COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

62 MAY 17, 2011

SACHI A. HAMAI
EXECUTIVE OFFICER

May 17, 2011

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

Dear Supervisors:

ISSUANCE AND SALE OF
2011-12 TAX AND REVENUE ANTICIPATION NOTES
(ALL DISTRICTS) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector is requesting authorization from your Board to issue Tax and Revenue Anticipation Notes (TRANs) to meet the Fiscal Year 2011-12 cash flow needs of the County General Fund. This short-term borrowing program enables the County to effectively manage its expenditure requirements and greatly reduces the need for internal borrowing. With respect to the 2011-12 TRANs, we are requesting authorization for a maximum issuance not to exceed $1,500,000,000. As in prior years, the final size of the issuance will be adjusted to meet the anticipated cash flow needs of the County and to ensure compliance with federal regulations for tax-exempt financings. The size of the TRANs borrowing is currently expected to be $1,300,000,000.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2011-12 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $1,500,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2011-12 TRANs and the execution and delivery of all related financing documents. Since 1977, the County has annually issued tax-exempt TRANs in connection with its cash management program for the upcoming fiscal year. This short-term borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year. The proceeds generated from the issuance of TRANs are maintained in a separate fund by the Auditor-Controller

and transferred on a periodic basis to meet the expenditure needs of the County General Fund. This process serves to both reduce the County's need for internal borrowing and enhance the earnings of the County Treasury Pool.

In consideration of the 2011-12 Recommended County Budget, the ongoing State of California fiscal crisis and related cash flow assumptions for the upcoming fiscal year, we expect the initial offering size of the 2011-12 TRANs to be $1,300,000,000. If circumstances change with respect to the County's financial outlook, the Resolution provides the flexibility to either adjust the size of the initial offering or to issue an additional series of 2011-12 TRANs. However, in no event would the principal amount of the 2011-12 TRANs exceed the maximum authorization of $1,500,000,000.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness by providing sufficient financial resources to help meet the Fiscal Year 2011-12 cash flow requirements of the County General Fund.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2011-12 TRANs is dependent on market conditions at the time of the sale. The Resolution provides that the price and interest rate on the TRANs shall not result in a true interest cost that exceeds four percent (4%). However, the actual cost of borrowing is expected to be significantly lower and may result in a true interest cost below one percent (1%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Given our current view of the municipal note market, we expect the 2011-12 TRANs to be sold as fixed rate notes with multiple maturity dates of one year or less. The final structure of the TRANs will be determined at the time of pricing, which is currently scheduled for mid-June. Proceeds from the sale of the 2011-12 TRANs are expected to be available to the County on July 1, 2011.

Consistent with the County's practice in recent years, the Treasurer and Tax Collector is recommending a negotiated sale of the 2011-12 TRANs. Based on the results of a competitive bid process, the Treasurer and Tax Collector selected J.P. Morgan Securities Inc. to be the senior managing underwriter and Citigroup Global Markets Inc. and Goldman, Sachs & Co. to serve as co-senior managers. Three or more additional underwriting firms will be selected to participate in the sale of the TRANs once the final offering size has been determined. Hawkins Delafield & Wood LLP will serve as bond counsel for this transaction.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

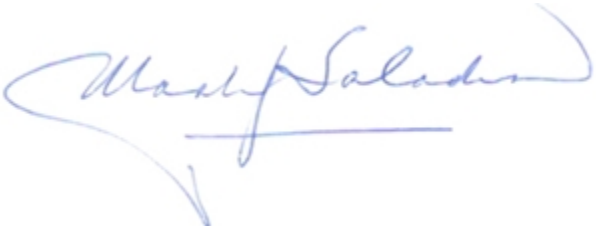
The 2011-12 TRANs are issued as part of a cash management program, which has no direct impact on current services.

CONCLUSION

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of

Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB:JP:KC

Enclosures

c: Chief Executive Officer
County Counsel
Auditor-Controller
Hawkins Delafield & Wood LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA PROVIDING FOR THE ISSUANCE AND SALE OF 2011-12 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,500,000,000

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

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

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

WHEREAS, the County has determined that it is necessary and in the best interests of the County to authorize the borrowing of an amount not to exceed $1,500,000,000 with respect to the County's Fiscal Year 2011-12, such indebtedness to be evidenced by the 2011-12 Tax and Revenue Anticipation Notes authorized hereby (the "**2011-12 TRANs**") in an aggregate principal amount not to exceed the sum described above; and

WHEREAS, the unrestricted taxes, income, revenue, cash receipts and other moneys to be received by the County during the Fiscal Year 2011-12 that will be available for the payment of the 2011-12 TRANs and all other notes issued by the County under the Act in such Fiscal Year, and the interest thereon, are reasonably estimated to be in excess of $6,400,000,000.

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

SECTION 1. This Resolution is adopted pursuant to the provisions of the Act and other applicable laws.

SECTION 2. The 2011-12 TRANs are hereby authorized to be issued in one or more series in an aggregate principal amount not to exceed $1,500,000,000. The 2011-12 TRANs shall mature on any date or dates not later than 13 months from their date of issuance, in each case as shall be established by the Treasurer and Tax Collector of the County (the "**Treasurer**") and set forth in the Financing Certificate (herein defined). The form of Financing Certificate on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver said Financing Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as he may approve, in his sole discretion, as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof (said Financing Certificate, as so executed and delivered, is referred to hereinafter as the "**Financing Certificate**"). The Treasurer is empowered to implement the fundamental policies established by this Resolution

in a manner determined by the Treasurer to be in the best interests of the County, after giving consideration to each of the following with regard to the issuance of the 2011-12 TRANs: (i) market access; (ii) the costs to the County; and (iii) the generation of sufficient proceeds, as contemplated by this Resolution. Without limiting the foregoing, the Treasurer, subject to Section 5 hereof, may determine the maturity date or dates and amount or amounts for any and each respective series of the 2011-12 TRANs, and the Treasurer is hereby authorized to make conforming changes reflecting such maturity or maturities and amount or amounts to each of the documents approved by this Resolution, including changes to the dates and amounts to be set aside hereunder and under the Financing Certificate prior to the end of the fiscal year as the Treasurer determines are necessary or appropriate. The terms and conditions as set forth (or incorporated by reference) in the Financing Certificate, together with the terms and conditions of the 2011-12 TRANs set forth in this Resolution, together with any authorized and approved supplements and amendments thereto, if any, shall, upon the execution and delivery of the Financing Certificate, be the terms and conditions of such 2011-12 TRANs, as if all such terms and conditions were fully set forth in this Resolution.

SECTION 3. In consideration of the purchase and acceptance of any and all of the 2011-12 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the holders from time to time of the 2011-12 TRANs (the "**Holders**"). The pledge made in and the covenants and agreements to be performed by and on behalf of the County set forth in this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2011-12 TRANs, regardless of the maturity or maturities of the 2011-12 TRANs, shall be of equal rank without preference, priority or distinction of any of the 2011-12 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

SECTION 4. The 2011-12 TRANs may be subject to redemption as determined by the Treasurer and provided for in the Financing Certificate.

SECTION 5. The Treasurer is authorized to negotiate the sale of the 2011-12 TRANs issued under this Resolution from time to time at such prices (not to exceed the maximum interest rate permitted by law) as may be established by the Treasurer and set forth in an agreement or agreements between the County and the initial purchasers of all or a portion of the 2011-12 TRANs (each, a "**Purchase Contract**"); *provided, however*, that the price and the interest rates for 2011-12 TRANs of any series shall not result in a true interest cost (taking into consideration all applicable contracts entered into pursuant to Section 10 of this Resolution) to the County with respect to such series of 2011-12 TRANs that exceeds 4.0%. The Treasurer is further authorized to execute each Purchase Contract and any other documents required to be executed pursuant to such Purchase Contract and to deliver such documents in accordance with such Purchase Contract.

SECTION 6. The Treasurer is hereby authorized to prepare and distribute one or more preliminary official statements in such form as the Treasurer or any of his respective designees may approve, to persons who may be interested in the purchase of 2011-12 TRANs of any series. The form of preliminary official statement on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer and his respective designees are and each of them acting alone is hereby authorized, for and in the name and on behalf of the County, to approve one or more final official statements for the 2011-12 TRANs authorized hereby, each in substantially the form of the respective preliminary official statement, with such insertions and

changes therein as the Treasurer or any of his respective designees may require or approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the delivery of such official statement or official statements. The Treasurer and his respective designees are hereby further authorized to execute and deliver a certificate or other instrument deeming each preliminary official statement to be final as of its respective date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

SECTION 7. All or any portion of the 2011-12 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceeds the cost thereof. In the event that 2011-12 TRANs bearing variable interest rates are executed and delivered, such 2011-12 TRANs may additionally be sold with liquidity support (such as a letter of credit and related reimbursement agreement, line of credit, standby note purchase agreement or similar agreement). The form, terms and conditions of each such credit enhancement or liquidity support shall be as approved by the Treasurer.

SECTION 8. The Auditor-Controller of the County (the "**Auditor-Controller**") is hereby directed to establish a "2011-12 TRANs Repayment Fund" (the "**2011-12 TRANs Repayment Fund**") and any additional subaccounts therein that the Auditor-Controller deems necessary to effectuate the purposes of this Resolution. As provided in the Financing Certificate and in the Act, the 2011-12 TRANs shall be payable from the taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2011-12 and lawfully available for the payment of the 2011-12 TRANs and interest thereon. The Auditor-Controller is directed to deposit in the 2011-12 TRANs Repayment Fund, subject to the provisions set forth below, the following amounts (calculated based on the maximum requested authorization of $1,500,000,000), such amounts being hereby pledged as provided in the Act and in the Financing Certificate to the payment of the 2011-12 TRANs (the "**Pledged Moneys**"):

(a) (1) the first $525,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after December 20, 2011 ***plus*** (2) an amount equal to the interest that will accrue on the 2011-12 TRANs of any series, assuming that all 2011-12 TRANs that have variable interest rate periods commencing after December 20, 2012 will bear interest at the lesser of the maximum rate permitted by law or the maximum rate permitted by the Financing Certificate from the day following the last day of each such then-effective variable interest rate period to the maturity of such series of variable rate 2011-12 TRANs; *provided* that at such time as any actual variable interest rate shall be determined with respect to any such variable interest rate period, then the excess of any payment made by the County due to an assumed interest rate shall be promptly remitted to the County;

(b) the first $450,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after January 2, 2012;

(c) the first $150,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after February 1, 2012;

(d) the first $75,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after March 1, 2012; and

(e) the first $300,000,000 of unrestricted taxes, income, revenues, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after April 1, 2012;

provided, however, that the Treasurer is hereby authorized, at his discretion, to approve any adjustment to the scheduled deposit of accrued interest on the 2011-12 TRANs referred to in paragraph (a) above to provide for earlier deposits of certain portions of such interest in order to maximize the marketability of 2011-12 TRANs of such series, the same being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery of the Financing Certificate;

provided, however, that if less than $1,500,000,000 in aggregate principal amount of the 2011-12 TRANs are issued, then on the date of issuance of any series 2011-12 TRANs, the set-aside amounts referred to in clauses (a) through (e) above shall be reduced pro rata (assuming for purposes of accrual of interest in clause (a) that all 2011-12 TRANs that bear interest at a variable rate bear interest at the maximum rate permitted by law or by the Financing Certificate) by an aggregate amount equal to the difference between $1,500,000,000 and the aggregate principal amount of the 2011-12 TRANs actually issued (rounded up to the nearest one million dollars).

To the extent that any amounts actually received pursuant to clauses (a) through (e) above are less than the amount designated for each such deposit, the Auditor-Controller shall deposit into the 2011-12 TRANs Repayment Fund additional amounts from any other moneys of the County available therefor. To the extent a 2011-12 TRAN of any series is not paid from the Pledged Moneys, such 2011-12 TRAN shall be paid with the interest thereon from any other moneys of the County available therefor. As provided in the Act, the 2011-12 TRANs and the interest thereon are a valid lien and charge against and are payable from the first moneys received by the County from such Pledged Moneys at their stated maturity. The Pledged Moneys, which may be invested in Permitted Investments (as defined in the Financing Certificate), shall be used to pay the 2011-12 TRANs and the interest thereon when the same shall become due and payable and may not be used for any other purpose, although earnings on amounts in the 2011-12 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the 2011-12 TRANs Repayment Fund after repayment of all 2011-12 TRANs and the interest thereon shall be transferred to any other account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

SECTION 9. The form of Disclosure Certificate of the County (the "**Disclosure Certificate**") on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver said Disclosure Certificate, substantially in the form on file with the Board, with such

changes therein as may be necessary or as he may approve, in his sole discretion, as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof.

SECTION 10. Pursuant to Section 5922 of Chapter 12, Division 6, Title 1 of the California Government Code, as amended, the Board hereby authorizes the Treasurer, in connection with, or incidental to, the issuance or carrying of the 2011-12 TRANs, or the acquisition or carrying of any investment or program of investment by the County, to enter into any contracts, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, or contracts, including without limitation interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the Treasurer determines to be necessary or appropriate (with such terms and provisions as the Treasurer deems necessary or appropriate) to place the obligation or investment represented by such 2011-12 TRANs, such investment or program of investment, or such contract or contracts, in whole or in part, on the interest rate or other basis determined by the Treasurer. The principal or notional amount with respect to any such contract entered into shall not exceed the greater of the principal aggregate amount of the 2011-12 TRANs or the amount of Pledged Moneys.

These contracts and arrangements shall be entered into with the parties, including without limitation the initial purchasers of any 2011-12 TRANs, selected by the means determined by the Treasurer, and shall contain the payment, security, default, remedy and other terms and conditions determined by the Treasurer, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. The form, terms and conditions of any such contract entered into shall be as approved by the Treasurer and consistent with the purposes of this Resolution and the Financing Certificate.

SECTION 11. The Board hereby finds and determines that the contracts authorized by Section 10 of this Resolution are designed to reduce the amount or duration of payment, currency, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the 2011-12 TRANs and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is entered into.

SECTION 12. Whenever any document or instrument, including without limitation any 2011-12 TRANs, any Purchase Contract or the Financing Certificate, or any term, provision or condition thereof, is to be approved or established by an authorized officer of the County pursuant to this Resolution, such approval or establishment shall be conclusively evidenced by such authorized officer's execution of such document or instrument or the document or instrument containing such term, provision or condition.

SECTION 13. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and the Financing Certificate and necessary or appropriate to carry the same into effect and to carry out its purposes.

SECTION 14. This Resolution shall take effect immediately.

