonds is $180,989,000.

Section 6. The officers of the County are hereby authorized and directed to take all actions as may be necessary or appropriate in connection with compliance with the requirements of Section 147(f) of the Code relating to public approval of the Recovery Zone Facility Bonds. Any such actions heretofore taken by such officers with respect thereto are hereby ratified, approved and confirmed.

Section 7. This Resolution shall take effect immediately upon its passage.

The foregoing resolution was, on the 10th day of August, 2010, 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.

SACHI A. HAMAI,
Executive Officer-Clerk of the Board of
Supervisors of the County of Los Angeles

By LaChelle Smitherman
DEPUTY

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
COUNTY COUNSEL

By: Cammy C. DuPont
Cammy C. DuPont
Principal Deputy County Counsel

EXHIBIT A

to

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES SETTING FORTH THE COUNTY'S OFFICIAL INTENT TO ISSUE BONDS, IN ONE OR MORE SERIES, FROM TIME TO TIME, TO FINANCE VARIOUS RECOVERY ZONE PROJECTS, AND RELATED ACTIONS

Entity Name	**Recovery Zone Facility Bond Authorization**
Los Angeles County Fair Association	$ 24,255,000
Compton Downtown North Economic Development Corporation	$ 46,000,000
Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center	$ 30,000,000
Wattstar Theatres, Inc.	$ 15,000,000
623 La Peer LLC	$ 40,000,000
Advanced Clean Air Technologies, Inc.	$ 33,000,000
Gateway San Fernando Development	$ 23,500,000
Urth Pasadena Development, LLC	$ 3,000,000

Total	**$ 214,755,000**

EXHIBIT B

to

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES SETTING FORTH THE COUNTY'S OFFICIAL INTENT TO ISSUE BONDS, IN ONE OR MORE SERIES, FROM TIME TO TIME, TO FINANCE VARIOUS RECOVERY ZONE PROJECTS, AND RELATED ACTIONS

County Projects	Recovery Zone Economic Development Bond Authorization
Olive View Emergency Room/Tuberculosis Unit Project	$65,593,000
Coroner Refurbishment/Expansion Project	$42,514,000
Bob Hope Patriotic Hall Refurbishment Project	$72,882,000
Total	**$180,989,000**

EXHIBIT E – QUALIFIED ENERGY BOND RESOLUTION

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES APPROVING THE ACQUISITION AND INSTALLATION OF SOLAR PANELS AND RELATED IMPROVEMENTS ON COUNTY-OWNED FACILITIES AND THE FINANCING THEREOF THROUGH THE ISSUANCE BY THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY OF LEASE REVENUE BONDS THAT CONSTITUTE QUALIFIED ENERGY CONSERVATION BONDS FOR FEDERAL INCOME TAX LAW PURPOSES AND RELATED ACTIONS

WHEREAS, the County of Los Angeles (the *"County"*) desires to acquire and install, or cause the acquisition and installation of, solar panels and related improvements, including solar tracker panels, solar roof panels, mounts and related property (collectively, the *"Energy Conservation Equipment"*) on certain County-owned facilities as more particularly described in *Exhibit A* attached hereto; and

WHEREAS, the County is authorized and empowered under Article III, Section 10 of the Los Angeles County Charter and applicable provisions of California law, including (without limitation) Sections 23004(b), 23004(c) and 23004(d) of the California Government Code, to lease, purchase, acquire and install the Energy Conservation Equipment on County-owned facilities and finance the acquisition and installation thereof through a financing provided by the Los Angeles County Public Works Financing Authority (the *"Authority"*) through its issuance of lease revenue bonds or other obligations in the form of bonds (in either case, *"Lease Revenue Bonds"*), which are payable from certain base rental payments from the County pursuant to a Sublease from the Authority to the County of certain Facilities (which may or may not include the Energy Conservation Equipment), all as herein described; and

WHEREAS, the Authority is authorized and empowered under the Joint Exercise of Powers Act, Sections 6500 *et seq.* of the California Government Code and in accordance with its Joint Exercise of Powers Agreement dated May 18, 1993, as amended, at the request of the County to provide financial assistance to the County for the financing of the acquisition and installation of the Energy Conservation Equipment (the *"Project"*) by (a) leasing from the County certain parcels of real property together with the current improvements thereon pursuant to a Lease between the County (as lessor) and the Authority (as lessee), to be dated the date of issuance of the Lease Revenue Bonds (the *"Lease"*); (b) subleasing to the County (as sublessee) pursuant to a Sublease and Option to Purchase (the *"Sublease"*) such real property and current improvements together with all or any portion of the Energy Conservation Equipment to be designed, acquired and installed thereon as the County and the Authority determine (collectively, the *"Facilities"*); and (c) entering into an indenture of trust (the *"Indenture"*) with a trustee for the purpose of issuing one or more series of taxable Lease Revenue Bonds from time to time, the proceeds of which will be used to pay the Project costs and costs of issuance of the Lease Revenue Bonds (within the applicable limitation on the financing of such costs of issuance from Bond proceeds) as will be provided in the Indenture; and

WHEREAS, the County intends to undertake the Project on County-owned facilities located within the County and to finance the Project through the issuance of taxable Lease Revenue Bonds in an aggregate principal amount not to exceed $39,017,976.83; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the *"Code"*) authorizes a new category of federally taxable bonds entitled *"qualified energy conservation bonds"* that have been codified in Sections 54A, 54D and 6431 of the Code; and