The foregoing resolution was on the 17th day of May, 2011, 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: Camm C. DePaul
Principal Deputy County Counsel

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF
2011-12 TAX AND REVENUE ANTICIPATION NOTES

Dated: July 1, 2011

$[Aggregate Par Amount]
COUNTY OF LOS ANGELES
2011-12 TAX AND REVENUE ANTICIPATION NOTES

$[SERIES A PAR] COUNTY OF LOS ANGELES 2011-12 TAX AND REVENUE ANTICIPATION NOTES, SERIES A	$[SERIES B PAR] COUNTY OF LOS ANGELES 2011-12 TAX AND REVENUE ANTICIPATION NOTES, SERIES B	$[SERIES C PAR] COUNTY OF LOS ANGELES 2011-12 TAX AND REVENUE ANTICIPATION NOTES, SERIES C

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FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS OF ISSUANCE AND SALE OF 2011-12 TAX AND REVENUE ANTICIPATION NOTES

In connection with the issuance and sale of the 2011-12 Tax and Revenue Anticipation Notes issued by the County of Los Angeles, California, the Treasurer and Tax Collector of the County of Los Angeles hereby certifies that such 2011-12 Tax and Revenue Anticipation Notes are issued on the following terms and conditions:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

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

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

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

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

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

"**Board**" shall mean the Board of Supervisors of the County.

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

"**Certificate**" shall mean this "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes," as from time to time amended or supplemented in accordance with the terms hereof.

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

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time, and all rules and temporary, proposed or final regulations from time to time promulgated thereunder.

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

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

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

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

"**General Fund**" shall mean the General Fund of the County.

"**Holder**" shall mean the Person in whose name any 2011-12 TRANs is registered on the Note Register.

"**Maturity Date**" shall mean the respective dates of maturity of the 2011-12 TRANs as set forth in the 2011-12 TRANs and Section 203 hereof.

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

"**Moody's**" shall mean Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the County.

"**Note Register**" shall mean the registration books for the 2011-12 TRANs maintained by the Note Registrar pursuant to Section 302.

"**Note Registrar**" shall mean the Treasurer.

"**Official Statement**" shall mean that certain Official Statement dated June __, 2011 relating to the 2011-12 TRANs, including any approved supplement or amendment thereto.

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

"**Original Purchaser**" shall mean the Person or Persons who are the initial purchasers from the County of the 2011-12 TRANs upon the original issuance thereof.

"**Outstanding**", when used with reference to the 2011-12 TRANs, shall mean, as of any date, all of the 2011-12 TRANs theretofore or thereupon being issued under this Certificate except:

(i) 2011-12 TRANs cancelled on or prior to such date;

(ii) 2011-12 TRANs for which other 2011-12 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and

(iii) 2011-12 TRANs referred to in Section 305.

"**Participant**" shall mean an entity which is recognized as a participant by the Securities Depository in the book-entry system of maintaining records with respect to the 2011-12 TRANs.

"**Paying Agent**" shall mean the Treasurer or any other Paying Agent appointed by the County pursuant to this Certificate.

"**Payment Date**" shall mean any date on which the Paying Agent transfers an amount equal to the principal of and interest then due on the 2011-12 TRANs to the Holders thereof.

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

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

(ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); (f) Student Loan Marketing Association ("SLMA"); and (g) guaranteed portions of Small Business Administration ("SBA") notes,

(iii) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's, S&P, or Fitch and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,

(iv) The Los Angeles County Treasury Pool,

(v) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with this Certificate. The institution must have a minimum short-term debt rating of "A-1", "P-1", or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's, or Fitch,

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

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

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

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

Notwithstanding anything within this definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2011-12 TRANs, to the extent Pledged Moneys are invested in Permitted Investments described in paragraphs (iii), (v), (vii) or (ix), such investments must be rated by S&P at the respective S&P ratings described therein.

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

"**Pledged Moneys**" shall mean the unrestricted taxes, income, revenue, cash receipts and other moneys pledged by the County under the Act and pursuant to the Resolution, and described in Section 402, for the security and payment of the 2011-12 TRANs and the interest thereon, whether or not such taxes, income, revenue, cash receipts or moneys are deposited in the 2011-12 TRANs Repayment Fund.

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

"**Purchase Contract**" shall mean an agreement between the County and the Original Purchaser of all or a portion of the 2011-12 TRANs, together with any amendments thereto.

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

"**Representation Letter**" shall mean one or more letters of representation from the County to, or other instruments or agreements of the County with, a Securities Depository in which the County, among other things, makes certain representations to such Securities Depository with respect to the 2011-12 TRANs, the payment thereof and delivery of notices with respect thereto.

"**Resolution**" shall mean the "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $1,500,000,000," adopted on May 17, 2011, as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

"**S&P**" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the County.

"**Securities Depository**" shall mean DTC or any successor as Securities Depository for the 2011-12 TRANs appointed pursuant to Section 202.

"**State**" shall mean the State of California.

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

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

"**Tax Certificate**" shall mean the Tax and Nonarbitrage Certificate, executed by the County on the date of issuance and delivery of the 2011-12 TRANs, as amended from time to time.

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

"**2011-12 TRANs**" shall mean all of the County's 2011-12 Tax and Revenue Anticipation Notes, issued in an aggregate principal amount of $[Aggregate Par Amount] and authorized pursuant to the Resolution.

"**2011-12 TRANs, Series A**" shall mean all of the County's 2011-12 Tax and Revenue Anticipation Notes, Series A issued in an aggregate principal amount of $[Series A Par] and authorized pursuant to the Resolution.

"**2011-12 TRANs, Series B**" shall mean all of the County's 2011-12 Tax and Revenue Anticipation Notes, Series B issued in an aggregate principal amount of $[Series B Par] and authorized pursuant to the Resolution.

"**2011-12 TRANs, Series C**" shall mean all of the County's 2011-12 Tax and Revenue Anticipation Notes, Series C issued in an aggregate principal amount of $[Series C Par] and authorized pursuant to the Resolution.

"**2011-12 TRANs Proceeds Fund**" shall mean the 2011-12 TRANs Proceeds Fund as described in Section 401.

"**2011-12 TRANs Repayment Fund**" shall mean the 2011-12 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

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

SECTION 103. Authority for Certificate. This Certificate is executed and delivered pursuant to and in connection with the Resolution.

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

SECTION 105. Financing Certificate to Constitute Contract. In consideration of the purchase and acceptance of any and all of the 2011-12 TRANs to be issued hereunder by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2011-12 TRANs. The pledge made in this Certificate and the covenants and agreements herein set forth to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the 2011-12 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2011-12 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2011-12 TRANS

SECTION 201. Authorization, Form and Date of 2011-12 TRANs.

1. The 2011-12 TRANs in an aggregate principal amount of not to exceed $1,500,000,000 have been authorized to be issued in one or more series pursuant to the Resolution and are entitled to the benefit, protection and security thereof. The 2011-12 TRANs shall be issued in anticipation of the receipt by the County of certain taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year commencing July 1, 2011. Such notes shall be designated as and shall be distinguished from the notes and securities of all other issues of the County by the title "2011-12 Tax and Revenue Anticipation Notes."

2. As of the date hereof, the County has authorized the issuance of $[Aggregate Par Amount] aggregate principal amount of 2011-12 TRANs, consisting of $[Series A Par] aggregate principal amount of 2011-12 TRANs hereby designated the "2011-12 Tax and Revenue Anticipation Notes, Series A," $[Series B Par] aggregate principal amount of 2011-12 TRANs hereby designated the "2011-12 Tax and Revenue Anticipation Notes, Series B" and $[Series C Par] aggregate principal amount of 2011-12 TRANs hereby designated the "2011-12 Tax and Revenue Anticipation Notes, Series C."

3. The 2011-12 TRANs shall be issued in fully registered form, without coupons and in Authorized Denominations; provided that the 2011-12 TRANs shall initially be issued in book-entry only form pursuant to Section 202. The County hereby certifies and recites that all acts, conditions and things required by law, the Resolution and this Certificate to exist, to have happened, and to have been performed precedent to and during the issuance of the 2011-12 TRANs do exist, have happened and have been performed in due time, form and manner, as required by law and the Resolution and this Certificate. The 2011-12 TRANs shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2011-12 TRANs.

4. Except as otherwise provided in a Representation Letter, at and after the Maturity Date of the 2011-12 TRANs, the principal of and interest then due on the 2011-12 TRANs shall be payable in lawful money of the United States of America upon surrender of the 2011-12 TRANs at the Principal Office of the Paying Agent. The 2011-12 TRANs so surrendered to the Paying Agent on any Business Day at or prior to 12:00 noon, shall be paid in

funds immediately available on such Business Day. The 2011-12 TRANs so surrendered to the Paying Agent on any Business Day after 12:00 noon shall be paid on the next succeeding Business Day in funds immediately available on such succeeding Business Day.

5. The 2011-12 TRANs shall not be subject to redemption prior to their Maturity Date.

SECTION 202. <u>Book-Entry Notes</u>.

1. Subject to any limitation on maximum principal amount imposed by DTC, the 2011-12 TRANs shall be initially issued in the form of a single, separate fully registered note (which may be typewritten) in the full aggregate principal amount for each maturity of such 2011-12 TRANs, and upon initial issuance, the ownership of such 2011-12 TRANs shall be registered in the Note Register in the name of Cede & Co., as nominee of DTC, the initial Securities Depository. Except as provided in subsection 5 of this Section, all of the 2011-12 TRANs shall be registered in the Note Register in the name of Cede & Co., or such other nominee of DTC or any successor Securities Depository or the nominee thereof, as shall be specified pursuant to a Representation Letter.

2. With respect to 2011-12 TRANs registered in the Note Register in the name of the Securities Depository, or its nominee, the County and the Paying Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in any such 2011-12 TRANs. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository, the nominee of the Securities Depository or any Participant with respect to any ownership interest in the 2011-12 TRANs, (b) the delivery to any Participant or any other Person, other than a Holder as shown in the Note Register, of any notice with respect to the 2011-12 TRANs or (c) the payment to any Participant or any other Person, other than a Holder as shown in the Note Register, of any amount with respect to principal of or interest on the 2011-12 TRANs. The County may treat and consider the Person in whose name any 2011-12 TRANs is registered in the Note Register as the Holder and absolute owner of such 2011-12 TRANs for the purpose of payment of principal and interest on such 2011-12 TRANs and for all other purposes whatsoever.

3. The Paying Agent shall pay all principal of and interest on the 2011-12 TRANs only to or upon the order of the respective Holders, as shown in the Note Register on the respective Maturity Dates thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the obligations with respect to the payment of principal of and interest on the 2011-12 TRANs under this Certificate and the 2011-12 TRANs to the extent of the sums so paid. Upon delivery by the Securities Depository to the Treasurer of written notice to the effect that the Securities Depository has determined to substitute a new nominee, the word “nominee” in this Certificate shall refer to such new nominee of the Securities Depository.

4. In order to qualify the 2011-12 TRANs for the Securities Depository’s book-entry system, the Treasurer has been authorized to execute and deliver, or has executed and delivered, on behalf of the County to the Securities Depository a Representation Letter or

Representation Letters representing such matters as shall be necessary to so qualify such 2011-12 TRANs. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of subsection 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the 2011-12 TRANs other than the Holders as shown in the Note Register. In addition to the execution and delivery of the Representation Letter or Representation Letters, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such 2011-12 TRANs for the Securities Depository's book-entry program.

5. In the event (a) the incumbent Securities Depository determines not to continue to act as Securities Depository for the 2011-12 TRANs or (b) the County determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate to the incumbent Securities Depository to that effect, then the County will discontinue the book-entry system for the 2011-12 TRANs with the incumbent Securities Depository. If the County determines to replace the incumbent Securities Depository with another qualified Securities Depository, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver, subject to any limitation on maximum principal amount imposed by the successor Securities Depository, a new single, separate fully-registered note (which may be typewritten) for the aggregate outstanding principal amount of the 2011-12 TRANs held by the incumbent Securities Depository, registered in the name of such successor or substitute qualified Securities Depository or its nominee, or make such other arrangement acceptable to the County and the successor Securities Depository as are not inconsistent with the terms of this Certificate. If the County fails to identify another qualified successor Securities Depository to replace the incumbent Securities Depository, then the 2011-12 TRANs shall no longer be restricted to being registered in the Note Register in the name of the Securities Depository or its nominee, but shall be registered in whatever name or names the Securities Depository or its nominee shall designate. In such event the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver to the Holders thereof, such 2011-12 TRANs as are necessary or desirable to carry out the transfers and exchanges provided in this Section and Section 302. All such 2011-12 TRANs shall be in fully registered form in the denominations authorized upon original issuance pursuant to Section 201.

6. Notwithstanding any other provision of this Certificate to the contrary, so long as any 2011-12 TRANs is registered in the name of the Securities Depository or its nominee, all notices and payments with respect to principal of and interest on such 2011-12 TRANs shall be given and made, respectively, as provided in a Representation Letter or as otherwise instructed by the Securities Depository.

SECTION 203. <u>Maturity Date, Principal Amount of and Interest on the 2011-12 TRANs</u>. The 2011-12 TRANs shall be dated July 1, 2011. Interest shall be paid on the Maturity Date for each series of 2011-12 TRANs. The 2011-12 TRANs of each series shall bear interest from their date of original issuance payable at their stated maturity and calculated at the rate set forth below per annum, on the basis of a 360-day year comprised of 12 months of 30 days each. The 2011-12 TRANs shall mature on the dates and in the principal amounts and bear interest at the respective rates as set forth in the following schedule:

Series	Maturity Date	Principal Amount	Interest Rate
2011-12 TRANs, Series A	[Series A Maturity]	$[Series A Par]	[Series A Interest Rate]%
2011-12 TRANs, Series B	[Series B Maturity]	$[Series B Par]	[Series B Interest Rate]%
2011-12 TRANs, Series C	[Series C Maturity]	$[Series C Par]	[Series C Interest Rate]%

ARTICLE III

GENERAL TERMS AND PROVISIONS OF 2011-12 TRANS

SECTION 301. Execution of 2011-12 TRANs; Authentication.

1. The 2011-12 TRANs shall be executed in the name of the County by the manual or facsimile signature of the Chair of the Board and the Executive Officer-Clerk of the Board, and the County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. No 2011-12 TRANs shall be entitled to any benefit under the Resolution or this Certificate or be valid or obligatory for any purpose, unless there appears on such 2011-12 TRANs, a certificate of authentication substantially in the form provided for herein executed by the manual signature of the Paying Agent. Such certificate upon any 2011-12 TRANs shall be conclusive evidence, and the only evidence, that such 2011-12 TRANs has been duly issued, authenticated and delivered hereunder.

2. In case any one or more of the officers who shall have signed or sealed any of the 2011-12 TRANs shall cease to be such officer before the 2011-12 TRANs so signed and sealed shall have been issued, such 2011-12 TRANs so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2011-12 TRANs had not ceased to hold such offices. Any of the 2011-12 TRANs may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2011-12 TRANs shall be duly authorized to hold or shall hold the proper office in the County, although on the date borne by the 2011-12 TRANs such persons may not have been so authorized or have held such office.

SECTION 302. Negotiability, Transfer and Exchange.

1. The Note Registrar will keep at its Principal Office sufficient books for the registration of transfer and exchange of the 2011-12 TRANs as to which it serves as Note Registrar, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2011-12 TRANs on such books as hereinafter provided.

2. Any 2011-12 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such 2011-12 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar. Whenever any 2011-12 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2011-12 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder

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

3. The County and the Paying Agent may deem and treat the Holder of any 2011-12 TRANs as the absolute owner of such 2011-12 TRANs, regardless of whether such 2011-12 TRANs shall be overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effective to satisfy and discharge the liability upon such 2011-12 TRANs to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary. The County agrees, to the extent permitted by law, to indemnify and hold each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Certificate, in so treating such Holder.

4. The 2011-12 TRANs shall not be exchangeable for other 2011-12 TRANs except as provided in Section 202, this Section 302 and Section 303.

SECTION 303. <u>2011-12 TRANs Mutilated, Destroyed, Stolen or Lost</u>. In case any 2011-12 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2011-12 TRANs of like principal amount, denomination and tenor as the 2011-12 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2011-12 TRANs, or in lieu of and substitution for the 2011-12 TRANs destroyed, stolen or lost, upon the filing with the Paying Agent and the County of evidence satisfactory to the Paying Agent and the County that such 2011-12 TRANs have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Paying Agent and the County with indemnity satisfactory to the Paying Agent and the County and complying with such other reasonable regulations as the Paying Agent and the County may prescribe and paying such expenses as the Paying Agent and the County may incur. All 2011-12 TRANs so surrendered shall be cancelled. Any such substitute 2011-12 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2011-12 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2011-12 TRANs shall be equally secured by and entitled to equal and proportionate benefits with all other 2011-12 TRANs issued under the Resolution and this Certificate in any moneys or securities held by the County or the Paying Agent for the benefit of the Holders of the 2011-12 TRANs.

SECTION 304. <u>Cancellation</u>. All 2011-12 TRANs which at or after maturity are surrendered to the Paying Agent for the collection of the principal thereof and interest thereon shall be cancelled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent shall deliver to the County a certificate specifying the cancellation of such 2011-12 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

SECTION 305. <u>2011-12 TRANs Held by County</u>. If the County shall become the Holder of any 2011-12 TRANs, such 2011-12 TRANs shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation; *provided, however*,

that the County shall not be deemed to be the Holder of any 2011-12 TRANs held by it in a fiduciary capacity.

ARTICLE IV

ESTABLISHMENT OF 2011-12 TRANS PROCEEDS FUND AND REPAYMENT FUND AND APPLICATION THEREOF

SECTION 401. Use of Proceeds of 2011-12 TRANs.

1. The Auditor-Controller is hereby directed to establish the "2011-12 TRANs Proceeds Fund." The proceeds of the sale of the 2011-12 TRANs upon original issuance shall be deposited in said 2011-12 TRANs Proceeds Fund. The County shall make disbursements from the 2011-12 TRANs Proceeds Fund to pay current Fiscal Year 2011-12 expenditures and to discharge other obligations or indebtedness of the County in accordance with Section 53852 of the Act and the instructions and agreements set forth in the Tax Certificate. Amounts on hand in the 2011-12 TRANs Proceeds Fund shall be accounted for separately from the other funds of the County and shall be invested so as to be available for the aforementioned disbursements. The Auditor-Controller shall keep a written record of all investments and investment earnings (including any investment of earnings) of amounts in the 2011-12 TRANs Proceeds Fund, as well as a written record of disbursements from the 2011-12 TRANs Proceeds Fund.

2. Without limiting the generality of subsection 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2011-12 TRANs out of moneys in the 2011-12 TRANs Proceeds Fund or any account in the General Fund of the County.

SECTION 402. Payment and Security for the 2011-12 TRANs. Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the "2011-12 TRANs Repayment Fund". The Auditor-Controller is hereby directed to establish any additional subaccounts therein if deemed necessary to effectuate the purposes of the Resolution. As provided in the Act, the 2011-12 TRANs shall be payable from the taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2011-12 and lawfully available for the payment of the 2011-12 TRANs and interest thereon. The Auditor-Controller is directed hereby to deposit in the 2011-12 TRANs Repayment Fund the following amounts, such amounts being hereby pledged as provided in the Act to the payment of the 2011-12 TRANs:

(a) (1) the first $[525,000,000] of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after December 20, 2011 ***plus*** (2) an amount equal to the interest that will accrue on the 2011-12 TRANs of any series;

(b) the first $[450,000,000] of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after January 2, 2012;

(c) the first $[150,000,000] of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after February 1, 2012;

(d) the first $[75,000,000] of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after March 1, 2012; and

(e) the first $[300,000,000] of unrestricted taxes, income, revenues, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after April 1, 2012.

To the extent that any amounts received pursuant to clauses (a) through (e) above are less than the total amount designated for such deposit, the Auditor-Controller shall deposit into the 2011-12 TRANs Repayment Fund additional amounts from any other moneys of the County lawfully available therefor. To the extent any 2011-12 TRANs is not paid from the Pledged Moneys, such 2011-12 TRANs shall be paid with the interest thereon from any other moneys of the County lawfully available therefor. As provided in the Act, the 2011-12 TRANs and the interest thereon are a valid lien and charge against and are payable from the first moneys received by the County comprising such Pledged Moneys. The Pledged Moneys, which may be invested in Permitted Investments, shall be used to pay the 2011-12 TRANs and the interest thereon when the same shall become due and payable and may not be used for any other purpose, although earnings on amounts in the 2011-12 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the 2011-12 TRANs Repayment Fund after repayment of all the 2011-12 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

ARTICLE V

CERTAIN COVENANTS; EVENTS OF DEFAULT AND REMEDIES

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

1. Upon the date of issuance of the 2011-12 TRANs, all conditions, acts and things required of the County by law, the Resolution and this Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the 2011-12 TRANs, shall exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2011-12 TRANs, together with all other indebtedness of the County, shall be within every applicable debt and other limit prescribed by the laws of the State.

2. The County shall not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2011-12 in an amount which, when added to the interest payable thereon, shall exceed 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said Fiscal Year, such principal and interest may be disregarded in computing said limit.

3. The County shall provide, in a timely manner, notice to each Rating Agency that is then providing a rating for the 2011-12 TRANs of the following events:

(i) the substitution or appointment of a successor Paying Agent;

(ii) the payment in full of the principal of and interest on the 2011-12 TRANs; and

(iii) any material amendments to the Resolution, this Financing Certificate, the 2011-12 TRANs or any Official Statement.

SECTION 502. Covenants Relating to the Code. The County shall do the following with respect to the 2011-12 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on the 2011-12 TRANs from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the 2011-12 TRANs proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

2. Notwithstanding any other provisions of this Certificate to the contrary, so long as necessary to maintain the exclusion from gross income of interest on the 2011-12 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2011-12 TRANs and the interest thereon.

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

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

(a) the County fails to make any payment of the principal of, or interest on, any 2011-12 TRANs when and as the same shall become due and payable;

(b) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, this Certificate or the 2011-12 TRANs and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10% in principal amount of the 2011-12 TRANs Outstanding; or

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

2. Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2011-12 TRANs and their legal representatives, shall be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants herein and in the Act. Nothing herein shall preclude an individual Holder from enforcing his or her rights to payment of principal of or interest on the 2011-12 TRANs.

ARTICLE VI

PAYING AGENT

SECTION 601. <u>Liability of Paying Agent</u>. No Paying Agent makes any representations as to the validity or sufficiency of this Certificate or of any 2011-12 TRANs or as to the security afforded by the Resolution or this Certificate, and no Paying Agent shall incur any liability in respect thereof.

SECTION 602. <u>Evidence on Which Paying Agent May Act</u>.

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

2. The Paying Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Certificate, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, bond or other paper or document which it shall in good faith

reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Certificate or at the sole cost and expense of the County with the prior written consent of the County, and when determined necessary in the reasonable discretion of the Paying Agent, as the case may be, upon the written opinion of any attorney (who may be an attorney for the County or an employee of the County) believed by the Paying Agent, to be qualified in relation to the subject matter.

SECTION 603. Compensation.

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

2. To the extent permitted by law and approved by the Treasurer, the County may indemnify the Paying Agent and hold it harmless, against any loss, liability or reasonable expense (including the costs and expenses of its counsel and of investigating and defending against any claim of liability) arising out of or in connection with its acting as Paying Agent under this Certificate; *provided, however*, that the Paying Agent shall not be indemnified for or held harmless against any such loss, liability or expense resulting from its negligence, willful misconduct or bad faith. The provision of this subsection (2) of Section 603 shall remain in full force and effect notwithstanding the resignation or removal of any Paying Agent or the termination of this Certificate.

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the 2011-12 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the making, when due, of any payment required at the Maturity Date of the 2011-12 TRANs .

SECTION 604. Ownership of the 2011-12 TRANs Permitted. Subject to Section 305, any Paying Agent may become the Holder of any 2011-12 TRANs.

SECTION 605. Resignation or Removal of Paying Agent and Appointment of Successor.

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Certificate by giving at least 60 days' prior written notice to the County. Any Paying Agent may be removed at any time with or without cause by an instrument filed with such Paying Agent and signed by the County. A successor Paying Agent may be appointed by the County and shall be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $100,000,000, and willing and able to accept the

office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Certificate. For purposes of this Section, a commercial bank with trust powers or a trust company shall be deemed to have capital and surplus aggregating at least $100,000,000 if it is a wholly-owned subsidiary of a corporation having capital and surplus aggregating at least $100,000,000 and such corporation provides a written guaranty, in form and substance satisfactory to the County, of the performance by the bank or trust company of its obligations as Paying Agent hereunder. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County a written acceptance thereof. Resignation or removal of a Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

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

SECTION 606. References to Paying Agent. References in this Article VI to a Paying Agent shall be deemed to refer to any Paying Agent other than the Treasurer.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

SECTION 701. Supplemental Resolutions and Certificates Effective Without Consent of Holders. A Supplemental Resolution of the County may be adopted, or a Supplemental Certificate may be executed, for any one or more of the following purposes, which, without the requirement of consent of Holders, shall be fully effective in accordance with its terms:

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

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

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

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

(e) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect as required to maintain a rating for the 2011-12 TRANs, or any portion thereof, from any Rating Agency; provided, that the County obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

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

SECTION 702. Supplemental Certificate. Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2011-12 TRANs under this Certificate, in any particular, may be made by a Supplemental Certificate and with the written consent of the Holders of at least a majority in principal amount of the 2011-12 TRANs Outstanding at the time such consent is given; *provided, however*, that if such supplement or amendment will, by its terms, not take effect so long as any 2011-12 TRANs of any particular series remain Outstanding, the consent of the Holders of such series shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2011-12 TRANs or of the then applicable interest rate thereon or a reduction in the principal amount thereof, or shall change the dates or amounts of the pledges set forth in Section 402, or shall reduce the percentage of Holders required to approve any such Supplemental Certificate, without the consent of all of the Holders of affected 2011-12 TRANs nor shall any such supplement or amendment change or modify any of the rights or obligations of any Paying Agent, if applicable, without its written consent thereto. The County shall provide the Rating Agencies notice of any Supplemental Certificate or Supplemental Resolution.

ARTICLE VIII

MISCELLANEOUS

SECTION 801. Moneys Held in Trust for One Year. Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the 2011-12 TRANs that remain unclaimed for a period of one year after the date when such 2011-12 TRANs have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such 2011-12 TRANs became due and payable, shall be repaid to the County, as its absolute property and free from trust, and the Holders shall thereafter look only to the County for the payment of such 2011-12 TRANs from lawfully available funds; *provided, however*, that before any such payment is made to the County, the County shall create (and shall thereafter maintain until payment of all of the 2011-12 TRANs) a record of the amount so repaid, and the County shall cause to be published at least twice, at any interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

IN WITNESS WHEREOF, I have set my hand onto this Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes on this 1st day of July, 2011.

COUNTY OF LOS ANGELES, CALIFORNIA

By:_____
MARK J. SALADINO
Treasurer and Tax Collector

[Signature page to Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes.]

EXHIBIT I TO FINANCING CERTIFICATE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[FORM OF 2011-12 TRANs]

United States of America
State of California
COUNTY OF LOS ANGELES
2011-12 TAX AND REVENUE ANTICIPATION NOTE, SERIES [A/B/C]

Interest Rate	Dated Date	Maturity Date	CUSIP Number
_____%	July 1, 2011	_____, 2011	544657___

Registered Owner: Cede & Co.

Principal Amount: _____

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

This Note is one of a duly authorized issue of notes of the County designated as its "2011-12 Tax and Revenue Anticipation Notes, Series [A/B/C]" (herein called the "**Notes**"), issued in an aggregate principal amount of $_____ under and in full compliance with the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code being Sections 53850 to 53858, inclusive,

as amended (the "**Act**") and under and pursuant to the resolution of the Board of Supervisors of the County, adopted May 17, 2011, entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $1,500,000,000" (such resolution, as the same may be amended or supplemented from time to time, is herein called the "**Resolution**"), and is issued on the terms and conditions set forth in the Financing Certificate, dated July 1, 2011, entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes (such Certificate, as the same may be amended or supplemented from time to time, is herein called the "**Certificate**"). Capitalized terms used and not otherwise defined shall have the meanings given such terms in the Certificate. Copies of the Resolution and the Certificate are on file at the office of the Executive Officer-Clerk of the Board of Supervisors, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof, to the Certificate and any and all supplements thereto and modifications and amendments thereof, and to the Act is made for a complete statement of such terms and conditions.

The Notes and the interest thereon are ratably secured on a parity basis with the County's 2011-12 Tax and Revenue Anticipation Notes, Series [A/B/C] by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2011-12. In accordance with California law, the Notes are payable solely from taxes, income, revenues, cash receipts and other moneys of the County attributable to Fiscal Year 2011-12, and, to the extent not paid from taxes, income, revenue, cash receipts and other moneys of the County pledged for the repayment thereof, shall be paid with the interest thereon from other moneys of the County lawfully available therefor.

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

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

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

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

[Remainder of page intentionally left blank]

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

COUNTY OF LOS ANGELES

(SEAL)

By _____
MICHAEL D. ANTONOVICH
Mayor of the Board of Supervisors

By _____
SACHI A. HAMAI
Executive Officer-Clerk of
the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

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

DATED: July 1, 2011

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

By _____
MARK J. SALADINO
Treasurer and Tax Collector

[FORM OF ASSIGNMENT]

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

Dated: _____

Signature of Registered Owners: _____

Signature Guaranteed by: _____

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

$[_____]
COUNTY OF LOS ANGELES
2011-12 TAX AND REVENUE ANTICIPATION NOTES

CONTRACT OF PURCHASE

June __, 2011

Board of Supervisors
County of Los Angeles
Los Angeles, California

Honorable Members of the Board of Supervisors:

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

SECTION 1. Purchase and Sale of the Notes. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County's $_____ in aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes") , $_____ in aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes, Series B (the "Series B Notes") and $_____ in aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes, Series C (the "Series C Notes" and, together with the Series A Notes and the Series B Notes, the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 17, 2011, and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $_____" (the "Resolution") and subject to the terms and conditions set forth in the Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes" (the "Certificate"). The Notes shall be dated July 1, 2011, and shall mature on the dates and shall bear interest at the rates specified in Exhibit E hereto.