WHEREAS, the County has been awarded an allocation by the U.S. Department of the Treasury to issue up to $39,017,976.83 in *"qualified energy conservation bonds,"* as taxable bonds to finance a qualified energy conservation project that qualifies as a *"qualified conservation purpose"* under Section 54D(f) of the Code;

WHEREAS, in connection with the financing of the Project costs, the County expects to incur expenses for which the County may choose to advance internal funds; and

WHEREAS, the County intends to reimburse itself for all or a portion of such Project costs from the proceeds of the Lease Revenue Bonds; and

WHEREAS, in accordance with applicable California law and the requirements of the California Debt Limit Allocation Committee (*"CDLAC"*), the County submitted its Plan of Issuance to CDLAC on or before January 31, 2010 with respect to the financing of the Project and the County's intention to use its allocation of a portion of the national qualified energy conservation bond limitation under Section 54D of the Code; and

WHEREAS, the County desires to submit its Revised Plan of Issuance and other documentation to CDLAC by August 15, 2010 in accordance with the requirements of CDLAC, including the adoption of this Resolution by which the Board approves the Project and the financing thereof through the issuance of Lease Revenue Bonds that will constitute *"qualified energy conservations bonds"* within the meaning, and for purposes, of Sections 54A, 54D and 6431 of the Code and delivery of a certified copy of this Resolution to CDLAC by August 15, 2010, together with other supporting documentation required by CDLAC, to preserve the County's allocation of a portion of the national qualified energy conservation bond limitation for issuance of the Lease Revenue Bonds; and

WHEREAS, the County desires to approve the Project and to declare its intention to authorize the issuance and sale of the Lease Revenue Bonds, provided certain conditions are met, for the purpose of financing costs of the Project and costs of issuance of the Lease Revenue Bonds within the applicable limitation under the Code;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Board hereby finds and determines that the above recitals are true and correct.

Section 2. The Board hereby finds and determines that it is necessary and desirable and a public purpose for the County to obtain financing for the Project by arranging for the Authority to issue Lease Revenue Bonds, which qualify as "qualified energy conservation bonds" within the meaning of Sections 54A, 54D and 6431 of the Code. The Board hereby expressly approves the Project and hereby expresses its official intent, at one time or from time to time, to issue and sell through the Authority Lease Revenue Bonds in one or more series in accordance with applicable California law, subject to the conditions set forth herein. This Resolution does not bind the County to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. The Lease Revenue Bonds will be payable solely from base rental payments to be paid by the County to the Authority under the Sublease, which the Authority assigns and pledges to the Bond trustee under the Indenture, subject to the following conditions: (a) the County and the Authority shall have first agreed to mutually acceptable terms for the Lease Revenue Bonds and of the sale and delivery thereof, the Lease, the Sublease and the Indenture together with other agreements and other related documents for the financing of the Project; and (b) a resolution approving the financing documents, including the form in which the Lease Revenue Bonds are to be issued and delivered as the County determines to be in its best interests, to which the County will be a party shall have been adopted by the Board.

Section 4. This Resolution is a Declaration of Official Intent with respect to the Project under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Code. The County reasonably expects that certain of the costs of the Project will be reimbursed with the proceeds of the Lease Revenue Bonds, the expected maximum principal amount of which is $39,017,976.83.

Section 5. The officers of the County are hereby authorized and directed to take all actions as may be necessary or appropriate to comply with the requirements of CDLAC for the purpose of preserving the County's allocation of a portion of the national qualified energy conservation bond limitation under Section 54D of the Code with respect to the issuance of the Lease Revenue Bonds, including delivery of a certified copy of this Resolution to CDLAC by August 15, 2010 together with other supporting documentation required by CDLAC to preserve such allocation, and to establish and maintain the treatment of the Lease Revenue Bonds as "qualified energy conservation bonds" for federal income tax purposes, including designation of the Lease Revenue Bonds as "qualified energy conservation bonds" within the meaning of Section 54D(a) of the Code

and irrevocably electing to have Section 6431(f) of the Code apply to the Lease Revenue Bonds, as the Board shall determine to be in the best interests of the County.

Section 6. This Resolution shall take effect immediately upon its passage.

The foregoing resolution was, on the 10th day of August, 2010, 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.

Sachi A. Hamai,
Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles

By LaChelle Smitherman
DEPUTY

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
COUNTY COUNSEL

By: Cammy C. DuPont
Cammy C. DuPont
Principal Deputy County Counsel

Exhibit A

Solar Roof Project - Facility	City	Assumed System Size	Estimated Project Costs	Bond Requirement (incl. cap. interest + costs of issuance)*
High Desert Complex	Lancaster	2,000	$14,000,000	$14,445,000
H.Humphrey CHC	Los Angeles	750	$4,105,275	$4,236,207
Sheriff STARS Center	Whittier	750	$4,105,275	$4,236,207
Nidorf Juvenile Hall	Sylmar	750	$4,105,275	$4,236,207
Los Padrinos Juvenile Hall	Downey	750	$4,105,275	$4,236,207
Palmdale Sheriff's Station	Palmdale	270	$1,477,899	$1,525,034
LAC+USC Med Center	Los Angeles	270	$1,477,899	$1,525,034
Camp Miller/ Kilpatrick	Malibu	270	$1,477,899	$1,525,034
Century Regional Detention Center	Lynwood	270	$1,477,899	$1,525,034
El Monte Comprehensive Health Center	El Monte	270	$1,477,899	$1,525,034
			$37,810,595	$39,015,000