The purchase price for the Notes shall be $_____ (representing the principal amount of the Notes of $[_____], plus original issue premium of $_____, less Underwriters' discount of $_____).

The Preliminary Official Statement of the County, dated May __, 2011, including the cover page and Appendices thereto, relating to the Notes (together with any documents incorporated therein by reference and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, the "Preliminary Official Statement"), as amended to conform to the terms of this Contract of Purchase and exclusive of such changes and amendments subsequent to

the date hereof as may be mutually agreed to in accordance with Section 4(b)(iii) hereof is hereinafter called the "Official Statement."

In connection with the issuance of the Notes, the County is also executing a Disclosure Certificate, dated July 1, 2011 ("Disclosure Certificate").

SECTION 2. <u>The Notes and the Official Statement</u>.

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

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

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

SECTION 3. <u>Sale to Underwriters; Certain Agreements of the Underwriters</u>.

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

(b) The Underwriters agree as follows:

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

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

SECTION 4. <u>Use of Documents; Certain Covenants and Agreements of the County</u>.

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

(b) The County covenants and agrees:

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

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

(iii) If, after the date of this Contract of Purchase and until the earlier of (A) twenty-five (25) days after the "end of the underwriting period" (as defined in Rule l5c2-12) or (B) ninety (90) days after the Closing, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in the opinion of the County or the Representative so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with applicable law, to notify the Representative (and for the purposes of this clause (iii) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement as so amended and supplemented is delivered to a purchaser, not misleading or so that the Official Statement as so amended and supplemented will comply with all applicable laws;

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

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

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

SECTION 5. Representations and Warranties of the County. The County represents and warrants to each of the Underwriters, as of the date hereof, as follows:

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

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

subject only to the provisions of the Resolution and the Certificate permitting the application thereof on the terms and conditions set forth in the Resolution and the Certificate;

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

(d) All authorizations, approvals, licenses, permits, consents and orders of any State governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under, this Contract of Purchase, the Resolution, the Certificate and the Notes have been duly obtained, except for such approvals, consents and orders as are stated in the Official Statement as yet to be obtained or as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes;

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

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

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

(h) At the time of the County's acceptance hereof and (unless an event occurs of the nature described in clause (iii) of Section 4(b)) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If the Official Statement is supplemented or amended pursuant to clause (iii) of Section 4(b), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

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

SECTION 6. <u>Closing</u>.

(a) At 8:00 a.m., Los Angeles time, on July 1, 2011, or at such other time and date as shall have been mutually agreed upon by the County and the Representative, the County will, subject to the terms and conditions hereof, deliver the Notes to the Representative duly executed and authenticated, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof by Federal Reserve wire of immediately available funds payable to the order of the County. Such delivery of and payment for the Notes is referred to herein as the "Closing".

(b) Delivery of the Notes shall be made at, or, in accordance with the operating procedures thereof, through, DTC. The Notes shall be delivered in fully registered form, without coupons, bearing CUSIP number(s) and registered in the name of Cede & Co. and shall be made available to the Representative at least one (1) business day before the Closing for purposes of

inspection. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the Underwriters to accept delivery of and pay for the Notes on the date of Closing in accordance with the terms of this Contract of Purchase.

SECTION 7. Closing Conditions. The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

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

(b) At the time of the Closing, the Resolution and the Certificate shall be in full force and effect and shall not have been amended, modified or supplemented; and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative in accordance with Section 4(b)(iii) hereof;

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

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

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

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

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

(iii) An approving opinion, dated the date of Closing, of Hawkins Delafield & Wood LLP, Bond Counsel, addressed to the County and on which the Underwriters may rely, substantially in the form attached to the Official Statement as Appendix C;

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

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

(vi) An opinion, dated the date of Closing, of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel for the Underwriters and addressed to the Representative, in substantially the form of Exhibit D hereto;

(vii) Evidence satisfactory to the Underwriters that the Notes shall have been rated not less than "_____" by Moody's Investors Service, "____" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and "____" by Fitch Ratings, and that none of such ratings has been revoked, suspended or downgraded;

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

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

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

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

(xii) An executed copy of the Disclosure Certificate; and

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

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

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or

if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 9 hereof shall continue in full force and effect.

SECTION 8. Termination. The Representative shall have the right to terminate in its reasonable judgment the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes by notifying the County of its election to do so if, after the execution hereof and prior to the Closing, any one of the following shall occur:

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

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

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the County, its property or income, its notes or bonds (including the Notes) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities representing direct obligations of the County shall have been suspended on any exchange or in any over-the-counter market, or (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Notes shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred any outbreak or escalation of major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated by the Official Statement, including any supplements or amendments thereto;

(e) there shall have occurred any downgrading, or any notice shall have been given of any intended downgrading in the rating accorded the Notes by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended; or

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

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

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

SECTION 9. <u>Expenses</u>.

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

(b) The Underwriters shall pay (i) the fees and disbursements of counsel retained by the Representative, including such costs related to the preparation and printing of this Contract of Purchase and the reasonable cost of preparation and printing or duplication of any Blue Sky Survey and Legal Investment Memorandum relating to the Notes; (ii) fees of the California Debt and Investment Advisory Commission; (iii) costs related to on-line securities platforms, CUSIP subscription and DTC fees; and (iv) out-of-pocket and miscellaneous costs of the Representative. The Underwriters shall pay (1) all advertising expenses in connection with the public offering of the Notes; (2) all expenses incurred in qualifying the Notes for sale under state securities laws; and (3) all other expenses incurred by them in connection with the public offering of the Notes.

(c) Even if this Contract of Purchase shall be terminated by the Underwriters because of any failure or refusal on the part of the County to comply with the terms or to fulfill any

of the conditions of this Contract of Purchase, or if for any reason the County shall be unable to perform its obligations under this Contract of Purchase, the County will not reimburse the Underwriters for expenses incurred in connection with the authorization and marketing of the Notes.

SECTION 10. Notices. Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to County of Los Angeles, Office of the Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to J.P. Morgan Securities LLC 560 Mission Street, Floor 3, San Francisco, CA 94105; Attention: Gary Hall.

SECTION 11. Parties in Interest. This Contract of Purchase shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. Any remedy which the Underwriters may have at law or in equity by reason of the breach of any representation or warranty of the County made herein shall not expire upon, nor be limited by, (i) delivery of and payment for the Notes pursuant to this Contract of Purchase, (ii) any investigations made by or on behalf of any of the Underwriters or (iii) termination of this Contract of Purchase; provided, however, that such representations and warranties are made only as of the date of this Contract of Purchase and as of the date of the Closing and are not continuing.

SECTION 12. Effectiveness. This Contract of Purchase shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

SECTION 13. Choice of Law. This Contract of Purchase shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in such State.

SECTION 14. Fiduciary Duty. The County acknowledges and agrees that the purchase and sale of the Notes pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters and the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Contract of Purchase, and are not acting as the agents, fiduciaries, or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934) of the County and its advisors in connection with the matters contemplated by this Contract of Purchase. In connection with the purchase and sale of the Notes, the County has consulted its own advisors to the extent it deems appropriate.

SECTION 15. Entire Agreement. This Contract of Purchase, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Contract of Purchase) that relate to the offering of the Notes, represents the entire agreement between the County and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Notes.

SECTION 16. Representative Capacity. Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Contract of Purchase may be exercised by the Representative on behalf of the Underwriters, and the County shall be entitled to rely upon any request, notice or statement if the same shall have been given or made by the Representative. The Representative represents that it has been duly authorized by the

Underwriters to execute this Contract of Purchase and to act hereunder on their behalf and to take such action as it may deem advisable in respect of all matters pertaining to this Contract of Purchase.

SECTION 17. Severability. If any provision of this Contract of Purchase shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract of Purchase invalid, inoperative or unenforceable to any extent whatever.

SECTION 18. Business Day. For purposes of this Contract of Purchase, "business day" means a day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

SECTION 19. Section Headings. Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.

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SECTION 20. Counterparts. This Contract of Purchase may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very truly yours,

J.P. MORGAN SECURITIES LLC
CITIGROUP GLOBAL MARKETS INC.
GOLDMAN SACHS & CO.

By: _____
J.P. MORGAN SECURITIES LLC
as Representative of the Underwriters

AGREED AND ACCEPTED:

This __ day of June, 2011

COUNTY OF LOS ANGELES

By:_____
Mark J. Saladino
Treasurer and Tax Collector

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: _____
Principal Deputy County Counsel

APPENDIX I

UNDERWRITERS

J.P. Morgan Securities LLC
Citigroup Global Markets Inc.
Goldman, Sachs and Co.

EXHIBIT A

FORM OF CERTIFICATE OF THE COUNTY

I, Mark J. Saladino, Treasurer and Tax Collector of the County of Los Angeles, California (the "County"), do hereby certify as follows:

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

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

(iii) All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Contract of Purchase relating to the Notes, dated June __, 2011 (the "Contract of Purchase"), by and between the County and J.P. Morgan Securities LLC, as Representative of the Underwriters named therein;

(iv) To the best of my knowledge, the County's Official Statement dated June __, 2011 (together with all appendices thereto, any documents incorporated therein by reference, and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, but excluding any information relating to The Depository Trust Company, New York, New York and information under the caption "UNDERWRITING", the "Official Statement"), delivered pursuant to the Contract of Purchase, as of its date and as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) The Notes, together with interest thereon, will be payable from taxes, income, revenue, cash receipts and other moneys of the County attributable solely to fiscal year 2011-12 and legally available for payment thereof. Pursuant to the Resolution adopted by the Board of Supervisors of the County on May 17, 2011 (the "Resolution") authorizing the issuance and sale of the Notes, the County has pledged as security for the Notes unrestricted taxes, income, revenue, cash receipts and other moneys totaling the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, subject only to the provisions of the Resolution and the "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes" (the "Certificate"). The amount of taxes, income, revenue, cash receipts and other moneys so pledged to secure the payment of the Notes is specified in the Resolution. Pursuant to the Act, the Resolution creates a valid pledge of and lien on the taxes, income, revenue, cash receipts and other moneys specified therein to pay the Notes and the interest thereon. The Notes are by statute general obligations of the County and, to the extent not paid from the Pledged Moneys (as defined in the Certificate), shall be paid from any other moneys of the County attributable to fiscal year 2011-12 and lawfully available therefor;

(vi) The County has complied in all respects with the Act and has complied with and satisfied all the agreements and conditions on its part to be complied with or satisfied at or prior to the date of Closing pursuant to the Contract of Purchase, the Certificate and the Resolution;

(vii) The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon; and

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

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of July, 2011.

COUNTY OF LOS ANGELES

By:_____

Mark J. Saladino
Treasurer and Tax Collector

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

July 1, 2011

Board of Supervisors
County of Los Angeles
500 West Temple Street
Los Angeles, California 90012

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

Re: $[_____] County of Los Angeles 2011-12 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Los Angeles, California (the "County") in connection with its issuance $[_____] aggregate principal amount of the 2011-12 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 17, 2011 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $1,500,000,000" (the "Resolution"), and a Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes dated the date hereof with respect to the Notes (the "Financing Certificate").

This opinion is being rendered in connection with the Contract of Purchase, dated June __, 2011 (the "Contract of Purchase"), by and between the County and J. P. Morgan Securities LLC as representative (the "Representative") on its own behalf, and as Representative of the underwriters set forth in the Contract of Purchase (collectively, the "Underwriters") relating to the Notes.

In rendering this opinion, we have reviewed the records of the action taken by the County in connection with the authorization, sale and issuance of the Notes, including a record of proceedings of the County relating to the Notes. In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other resolutions, documents, instruments or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion. We have also assumed but have not independently verified that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations and opinions made in the documents, certificates and legal opinions that we have reviewed are true and accurate.

Based on the foregoing and upon reliance thereon, it is our opinion that:

1. The Contract of Purchase has been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the Underwriters, constitutes the valid and binding agreement of the County, enforceable against the County in accordance with its terms, except as the same may be limited by bankruptcy, moratorium, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by the limitation upon legal remedies against public agencies in the State of California.

2. The statements contained in the Official Statement under the captions "The Notes" (excluding the table of Estimated General Fund Unrestricted Revenues Fiscal Year 2011-12 and the information under the subheadings "State of California Finances" and "Interfund Borrowing, Intrafund Borrowing and Cash Flow"), "Summary of Certain Provisions of the Resolution and the Financing Certificate" and "Tax Matters", insofar as such statements purport to summarize certain provisions of the Notes, the Resolution, the Financing Certificate and applicable Federal tax law, are accurate in all material respects.

In accordance with our understanding with you, we rendered legal advice and assistance to the County in the course of preparation of the Official Statement and the issuance and sale of the Notes. Rendering such assistance involved, among other things, examinations, inquiries and discussions concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in personal and telephone conferences with representatives of the County, including County Counsel, representatives of the Underwriters and Stradling, Yocca, Carlson & Rauth, A Professional Corporation, counsel to the Underwriters, during which the contents of the Official Statement and related matters were discussed and reviewed.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of and take no responsibility for any of the statements made in the Official Statement (except as provided in Paragraph 2 above).

On the basis of the information developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law and the experience we have gained through our practice thereunder, we are of the opinion, subject to the limitations expressed herein, that as of the date hereof, we have no reason to believe that the Official Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any financial, demographic, economic and statistical information contained in the Official Statement, including financial, demographic, economic and statistical information contained in Appendix A- "The County of Los Angeles Information Statement," information relating to The Depository Trust Company, New York, New York and its book-entry system contained in the Official Statement and in Appendix D – "Book-Entry Only System", and information relating to the retail distribution agreements of the Underwriters contained in "Underwriting", as to all of which we express no opinion) or that the Official Statement as of the date hereof (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the

statements made therein, in the light of the circumstances under which they were made, not misleading.

This opinion is issued as of the date hereof, and we assume no obligation, and expressly disclaim any responsibility, to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

This opinion is being rendered solely for the addressees' benefit in connection with the purchase of the Notes from the County and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Notes or by virtue of this letter. This opinion is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect on the Notes or the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the other or sale of the Notes.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE COUNTY

July 1, 2011

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

Re: $[_____] County of Los Angeles 2011-12 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This opinion is rendered by us as counsel to the County of Los Angeles (the "County") in accordance with the requirements of Section 7(e)(v) of the Contract of Purchase dated June __, 2011 (the "Contract of Purchase"), by and between the County and J.P. Morgan Securities LLC, on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the "Underwriters") relating to the Notes, with respect to $[_____] aggregate principal amount of County of Los Angeles 2011-12 Tax and Revenue Anticipation Notes (the "Notes").

The Notes are issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 17, 2011, entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $_____" (the "Resolution") and the document entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes," (as referred to in the Resolution, the "Certificate").

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

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

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State, and has taken all action required to be taken by it to authorize the issuance and delivery of the Notes. The County has full legal right, power and authority to conduct its business, to execute and deliver the Contract of Purchase and the Certificate, to adopt the Resolution, to issue and deliver the Notes to the Underwriters (as named and defined in the Contract of Purchase), and to perform all of its obligations under, and to carry out and effectuate the transactions contemplated by, the Resolution, the Certificate, the Notes and the Contract of Purchase. No authorization, consent, approval, order, filing, registration, qualification, election or referendum, of or by any State person, organization, court or governmental agency or public body whatsoever, which has not been obtained or made, is required for such issuance, execution, delivery or performance or the consummation of the other transactions effected or contemplated in or by the Contract of Purchase or the Certificate by the County, except for such actions may be necessary to be taken to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of any state or jurisdiction of the United States, as to which no opinion is expressed.

2. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase, the Certificate, the Resolution and the Notes, and the delivery of the Official Statement of the County dated June __, 2011 relating to the Notes, by the County have been duly authorized, and the issuance of the Notes, the execution, delivery and performance of the Contract of Purchase, the Certificate, the Resolution and the Notes, and compliance with the provisions thereof (a) do not in any material respect conflict with or constitute on the part of the County a violation of or default under the Constitution of the State or any existing State law, charter, ordinance, regulation, decree, order or resolution and do not in any material respect conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject, and (b) do not result in the creation or imposition of any lien or encumbrance, other than as created by the Resolution and the Certificate.

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

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

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

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

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

Very truly yours,

By: _____

Andrea Sheridan Ordin
County Counsel

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

July 1, 2011

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

Re: $_____ 2011-12 County of Los Angeles, California, Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as legal counsel to you in connection with your purchase of the $[_____] aggregate principal amount of County of Los Angeles 2011-12 Tax and Revenue Anticipation Notes (the "Notes") of the County of Los Angeles (the "County") pursuant to the Note Purchase Contract (hereinafter defined).

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 17, 2011 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $_____" (the "Resolution").

In reaching the conclusions set forth below, we examined the record of proceedings submitted to us relative to the issuance of the Notes and originals or copies certified or otherwise identified to our satisfaction of (i) the Resolution; (ii) the Note Purchase Contract, dated June __, 2011 (the "Note Purchase Contract"), by and among the County and J.P. Morgan Securities LLC, on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the "Underwriters") relating to the Notes, (iii) the Official Statement relating to the Notes, dated June __, 2011 (the "Official Statement"), (iv) the final approving opinion of Bond Counsel, and (v) such other documents, certificates, opinions of counsel, instructions and records as we have considered necessary or appropriate as a basis for our opinion and conclusions. Unless otherwise indicated, capitalized terms used herein have the respective meanings given to such terms in the Official Statement.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations and opinions made in the documents, certificates and legal opinions that we have reviewed are true and accurate.

We are not passing upon and have not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Official Statement and are, therefore, unable to make any representation to you in that regard. Based on our participation in conferences with representatives of the County, Bond Counsel, representatives of the Office of the County Attorney, the Underwriters, and others, during which conferences the contents of the Official Statement and related matters were discussed, and, in reliance thereon and on certain documents reviewed by us and on the documents, letters, certificates and opinions described above and our understanding of applicable law, we advise you as a matter of fact, but not opinion, that no information has come to the attention of the attorneys in the firm representing the Underwriters in this matter which caused us to believe that the Official Statement as of its date contained, or as of the date hereof contains, any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, the information in Appendix B, C and D to the Official Statement, or any information about book-entry or DTC included therein, as to which no opinion or view is expressed). We advise you that, other than reviewing the various certificates and opinions required by the Note Purchase Contract, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof.

In addition, based on the foregoing, we are of the opinion that the Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Note Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We call attention to the fact that the foregoing conclusions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or occur (or do not occur), and we expressly disclaim any responsibility to advise you as to events occurring after the date hereof with respect to the Notes or other matters discussed in the Official Statement.

This letter is delivered to you as the Representative of the Underwriters, is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. We express no opinion herein with respect to the validity of the Notes or the tax treatment of the interest with respect thereto or the compliance with, or applicability of, any “blue sky” laws of any state as they relate to the offer or sale of the Notes. This letter is not intended to be, and may not be, relied upon by owners of Notes or any beneficial ownership interest therein.

Respectfully submitted,

EXHIBIT E

Series	Maturity Date	Principal Amount	Interest Rate	Yield
Series A				
Series B				
Series C				

PRELIMINARY OFFICIAL STATEMENT DATED MAY ___, 2011

NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
Moody's: [_____]
Standard & Poor's: [_____]
Fitch: [_____]
(See "RATINGS" herein.)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS."

$1,300,000,000*
COUNTY OF LOS ANGELES
2011-12 Tax and Revenue Anticipation Notes

MATURITY SCHEDULE

Series	Maturity Date*	Principal Amount*	Interest Rate	Yield	CUSIP Number
Series A					
Series B					
Series C					

Dated: July 1, 2011 **Due: As set forth above**

The County of Los Angeles 2011-12 Tax and Revenue Anticipation Notes, Series A (the " Series A Notes"), 2011-12 Tax and Revenue Anticipation Notes, Series B (the "Series B Notes") and 2011-12 Tax and Revenue Anticipation Notes, Series C (the "Series C Notes" and, together with the Series A Notes and the Series B Notes, the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the respective fixed rates per annum specified above and will be priced as set forth above. Principal of and interest on each series of the Notes are payable on the respective maturity dates thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2011-12 County General Fund Expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 10, 2011 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. In accordance with California law, the Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys of the County attributable to the Fiscal Year 2011-12 and lawfully available for the payment of the Notes. The Notes and the interest thereon are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes. See "THE NOTES – Security for the Notes" and "- Parity Obligations" herein.

The Notes are not subject to redemption prior to maturity.

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

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Hawkins Delafield & Wood LLP, Bond Counsel, and the approval of certain legal matters for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. Certain legal matters will be passed upon for the County by County Counsel. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2011.

J.P. Morgan

Citi Goldman, Sachs & Co.

The date of this Official Statement is June __, 2011.

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* Preliminary; subject to change.

COUNTY OF LOS ANGELES

2011-12 TAX AND REVENUE ANTICIPATION NOTES

Board of Supervisors

Michael D. Antonovich
Fifth District, Mayor

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Sachi A. Hamai
Executive Officer-Clerk
Board of Supervisors

County Officials

William T Fujioka
Chief Executive Officer

Andrea Sheridan Ordin
County Counsel

Wendy L. Watanabe
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

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

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

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

CUSIP data set forth herein are for convenience of reference only. Neither the County nor the Underwriters assume any responsibility for the accuracy of such data.

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COUNTY OF LOS ANGELES

CALIFORNIA

OFFICIAL STATEMENT

$1,300,000,000*
COUNTY OF LOS ANGELES
2011-12 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $_____* in aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes"), $_____* in aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes, Series B (the "Series B Notes") and $_____ in aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes, Series C (the "Series C Notes" and, together with the Series A Notes and the Series B Notes, the "Notes") of the County. The Notes will be issued as fixed rate notes bearing interest at the respective rates and maturing on the respective dates set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2011-12 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 10, 2011 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $_____" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. Pursuant to California law, the Notes and the interest thereon will be general obligations of the County payable from the unrestricted taxes, income, revenue, cash receipts and other moneys of the County attributable to the Fiscal Year 2011-12 and lawfully available therefor as specified in the Resolution and the Financing Certificate. See "THE NOTES – Security for the Notes." The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The Series A Notes, the Series B Notes and the Series C Notes are parity obligations payable from Pledged Moneys (herein defined), as described herein. See "THE NOTES – Parity Obligations" herein.

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial,

* Preliminary; subject to change.

economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program's inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $_____ aggregate principal amount of 2011-12 Tax and Revenue Anticipation Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. See "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow." The County reserves the right to undertake such a borrowing under the Resolution. See "THE NOTES – Security for the Notes," "– Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program."

THE NOTES

General

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

The Notes will be dated July 1, 2011, will mature on the respective dates set forth on the cover page of this Official Statement and will be issued in fully registered form. The Notes are not subject to redemption prior to their respective maturities.

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

Authority for Issuance

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

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2011-12 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The proceeds of the Notes may be invested in Permitted Investments, as set forth under "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE - Permitted Investments." The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *Los Angeles County Pooled Surplus Investments*".

Security for the Notes

The Series A Notes, the Series B Notes and the Series C Notes will be issued under and pursuant to the Resolution and the Financing Certificate and will be ratably secured by a pledge of "Pledged Moneys" as follows:

(a) (1) the first $_____ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after December 20, 2011 plus (2) an amount equal to the interest that will accrue on the Notes of any series;

(b) the first $_____ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after January 2, 2012;

(c) the first $_____ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after February 1, 2012;

(d) the first $_____ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after March 1, 2012; and

(e) the first $_____ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2011-12 to be received by the County on and after April 1, 2012.

Pursuant to Section 53856 of the Act, the Notes and the interest thereon will be a lien and charge against and will be payable from such Pledged Moneys. In addition to Pledged Moneys, pursuant to Section 53857 of the Act, the Notes will be general obligations of the County, and to the extent not payable from Pledged Moneys, shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. See "THE NOTES – Available Sources of Payment." The County is not authorized to levy or collect any tax for the repayment of the Notes.

In accordance with the terms of the Resolution, the County Auditor-Controller (the "Auditor-Controller") will deposit the Pledged Moneys with the Treasurer in the 2011-12 TRANs Repayment Fund (the "Repayment Fund"). Pledged Moneys for the payment of the Notes will be deposited into the Notes Repayment Fund in the amount and at the times described above. The Treasurer will hold such Pledged Moneys until the Notes are paid. The Resolution provides that such amounts may not be used for any other purpose and may be invested in Permitted Investments (herein defined). Interest on amounts in the Notes Repayment Fund will be credited to the General Fund. See "SUMMARY OF CERTAIN

PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

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

Available Sources of [[Payment for the Notes]]

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

The County estimates that the total unrestricted taxes, income, revenue, cash receipts and other moneys to be received by the County during Fiscal Year 2011-12 (the "Unrestricted Revenues") to be available for payment of the principal of and interest on the Notes, including the Pledged Moneys, will be in excess of $____ billion, as indicated in the table below. Except for Pledged Moneys, the Unrestricted Revenues will be expended during the course of the County's fiscal year, and no assurance can be given that any moneys, other than the Pledged Moneys, will be available to pay the Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may, under certain circumstances, access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Projected Borrowable Resources – Fiscal Year 2011-12" on pages [[10-11]] for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2011-12. Such amounts are not pledged for payment of the Notes and the interest thereon. . The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County's 2011-12 Budget, when adopted, the County's actual revenues and expenditures, and actions by the State of California which could materially impact the County's expenses and revenues

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2011-12 [1]

Source	Amount
Property Taxes	
Other Taxes	
Homeowner's Exemptions	
Motor Vehicle (VLF) Realignment	
Fines, Forfeitures and Penalties	
Licenses, Permits and Franchises	
Charges for Services	
Investment and Rental Income	
Miscellaneous Revenue and Tobacco Settlement	
Total	
Less amount pledged for payment of the Notes[2]	
Net total in excess of pledged moneys	

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2011-12. Information subject to change to reflect the impact of any revisions to the 2011-12 State Budget and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT".

(2) Based on $_____ aggregate principal amount of Notes, plus an amount equal to interest thereon.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2011-12 State Budget (the "2011-12 State Budget") will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2011-12 State Budget on the County's financial outlook. In the event the 2011-12 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2011-12 Budget. Governor Brown released his proposed budget for Fiscal Year 2011-12 (the "Governor's Proposed 2011-12 Budget") on January 10, 2011. The proposed budget projected a budget gap of $25.4 billion in 2011-12, consisting of a 2010-11 shortfall of $8.2 billion and a 2011-12 shortfall of $17.2 billion. The Governor's Proposed 2011-12 Budget provides for $26.4 billion in cuts, taxes and other budget solutions, and includes a $1 billion reserve.

The Governor's Proposed 2011-12 Budget reduces spending by $12.5 billion. Substantial spending reductions include the following:

- $1.7 billion reduction to Medi-Cal
- $1.5 billion reduction to CalWORKs
- $0.75 billion reduction to the Department of Developmental Services
- $0.58 billion reduction to state operations and employee compensation

Other major non-tax proposals in the Governor's Proposed 2011-12 Budget include:

- $1.8 billion of borrowing from special funds
- $1.7 billion of property tax shifts in connection with the ending of redevelopment agencies
- Use of $1.0 billion from Proposition 10 funds
- Use of $0.9 billion from Proposition 63 funds

Major revenue proposals in the Governor's Proposed 2011-12 Budget generally consist of extensions on existing revenues which would otherwise expire June 30, 2011, and include:

- Maintaining the personal income tax surcharge of 0.25 percent ($1.2 billion in 2010-11, $2.1 billion in 2011-12)
- Maintaining lower level of dependent exemption credit ($725 million in 2010-11, $1.2 billion in 2011-12)
- Maintaining the Vehicle License Fee at 1.15 percent ($1.4 billion in 2011-12 related to extension of 0.5% of VLF)
- Maintaining the state's Sales and Use Tax rate at six percent ($4.5 billion in 2011-12 related to the extension of 1% sales tax)

The Governor's Proposed 2011-12 Budget includes a major realignment of state and local program duties, similar to the plan enacted by the state in 1991. The first phase of the Governor's plan seeks to raise $5.9 billion in taxes and shift $5.9 billion to counties in Fiscal Year 2011-12 to implement increased program obligations. To enable counties to manage their increased fiscal responsibilities, the administration proposes giving them increased authority over the realigned programs. Programs to be shifted include fire and emergency response activities, responsibility for lower-level offenders and parole violators, foster care and child welfare services, court security and substance abuse programs. The County is unable to predict the impact of this realignment program at this time. However, if the state were to shift program responsibility without providing sufficient funding, it could materially adversely effect the County's financial condition.

The administration also proposes a substantive shift in responsibility for local economic development programs. The Governor's Proposed 2011-12 Budget phases out state authorization for two economic development programs: redevelopment and enterprise zones. To give communities greater capacity to promote economic development, the administration indicates that it will support a constitutional amendment to allow local voters to approve tax increases and general obligation bonds for these purposes by a 55 percent majority.

The Governor's Proposed 2011-12 Budget assumes that all necessary statutory changes to implement budget solutions will be adopted by the Legislature and signed by the Governor by March 2011. The failure of this assumption has resulted in significant uncertainty regarding the proposed tax extensions and the ability to convene a statewide special election to approve the necessary ballot measures.

May Revision to the 2010-11 Proposed State Budget. [UPDATE WHEN AVAILABLE]

LAO May Overview of the May Revision. [UPDATE WHEN AVAILABLE]

Impact of Fiscal Year 2011-12 State Budget on the County. [UPDATE WHEN AVAILABLE] The County estimates that there will be an overall net loss of $_____ million to the County for Fiscal Year 2011-12 should all of the proposals set forth in the 2011-12 Proposed State Budget and the May Revision be included in the 2011-12 State Budget. However, the impact to the General Fund of the County is expected to be significantly less than $____ million and is described further in APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2011-12 Proposed Budget."

Additional Information. The Governor may release additional details of the proposals or updates to the 2011-12 Proposed State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2011-12 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts have followed an uneven pattern primarily as a result of secured property tax installment payment dates in December and April and as a result of delays in payments from other governmental agencies, the two largest sources of County revenues. As a result, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution and intrafund borrowings. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. "Intrafund borrowing" is borrowing for General Fund purposes against funds held in trust by the County. See the table entitled "County of Los Angeles Borrowable Resources – Fiscal Year 2011-12" on pages [[_____]] for County's projection of the borrowable resources expected to be available to the County for purposes of Intrafund Borrowing.

Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, beginning in 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. All notes issued in connection with the County's cash management program, with the exception of $1,500,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2010-11 which are due June 30, 2011, have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund held by the County, separate from the General Fund, to repay the 2010-11 Tax and Revenue Anticipation Notes at maturity.

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover General Fund cash needs, including projected year-end cash requirements, if any. Should the County find it necessary to resort to interfund borrowing, then such borrowing, pursuant to the California Constitution, may not occur after the last Monday in April of each year and shall be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

CERTAIN HISTORICAL AND PROJECTED INFORMATION RELATING TO CASH BALANCES AND CASH FLOW

The County has prepared the following information:

- A five-year summary of month-end cash balances in the General Fund, which is contained in the table below;

- A detailed analysis of the projected cash flow for Fiscal Year 2011-12. The cash flow projections are based on the 2011-12 Recommended Budget adopted by the Board of Supervisors on April __, 2011 (the "2011-12 Recommended Budget"). Such cash flow projections could change based on the final form of the County's 2010-11 Budget, when adopted.

- A projection of average daily balances of fund expected to be available as borrowable resources.

The projected information relating to cash flow and projected average daily balances has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2011-12. Although the County believes the projections are reasonable, the actual cash flow and average daily balances will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of state budgetary actions, and other factors. There can be no assurances that actual results will not materially differ from the projections.

GENERAL FUND
MONTH-END CASH BALANCES
(In Thousands) [1]
FISCAL YEARS 2006-07 THROUGH 2010-11

	2006-07	2007-08[2]	2008-09[2]	2009-10	2010-11
July	$1,494,833	$1,310,827	$ 993,620	$1,594,708	$1,438,648
August	1,238,335	1,039,992	499,949	1,086,472	1,097,190
September	885,254	693,820	378,335	841,446	529,972
October	476,851	366,482	(128,888)[3]	674,134	64,668
November	307,807	143,446	(372,232)[3]	274,995	(90,485)[3]
December	845,828	591,902	29,299	531,471	321,576
January	1,244,232	1,150,831	557,595	594,512	484,230
February	1,026,082	1,130,552	374,935	214,654	150,599
March	733,242	745,555	177,162	(169,894)	(228,785) [3]
April	822,218	1,158,020	663,772	(90,175)	(4)
May	1,671,999	1,589,763	1,243,173	427,453	(4)
June	1,882,518	1,492,772	1,101,527	727,013	(4)

[1] Month-end balances include the effects of intrafund borrowing and short-term note issuance net of deposits to the repayment funds relating to the short-term notes. See "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

[2] Reflects $400 million pre-payment of pension benefits from the County General Fund to the Los Angeles County Employees Retirement Association in July 2007 and July 2008.

[3] Certain monthly periods reflect negative cash balances. The borrowable resources available to provide coverage for the deficits are set forth on pages [[10-11]] and in APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

[4] Estimated.

COUNTY OF LOS ANGELES GENERAL FUND
CASH FLOW ANALYSIS FISCAL YEAR 2011-12 TRANS
(In Thousands)
12 MONTH PROJECTION

UPDATE

COUNTY OF LOS ANGELES
PROJECTED BORROWABLE RESOURCES
FISCAL YEAR 2011-12

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

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

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes authorized to be issued under the Resolution by those who will own the Notes from time to time, the Resolution constitutes a contract between the County and the Holders of the Notes; and the pledge made in the Resolution and the Financing Certificate and the covenants and agreements contained in the Resolution and the Financing Certificate to be performed by and on behalf of the County will be for the equal benefit, protection and security of the Holders of any and all of the Notes, all of which, regardless of the maturity or maturities, will be of equal rank without preference, priority or distinction of any of the Notes over any other thereof.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to its Fiscal Year 2011-12 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes in that the County agrees to comply with the covenants contained in, and the instructions given pursuant to, the Tax and Nonarbitrage Certificate (the "Tax Certificate") prepared for the County by Bond Counsel, as such Tax Certificate may be amended from time to time. The County further covenants that it will make all calculations relating to any rebate of excess investment earnings on the Note proceeds due to the United States Department of the Treasury in a reasonable and prudent fashion and will segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of the Treasury.

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

Paying Agent and Note Registrar

The Treasurer will act as Paying Agent and as Note Registrar for the Notes. (The Treasurer is also authorized to contract with a third party to perform the services of Paying Agent.) The Paying Agent may at any time resign and be discharged of the duties and obligations created by the Financing Certificate by giving at least 60 days' written notice to the County. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the County. In the event of the resignation or removal of a Paying Agent, the County may appoint a successor Paying Agent in accordance with the terms of the Financing Certificate. A successor Paying Agent will be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $100,000,000. Resignation or removal of a Paying Agent will be effective upon appointment and acceptance of a successor Paying Agent. In no event shall the resignation or removal of the Paying Agent become effective prior to the assumption of such resigning or removed Paying Agent's duties and obligations by a successor Paying Agent.

Negotiability, Transfer and Exchange of the Notes

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

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

Permitted Investments

Moneys on deposit in the Notes Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments ("Permitted Investments"). Permitted Investments are investments approved in writing by the Treasurer as prudent and appropriate for the funds to be invested and permitted by law and any policy guidelines promulgated by the County. In addition, the Financing Certificate specifically designates the following investments as Permitted Investments, subject to certain limitations more fully described in the Financing Certificate:

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

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

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

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1", "P-1", or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

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

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

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

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

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

Supplemental Resolutions and Supplemental Financing Certificates

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any particular Notes remain outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment may (i) permit a change in the terms of maturity of the principal of any Notes or of the interest rate thereon or a reduction in the principal amount thereof without the consent of the Holders of such Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE NOTES - Security for the Notes," or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

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

Events of Default

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

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in aggregate principal amount of the outstanding Notes; or

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

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

Payment of Unclaimed Moneys to County

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Notes, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the County, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an

opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on such Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Notes. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own

tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law and could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in APPENDIX C hereto.

Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Los Angeles, California. Certain legal matters will be passed on for the County by County Counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

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

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "_____," "_____" and "____" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel to that effect will be furnished at the time of issuance of the Notes.

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. The aggregate amount of the uninsured liabilities of the County which may result from all suits and claims will not, in the opinion of the County Counsel, materially impair the County's ability to repay the Notes. Note __ of "Notes to the Basic Financial Statements" included in APPENDIX B discusses this liability as of June 30, 2010. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

UNDERWRITING

The Notes are being purchased for reoffering by J.P. Morgan Securities LLC, as representative of the underwriters of the Notes listed on the cover page hereof (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $_____ (representing the principal amount of the Notes of $_____ plus original issue premium of $_____, less Underwriters' discount of $_____). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

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

The following two sentences have been provided by J.P. Morgan Securities LLC, one of the underwriters for the Notes: J.P. Morgan Securities LLC ("JPMS"), an underwriter of the Notes, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Notes, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS& Co. will purchase the Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that such firm sells.

The following two sentences have been provided by Citigroup Global Markets Inc., one of the underwriters for the Notes: Citigroup Inc., parent company of Citigroup Global Markets Inc., an

underwriter of the Notes, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

The following two paragraphs have been provided by the Underwriters:

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various banking services for the County.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and trading activities may involve securities and instruments of entities that receive banking services from the Underwriters and their respective affiliates.

ADDITIONAL INFORMATION

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

Appropriate County officials, acting in their official capacity, have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. An appropriate County official will execute a certificate to such effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

CONTINUING DISCLOSURE

The County has agreed in a Disclosure Certificate to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Such events include the following with regard to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) adverse tax opinions or events affecting the tax-exempt status of the Notes; (4) modifications to rights of Note holders; and (5) rating changes. The County has not failed to comply in all material respects with prior undertakings of the County under Rule 15c2-12 in the last five years.

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

Additional information regarding this Official Statement and copies of the Resolution and the Financing Certificate may be obtained by contacting:

GLENN BYERS
ASSISTANT TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,084 square miles and includes 88 incorporated cities as well as many unincorporated communities. With an estimated population of over 10.4 million in 2010, the County is the most populous of the 58 counties in California and has a larger population than 43 states. As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes.

The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides municipal services to unincorporated areas of the County and operates recreational and cultural facilities in these locations.

COUNTY GOVERNMENT

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

On March 27, 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance. This new governance structure delegates to the Chief Executive Office (the "CEO") additional responsibilities for the administration of the County, including the oversight, evaluation and recommendation for appointment and removal of specific Department Heads and County Officers. The five departments that continue to report directly to the Board of Supervisors (rather than to the CEO) are the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. The change in administrative structure was designed to improve the operational efficiency of County governance. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational directions.

COUNTY SERVICES

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

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

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

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol prevention, and various other treatment programs. These services are provided through County facilities and a network of contract providers.

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

Disaster Services

The County operates and coordinates an entire disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 15 major dams, 131 debris basins, 86,500 catch basins, 42 sediment placement sites, and over 2,825 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the

training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 17,000 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, community redevelopment agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 4.1 million registered voters and maintains 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County's botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, provide County residents with a valuable educational resource. The County also manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 90 local and community regional parks and 19 golf courses.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by certified employee organizations. These organizations include sixty (60) collective bargaining units, which are represented either by the Services Employees International Union ("SEIU") Local 721 (formerly known as Local 660), the Coalition of County Unions ("CCU"), which represents nine (9) unions, or one of eight (8) Independent Unions. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and two fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

In 2006, the County negotiated a 3-year contract with SEIU Local 721, which currently covers over 79,000 County employees. Under the terms of the collective bargaining agreement, SEIU Local 721 members received a 10% salary increase between October 1, 2006 and January 1, 2009, with the salary range for most employees being extended by an additional 5.5% increase. The County reached similar agreements with most of the bargaining units represented by the CCU and the Independent Unions. One SEIU Local 721 group, the Registered Nurses, negotiated a new classification and salary structure that resulted in some employees receiving raises substantially higher than 15.5%. The fringe benefit agreements negotiated with SEIU Local 721 and the CCU had a term of three years, which expired on September 30, 2009.

In 2006, the County also executed collective bargaining agreements with the Association for Los Angeles Deputy Sheriffs and the Professional Peace Officers Association with terms that extended through January 2009. These agreements resulted in salary increases totaling up to 18.5% over the three-year contract term. A similar agreement was reached with the Los Angeles County Fire Fighters and the Los Angeles County Lifeguard Association. Deputy Probation Officers also settled in early 2006, resulting in10% salary increases as well as longevity pay for employees with 20 or more years of County service.

In March 2009, the Board of Supervisors approved amendments to eight Memoranda of Understanding ("MOU") covering wages and salaries with Independent Unions representing fire fighters, peace officers, public defender investigators, beach lifeguards and deputy probation officers, The amendments extended the MOUs for an additional 2-year period through December 31, 2010 or January 31, 2011, depending on the related bargaining unit, and provided for the continuation of existing salaries with no cost-of-living adjustments.

In December 2009, the Board of Supervisors approved successor fringe benefit agreements with most of the collective bargaining units represented by SEIU Local 721, the CCU and the Independent Unions. Under the terms of the new fringe benefit agreements, which will expire on September 30, 2011, County employees have agreed to forego any cost of living increases through the 2-year contract term; and the County has agreed to increase its contribution for employee health care by 8% in Fiscal Year 2009-10 and 7.2% in Fiscal Year 2010-11.

On March 15, 2011, the Board of Supervisors approved amendments to the MOUs with the collective bargaining units represented by SEIU Local 721, the CCU and the Independent Unions to extend the agreements for an additional one-year period through September 30, 2012. The amendments to the MOUs provide for the continuation of salaries, special pay practices, bonuses, differentials, training and uniform allowances under the same terms and conditions as the existing agreements, with no salary increases.

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for the County of Los Angeles and four minor participating agencies. The four non-County agencies account for less than one percent (1%) of LACERA's membership. Through the Retirement Fund and various benefit plans, LACERA provides retirement benefits to all general and safety (sheriff, fire and lifeguard) members.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service and age. County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C & D), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates

determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through D) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2010 was 160,604, consisting of 66,074 active vested members, 28,336 non-vested active members, 54,196 retired members and 11,998 terminated vested (deferred) members.

Contributions

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

Investment Policy

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

Actuarial Valuation

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

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in response to certain changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. However, unlike other local governments in California, the County did not agree to major increases in pension benefits as part of its 2002 Agreement. The 2002 Agreement, which expired in July 2010, provided for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability minus the actuarial value of the assets of LACERA at a particular valuation date.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the actuarial assumed rate of return (7.75%), then the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

Beginning with Fiscal Year 2006-07, the Board of Investments adopted a revised series of economic and demographic assumptions to be used in LACERA's actuarial valuations. The economic assumptions for the investment return rate, wage growth rate and price inflation were set at 7.75%, 3.75% and 3.50%, respectively. Changes to the demographic assumptions included higher merit salary increases for safety members with 20 or more years of service, an increase in retirement rates and lower mortality rates for disabled retirees. The net effect of the change in actuarial assumptions was to increase both the actuarial accrued liability ("AAL") for the Plan and the total County contribution rate. In Fiscal Year 2007-08, the assumed wage growth rate was increased from 3.75% to 4.00%. The economic and demographic assumptions were unchanged for the actuarial analysis completed for Fiscal Year 2008-09.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans was reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman (the "2009 Actuarial Valuation"). The two most significant changes in the 2009 Funding Policy are described as follows:

- Asset Smoothing Period: The smoothing period to account for asset gains and losses increased from three years to five years. This is the most significant change and resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL), and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- Amortization Period: The UAAL is now amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual experience during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment return, and some changes to the demographic assumptions.

For the June 30, 2010 actuarial valuation (the "2010 Actuarial Valuation"), Milliman recommended a decrease in the assumed rate of inflation from 3.5% to a range of 3.00% to 3.25%, and a decrease in the assumed investment rate of return from 7.75% to a range of 7.25% to 7.5%. In December 2010, the Board of Investments decided to leave assumed rate of inflation and the assumed investment rate of return unchanged at 3.5% and

7.75%, respectively. However, the Board of Investments voted to adopt Milliman's recommendations regarding changes to the demographic assumptions, which are reflected in the 2010 Actuarial Valuation.

UAAL and Deferred Investment Returns

The 2009 Actuarial Valuation reported a rate of return on Retirement Fund assets of negative 18.3% for the Fiscal Year ended June 30, 2009, which corresponds to an $8.226 billion reduction in the market value of assets from June 30, 2008. Under the 2009 Funding Policy, the actuarial value of Retirement Fund assets decreased by $120 million to $39.542 billion as of June 30, 2009, and the Funded Ratio decreased by 5.6% from 94.5% to 88.9% as of June 30, 2009. The actuarial value does not include $9.819 billion of deferred investment losses that will be recognized over the next four fiscal years.

The 2009 Actuarial Valuation reported that the AAL increased by $2.494 billion to $44.469 billion, and the UAAL increased from $2.313 billion on June 30, 2008 to $4.927 billion as of June 30, 2009. The $2.614 billion increase in the UAAL was primarily the result of the significant investment losses in Fiscal Year 2008-09. A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio") on page A-8.

The 2009 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2010. In Fiscal Year 2010-11, the County's required contribution rate increased by 2.14% to 14.22% of covered payroll. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 1.99% to 4.12%, and an increase in the normal cost contribution rate from 10.09% to 10.10%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of significant actuarial investment losses, which account for 3.91% of the 14.22% total contribution rate. The impact of the actuarial investment losses on the required contribution rate was partially offset by the transition to a five-year smoothing period (-1.16%) as a result of the 2009 Funding Policy.

The investment losses recognized by LACERA during Fiscal Year 2008-09, combined with the changes from the 2009 Funding Policy will continue to have a major impact on the actuarial value of the Retirement Fund and the County's required contribution payments.

The 2010 Actuarial Valuation reported a rate of return on Retirement Fund assets of 11.6% for the Fiscal Year ended June 30, 2010, which corresponds to a $2.935 billion or 9.6% increase in the market value of assets from June 30, 2009. The market rate of return compares favorably to the 7.75% assumed rate of return, but was more than offset by large deferred asset losses from prior years that were partially recognized in the current actuarial valuation of plan assets. The actuarial value of Retirement Fund assets decreased by $703 million to $38.839 billion as of June 30, 2010, and the Funded Ratio decreased by 5.6% from 88.9% to 83.3% as of June 30, 2010. However, the actuarial value does not include $6.211 billion of net deferred investment losses that will be recognized over the next three fiscal years.

The large deferred loss is primarily due to the fact that the 5-year asset smoothing method has recognized only two-fifths of the substantial investment losses that occurred in the Fiscal Year ended June 30, 2009. To demonstrate the impact of utilizing an asset smoothing period, the actuary estimates that the Funded Ratio would have been 69.9% as of June 30, 2010, and the required County contribution rate would be 20.9% for Fiscal Year 2011-12, if the actual market value of Retirement Fund assets was used as the basis for the actuarial calculations.

The 2010 Actuarial Valuation reported that the AAL increased by $2.177 billion to $46.646 billion, and the UAAL increased from $4.927 billion on June 30, 2009 to $7.807 billion as of June 30, 2010. The $2.88 billion increase in the UAAL was primarily the result of the significant investment losses in Fiscal Year 2008-09. A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio") on page [A-*X*].

Based on the 2010 Actuarial Valuation, the County's required contribution rate will increase by 2.09% to 16.31% of covered payroll in Fiscal Year 2011-12. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 4.12% to 6.47%, and a decrease in the normal cost contribution rate from 10.10% to 9.84%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of the significant actuarial investment losses from prior years, which caused an increase in the required contribution rate of 2.51%. The impact of the actuarial investment losses on the required contribution rate was partially offset by strong investment returns in Fiscal Year 2009-10 and other positive variances from the economic and demographic assumptions. The changes in the demographic assumptions adopted by LACERA from the 2010 Investigation of Experience resulted in a .27% reduction in the required contribution rate.

The strong performance of the equity markets has continued in Fiscal Year 2010-11, with LACERA reporting a 19% return on Retirement Fund assets for the nine-month period ended March 31, 2011. The asset allocation percentages for the Retirement Fund as of March 31, 2011 were 23.8% domestic equity, 28.5% international equity, 24.9% fixed income, 8.4% real estate, 9.6% private equity, 2.7% commodities and 2.1% cash.

A summary of investment returns for the prior six years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page *[*A-8*]*

Pension Funding

The County has funded 100% or more of its annual required contribution to LACERA in each of the last twelve years. In Fiscal Years 2008-09 and 2009-10, the County's total contributions to the Retirement Fund were $805.3 million and $802.5 million, respectively. For Fiscal Year 2010-11, the County's required contribution payments are estimated to increase by [$98.6] million to $[901.1] million. For the 2011-12 Recommended Budget, the County is projecting an increase of [18.5] % in the required contribution to LACERA of $1.068 billion.

A summary of employer contributions for the seven years ended June 30, 2011 is presented in Table 3 ("County Pension Related Payments") on page [A-8].

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, however, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining

balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") that can be used by the County to fund retirement program costs is $470.71 million as of June 30, 2010. The future use of these funds will not be affected by the 2009 Funding Policy and have never been included in the actuarial valuation of Retirement Fund assets.

With a strong cash position at the beginning of Fiscal Years 2007-08 and 2008-09, the County decided to prepay $400 million of its annual required contribution to LACERA. The payments were made in July of each year and served to reduce monthly transfers during the second half of the fiscal year. In Fiscal Year 2009-10, the County returned to its historical practice of making payments to LACERA for the required contribution on a monthly basis throughout the fiscal year.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2010, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits that may be granted in the future in the 2010 Actuarial Valuation. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase by .52% to 16.83%, and the Funded Ratio would decrease by 1.4% to 81.9%.

Pension Obligation Securities

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County has previously issued pension obligation bonds and certificates and transferred the proceeds to LACERA to reduce its UAAL. In July 2010, the County deposited an advance payment in the amount of $372.13 million with the trustee for its 1994 Pension Obligation Certificates, representing the final payment of its outstanding pension obligations. The final payment to investors will be made on June 30, 2011.

A six-year history of the County's debt service payments on its pension obligations is also presented in Table 3 on page A-8.

Postemployment Health Care Benefits

LACERA administers a Health Care Benefits Program ("HBP") under an agreement with the County. The HBP includes medical, dental, vision and life insurance benefit plans for over [88,000] retirees or survivors and their eligible dependents. Retirement plan net assets are not held in trust for such postemployment benefits and LACERA's Board of Retirement reserves the right to amend or revise the medical plans and programs under the HBP at any time. County HBP-related payments are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

For Fiscal Year 2007-08, total HBP-related payments from the County to LACERA were $352.0 million, including a $9.0 million transfer from excess earnings. Total HBP-related payments for Fiscal Years 2008-09 and 2009-10 were $365.4 million and $383.5 million, respectively. The County is estimating $404.2 million in payments in Fiscal Year 2010-11 and is projecting $445.8 million in HBP-related payments in the 2011-12 Recommended Budget, Since Fiscal Year 2006-07, the County has discontinued its practice of using supplemental contributions from the County Contribution Credit Reserve with LACERA to fund its postemployment health care benefit obligations.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") has issued two statements that address other postemployment benefits ("OPEB"), which are defined to include many post retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 43"), established financial reporting standards for OPEBs in a manner similar to those currently in effect for pension benefits. GASB 43 is focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for all annual reporting periods beginning with the fiscal year ended June 30, 2008.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 is focused on the County's financial statements, and related note disclosures, and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County has implemented the requirements of GASB 45 in its financial reporting process.

The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. The method of financial reporting for OPEB costs would be similar to that used for pension plan normal costs and the UAAL thereof.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete the initial actuarial valuation of OPEB liabilities for the LACERA plans as of July 1, 2006 (the "2006 OPEB Valuation"). In May 2007, Milliman presented the first actuarial calculation of the County's unfunded accrued liability for post retirement health care and life insurance benefits paid to its employees.

In the 2006 OPEB Valuation, Milliman provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for such percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions in the 2006

OPEB Valuation were modeled on the assumptions used by LACERA for its pension program in Fiscal Year 2007-08, which assumed a 3.75% general wage increase for County employees and a 3.5% implied inflation rate. The healthcare cost assumptions in the 2006 OPEB Valuation were based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

The 2006 OPEB Valuation determined the AAL for LACERA's healthcare and life insurance benefits using a 5% discount rate and the Projected Unit Credit actuarial cost method. Using this methodology, the AAL for LACERA's OPEB program (including employees of the Los Angeles Superior Court) was $21.215 billion as of July 1, 2006, of which $20.301 billion was the County's share of the liability. The total annual required contribution for the County to fund its OPEB liability, referred to in GASB 45 as the "ARC", was estimated to be $1.55 billion as of July 1, 2006, which represented approximately 31.2% of the County's annual payroll costs.

The standards set forth under GASB 45 affect the County's financial statements. However, GASB 45 does not impose requirements on the funding of any OPEB liability and there is no mandatory payment associated with the implementation of this standard. GASB 45 provides that OPEB costs, if not funded on an actuarial accrual basis, will be recognized as a liability in the County's financial statements. Accordingly, for the Fiscal Year ended June 30, 2008, the County reported a total OPEB ARC of $1.615 billion. This amount also includes the unfunded liability for the County's long-term disability benefits. The total OPEB ARC, when reduced by the $381 million "pay-as-you-go" County contribution, resulted in a Net OPEB liability of $1.234 billion for retiree health care and long-term disability benefits as of June 30, 2008. The $381 million County contribution represented 23.6% of the OPEB ARC.

In accordance with the requirements of GASB 43, LACERA engaged Milliman to complete its second OPEB actuarial valuation as of July 1, 2008 (the "2008 OPEB Valuation"), which was issued in June 2009. In the 2008 OPEB Valuation, Milliman reported an AAL of $21.864 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability, $20.902 billion represented a 3% increase from the 2006 OPEB Valuation. The OPEB ARC as of July 1, 2008 was estimated to be $1.66 billion, which represents approximately 28% of the County's payroll costs, and a 7% increase from the 2006 OPEB Valuation.

The 2008 OPEB Valuation utilized the Projected Unit Credit actuarial cost method and a 5% discount rate. The increase in the OPEB AAL from 2006 to 2008 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, and claim cost experience gains, including lower than expected increases in health insurance premiums. However, as a result of an increase in the assumed total wage growth from 3.75% to 4% in 2008, the OPEB ARC as a percentage of annual payroll costs was reduced to 28% from 31% in 2006.

In accordance with the requirements of GASB 45, the County reported an OPEB ARC of $1.628 billion and a net increase in the OPEB liability $1.231 billion for the Fiscal Year ended June 30, 2009. With a $397 million "pay-as-you-go" contribution, the County funded 24.4% of its OPEB ARC, representing a slight increase from the 23.6% funding level in the previous Fiscal Year. For the two-year period ended June 30, 2009, the County reported an unfunded net OPEB obligation of $2.465 billion.

For the Fiscal Year ended June 30, 2010, the County reported an OPEB ARC of $1.75 billion and a net increase in the OPEB liability of $1.333 billion. The $417 million "pay-as-you-go" contribution equals 23.9% of the County's OPEB ARC, representing a slight decrease from the 24.4% funding level in Fiscal Year 2008-09. For the three-year period ended June 30, 2010, the County is reporting an unfunded Net OPEB obligation of $3.798 billion.

In March 2011, Milliman issued the third OPEB actuarial valuation as of July 1, 2010 (the "2010 OPEB Valuation"). In the 2010 OPEB Valuation, Milliman reported an AAL of $24.031 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $22.94 billion, which represents a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.86 billion, which represents approximately 29% of the County's payroll costs, and a 12% increase from the 2008 OPEB Valuation.

The 2010 OPEB Valuation continued to utilize the Projected Unit Credit actuarial cost method and a 5% discount rate. The economic and demographic assumptions used in the 2010 OPEB Valuation were derived from the retirement benefit assumptions from the 2010 Actuarial Valuation and the results of the 2010 OPEB Investigation of Experience. The increase in the OPEB AAL from 2008 to 2010 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, lower than expected payroll growth, and claim cost experience gains, including lower than expected increases in health insurance premiums as of July 1, 2010 and July 1, 2011.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL, including the establishment of a tax-exempt trust to pre-fund the County's OPEB liability. The authority to establish a tax-exempt trust is provided by California Government Code Sections 31694.3 and 31694.4. Under the provisions contained therein, the County will seek to create either a Section 115 Trust or an Integral Part Entity Trust. With each of these options, it is the intention of the County to contract with LACERA for the administrative and investment services related to the trust. Prior to the actual funding of a trust, however, the County must secure the support of its union membership and incorporate the trust agreement into the provisions of a ratified collective bargaining agreement, as required by Government Code Section 31694.4.

In Fiscal Year 2006-07, the Board of Supervisors gave its support to the development of a specific fiscal policy to pre-fund retiree health benefits. The County is planning to use the remaining $470.71 million of County Contribution Credit Reserve with LACERA to fund an initial deposit to an OPEB trust. On April 20, 2010, in response to the presentation of the 2010-11 Proposed Budget, the Board of Supervisors instructed the CEO to resume work with LACERA and the County labor unions to establish an OPEB trust fund and to take the necessary steps to fund the OPEB trust with the remaining balance of excess earnings. Beyond these measures, the County may also consider applying general fund revenues to supplement an initial trust fund deposit.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct

result of an injury or disease while performing assigned duties. Generally, the long term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

Following completion of the 2006 OPEB Valuation, the County engaged Buck Consultants to prepare an actuarial valuation of the long-term disability portion of its DBP. As of July 1, 2007, the AAL of the County's long-term DBP was $929.3 million. The County determined that this liability is an additional OPEB obligation and included the ARC for long-term DBP obligations as a component of the $1.615 billion OPEB ARC reported on the June 30, 2008 CAFR. As of July 1, 2009, the most recent actuarial valuation of the County's long-term DBP reported an AAL of $951.8 million, which represents a 2.4% increase from the previous valuation. In Fiscal Years 2007-08, 2008-09 and 2009-10, the County made $29 million, $32 million and $33 in DBP payments, respectively. The $951 million AAL for the County's long-term DBP is reported as a component of the $3.798 net OPEB obligation as of June 30, 2010. The annual DBP payments are accounted for as an offset to the County's OPEB obligation.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending proceedings, as reported by the Office of the County Counsel.

Litigation Regarding Health Services

In March 2003, two lawsuits were filed in Federal District Court against the County challenging health care reductions approved by the Board. Specifically, *Rodde, et al. v. Bonta, et al. ("Rodde")* challenged the closure of Rancho Los Amigos National Rehabilitation Center (*"Rancho"*). *Harris, et al. v. County of Los Angeles, et al. ("Harris")* challenged the closure of Rancho as well as the reduction of the 100 beds at LAC+USC Medical Center ("LAC+USC").

Negotiated settlements in the *Harris* and *Rodde* cases were approved by the Board of Supervisors in August 2005 and became final in December 2005 and March 2006, respectively. Pursuant to the settlement agreements, the County agreed to keep Rancho open through March 9, 2009 at a specified level of service. The settlement agreement expired on March 10, 2009, but the County has continued to operate Rancho, and intends to evaluate its future role in providing specialized services under Federal health care reform as a means to enhance revenue for DHS. With respect to LAC+USC, the settlement agreement expired in December 2009. Despite the expiration of the settlement agreement, the County has continued to honor many of the "fixes" required under the agreement, including key provisions related to the operation of the facility as an urgent care center.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs (ALADS) and the Los Angeles County Professional Peace Officers Association (PPOA)., In 2010, the County was able to successfully defeat the "class certification" in the PPOA lawsuit based on the recent decision from the Ninth Circuit, see, *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the Bamonte decision, both ALADS and PPOA have filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, there is the potential that the number of claimants to the collective actions may include as many as 9,000 public safety personnel. While the PPOA class action lawsuit will most likely settle for a nominal amount, the two remaining class actions and all the class grievances are still in the early litigation stages and extensive discovery must still occur.

Various lawsuits have been filed against the County alleging that certain classes of employees were not compensated for overtime worked in excess of forty hours per week, as required by the FLSA. These lawsuits seek overtime pay for a three-year period, liquidated damages (double damages), attorneys' fees and costs. In 2008, two lawsuits entitled *Ellerd v. County of Los Angeles and Ali v County of Los Angeles* were filed by 104 adult protective services social workers in the Department of Community and Senior Services and by 242 children's social workers in the Department of Children and Family Services. The plaintiffs in both suits allege that they worked extra unrecorded hours for which they should have been paid overtime at time and one-half. In *Ellerd v. County of Los Angeles*, the County's collective action decertification motion was granted on February 17, 2011. The 104 adult protective services social workers who were the plaintiffs must now decide whether to pursue their overtime pay litigation on an individual basis. In 2011, *Ali v. County of Los Angeles* was settled for a maximum amount of $2.5 million, if all 242 plaintiffs choose to participate. The period for plaintiffs to individually elect to settle will end in May 2011, unless it is extended.

Other Litigation

In 1999, a lawsuit entitled *Roger E. Bacon v. Alan T. Sasaki* was filed against the County challenging the Auditor-Controller's method of calculating interest on property tax refunds. A bench trial was held on January 9, 2006 regarding two test claims, and the trial court only partially sustained the Auditor-Controller's position. On August 11, 2009, the Board of Supervisors approved a settlement of the case. The trial court has preliminarily approved the proposed settlement, which provides for a total maximum payout amount, including all fees and costs, of $45 million. It is anticipated that a final fairness hearing prior to entry of final judgment will be held in June 2011. The County has reserved $35 million for the expected fees and costs to settle this lawsuit.

In July 2004 and February 2007, two related cases, *Ricketts v. McCormack, et al*. (*"Ricketts"*) and *Conner, et al., v. McCormack, et al.* (*"Conner"*), respectively, were filed against the County Recorder. In the *Ricketts* case, the plaintiff alleged that the County Recorder did not timely record reconveyances of deeds of trust as required by statute. The County obtained dismissal of the monetary claims in April 2006. In February 2007, the plaintiff prevailed on summary judgment and obtained a writ of mandate compelling the Recorder to timely record reconveyances. The

County's motion for a new trial was granted in May 2007 and the trial was held in December 2007. In May 2008, the trial court overturned the prior summary judgment and ruled in favor of the County. The plaintiff appealed the decision and the Court of Appeals upheld the trial court ruling that the County must comply with the statutory requirements regarding the reconveyance of deeds of trust. The plaintiff's Petition for Review was denied by the California Supreme Court in December 2009. In the *Conner* case, a class action lawsuit, plaintiffs are seeking statutory forfeitures of five hundred dollars per violation against the County and its Recorder for alleged late recording of reconveyances of deeds of trust. As a result of the outcome in the *Ricketts* case, the plaintiff voluntarily dismissed the Conner case, with prejudice, in January 2010, thus concluding the litigation.

In March, 2008, a lawsuit entitled *Natural Resources Defense Counsel v. County of Los Angeles, et al.*, was filed against the County and the Los Angeles County Flood Control District (the "Flood Control District") under the citizen suit provision of the Federal Clean Water Act. The plaintiffs have identified approximately 274 days of alleged violations and they contend that the violations are ongoing. The case was bifurcated to first determine liability, and if liability was found, then to determine the penalties and remedies. The trial judge has issued a ruling on cross-motions for summary judgment that disposed of most of the liability issues. However, the County and the Flood Control District were found to have violated water quality standards at two locations. Assuming the ruling remains unchanged, the plaintiffs will be entitled to attorneys fees and costs to the extent they prevailed on liability. No cost has yet been determined for the injunctive relief sought, in the event that such relief is ordered. In March 2009, the County and Flood Control District filed administrative claims under the Government Tort Claims Act against 64 cities and public entities for equitable indemnity and contribution. The County and Flood Control District filed a complaint for indemnity in state court against the three public entities who did not execute tolling agreements. No trial dates have been set in either the federal action or the state lawsuit.

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et. al.*, the school district alleged that the Auditor-Controller improperly calculated statutory payments due to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's Petition for Review was denied by the California Supreme Court. The County's actual liability is still undergoing review, but is expected to be in the range of $24 to $38 million.

In 2008, the City of Alhambra, along with 46 other plaintiff cities, filed a *Petition for Writ of Mandat*e against the County alleging that the County and its Auditor-Controller deducted excessive administrative fees from the property tax allocations of the 88 incorporated cities within Los Angeles County. In June 2009, a judgment denying the writ was entered in favor of the County. The plaintiffs filed a notice of appeal in August 2009, and in July 2010, the Court of Appeal reversed the trial court ruling. In August 2010, the County filed a Petition for Review with the California Supreme Court. If the Petition for Review is unsuccessful and the County is required to pay damages, the estimated liability of the plaintiffs' claim is approximately $18 million.

In 1997, the County sued insurance companies to obtain policy benefits arising out of damage to the County's buildings caused by the Northridge Earthquake. At trial, the County failed to realize a net recovery and the insurers were awarded $5.9 million, plus interest, in litigation costs and fees. Both the County and the insurer have appealed the decision. The appeal is currently pending and no hearing date has been set. If the County fails to succeed on appeal, it may owe the insurers up to $12 million, which has already been reserved by the County.

In November 2010, the County was named, along with various State entities and three local school districts, as a defendant in a class action lawsuit brought in federal district court by a number of non-profit legal advocacy groups on behalf special education students. The suit alleged that defendants were denying these students their federal right to a free and appropriate public education. The suit followed the Governor's October 8, 2010 veto of $133 million in funding appropriated by the Legislature for State mandated educationally related mental health services, commonly known as AB 3632 services. The County took the position that the State's failure to fund these services operated to suspend the mandate on counties to provide them; and further, as a consequence of federal law, responsibility to pay for or provide these services rested with the school districts. To this end, the County engaged in efforts with numerous local school districts to enter into MOUs related to the continuing provision of these services. Under the terms of the MOUs, the school districts agree to reimburse the County for continuing to provide mental health services, with the County agreeing to repay the districts if a binding legal decision determines that the mandate is not suspended.

In addition, the County, along with a number of other counties, filed an action against the State in Sacramento Superior Court seeking a judgment to declare declaring that the counties are relieved from this service mandate. On February 25, 2011, in a third legal action stemming from the Governor's veto, the Court of Appeal published an opinion concluding that the Governor properly exercised his veto authority and that it had the legal effect of suspending operation of the AB 3632 mandate. This finding permits the County to seek compensation from the school districts for continuing to provide mental health services. Thereafter, the County settled the federal lawsuit, and the suit was dismissed. On March 25, 2011, the Sacramento Superior Court provided the counties with declaratory relief, finding that the counties were relieved from the AB 3632 mandate. Nonetheless, a handful of school districts are maintaining the position the County remains fiscally responsible for these services.

Pending Litigation

There are a number of other 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 impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt service obligations.

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

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2005	32,026,105	29,497,485	34,375,949	4,878,464	85.81%
06/30/2006	35,185,589	32,819,725	36,258,929	3,439,204	90.51%
06/30/2007	40,908,106	37,041,832	39,502,456	2,460,624	93.77%
06/30/2008	38,724,671	39,662,361	41,975,631	2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2010.

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

Fiscal Year	Market Value of Plan Assets	Market Rate of Return
2004-2005	$32,026,105	11.0%
2005-2006	35,185,589	13.0%
2006-2007	40,908,106	19.1%
2007-2008	38,724,671	-1.5%
2008-2009	30,498,981	-18.3%
2009-2010	33,433,888	11.6%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2010.

Fiscal Year	Cash Payment to LACERA	Transfer From Excess Earnings	Pension Bonds Debt Service	Total Pension Related Payments	Percent Change Year to Year
2004-05	$527,810	$222,542	$336,329	$1,086,681	-
2005-06	676,667	179,368	356,883	1,212,918	11.6%
2006-07	751,851	111,775	381,235	1,244,861	2.6%
2007-08	827,789	-	381,603	1,209,392	-2.8%
2008-09	805,300	-	320,339	1,125,639	-6.9%
2009-10	802,500	-	358,165	1,160,665	3.1%
2010-11	901,140 *	-	372,130	1,273,270	9.7%
2010-12	1,067,955 **	-	-	1,067,955	-16.1%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2010 and County of Los Angeles Chief Executive Office.

* Estimated

** 2011-12 Recommended County Budget

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. Upon release of the Governor's Proposed State Budget in January, the CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the Governor's budget, and other projected revenue and expenditure trends. Expanding on this forecast, a target County budget for the ensuing fiscal year, beginning July 1st, is developed, and projected resources are tentatively allocated to the various County programs.

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

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors adopts the Final County Budget by August 1st.

Throughout the balance of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The levels of annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes can be amended, which could affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of seven (7) fund groups through which the County's resources are allocated and controlled. These groups include the General and Hospital Enterprise (which represents the General County Budget), Special, Special District, Other Enterprise, Other Proprietary, and Other Funds.

The General County Budget accounts for approximately 77.3% of the 2011-12 Recommended Budget and funds programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Funds represent approximately 10.9% of the 2011-12 Recommended Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, courthouse construction programs and operations, and specific automation projects.

Special District Funds account for approximately 8.3% of the 2011-12 Recommended Budget and are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Other Proprietary and Other Funds account for 3.5% of the 2011-12 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

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

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

Article XIIIB of the California Constitution limits the amount of appropriations of local governments for "proceeds of taxes." The County's appropriation limit for "proceeds of taxes" for 2010-11 is $16,206,518,388. The 2010-11 Final Adopted Budget includes proceeds from taxes of $6,297,826,000, which is well below the allowable limit.

Proposition 62

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

In February 2005 a claim was filed, and it was followed in May 2005 by a lawsuit entitled *Oronoz v County of Los Angeles* that contends the County's Utility User Tax ("UUT") did not meet the requirements of Proposition 62 and is therefore invalid. In November 2006, the trial court certified the case as a class action. In July 2008, the parties agreed to a tentative settlement of the case, which was finally approved by the court in March 2009. The settlement, which is currently in the process of being

implemented, calls for a total expenditure by the County of $75 million to be used for tax refunds to class members and enhanced services within the areas of the County from which the tax was collected. Claim processing is expected to be finalized in the summer of 2011. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation. The reserve is more than sufficient to fully fund the entire $75 million settlement. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62. Plaintiffs have filed a motion to enforce the judgment alleging that the 2008 election was improperly conducted. .

On August 11, 2009, a lawsuit, *Patrick Owens and Patricia Munoz v. County of Los Angeles* was filed in Los Angeles Superior Court, challenging the imposition of the County's UUT after its passage at the election held on November 4, 2008. The complaint alleges that the impartial analysis prepared by County Counsel failed to inform the voters that: 1) the material provisions of the prior UUT were being rescinded regardless of the outcome of the election; and 2) it was not a "continuation" of an existing tax, but rather was the enactment of a completely new UUT. The County filed a demurrer and motion to strike plaintiffs' complaint on October 16, 2009. A hearing was held on April 15, 2010 in which the Court denied the County's demurrer in light of the early phase of the litigation process. The case has proceeded with the discovery phase and the County intends to file a motion that will dispose of the issues challenging the legality of the election, and will ask the court to hear the identical issues in Owens and Oronoz together. Since the November 4, 2008 election, the County estimates that $120 million in UUT revenue has been collected and continues to be collected at an average rate of $5 million per month.

On March 4, 2011, a new lawsuit, filed as a class action, claims that the County's 2% increase to the Transient Occupancy Tax (TOT) violated Proposition 62 by not receiving voter approval. The County continues to analyze the litigation strategy in light of a case awaiting final ruling in the California Supreme Court that could significantly limit class actions in tax refund cases. Maximum exposure of the 2% TOT increase is $2 million based on a one year statute of limitations. A favorable California Supreme Court decision would reduce the potential exposure significantly.

Proposition 218

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

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

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

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

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

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease VLF revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years, and is further prohibited from a reallocation of local property tax revenues on more than two occasions within a ten-year period.

Proposition 1A Securitization

In July 2009, the State adopted legislation pursuant to the requirements of Proposition 1A that authorized the State to borrow eight percent of the property tax revenues apportioned to cities, counties, special districts and affiliated public agencies. The State is required to repay the property tax revenue by June 30, 2013. Under the terms of the borrowing, the California Statewide Communities Development Authority was authorized

to issue bonds that were secured by the State's obligation to repay the property tax revenue to the affected public agencies (the "Proposition 1A Securitization"). The participating local governments and affiliated agencies received their share of the borrowed property tax apportionment in a timely manner from the bond proceeds. All of the costs related to the Proposition 1A Securitization, including interest costs, paid by the State.

The total exposure to the County and all of its affiliated public agencies from the eight percent loss in property tax revenue was $365.6 million. The County, the Consolidated Fire Protection District and the Flood Control District participated in the Proposition 1A Securitization, accounting for $363.3 million or 99.37% of the County's total property tax revenue borrowed by the State. The County and its affiliated districts received their $363.3 million share of the bond proceeds in two installments, with fifty percent paid on January 15, 2010 and the balance remitted on May 3, 2010. The remaining 37 dependant districts and public agencies in the County, which account for less than 1% or $2.3 million of the lost property tax revenue, will be paid in full by the State on June 30, 2013.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repeals recent State laws that are in conflict with the measure, unless they are approved again by two-thirds of each house of the State Legislature. The State Legislative Analyst's Office asserts that Proposition 26 will make it more difficult for State and local governments to pass new laws that raise revenues and could reduce government revenues and spending statewide by billions of dollars annually. In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual tax revenue that funds the operation and maintenance of streets and roads in the unincorporated areas of the County. Additional effects of Proposition 26 on the financial condition of the County are unknown at this time.

Future Initiatives

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

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the federal and State governments. As indicated in the table "Historical Funding Requirements and Revenue Sources" on page [A-xx] of this Appendix A, $4.5 billion of the $18.0 billion 2011-12 Recommended General County Budget is received from the Federal government and $4.6 billion is funded by the State. The remaining $8.9 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 51% of General County funding is provided by the State and Federal governments underscores the County's significant reliance on outside funding sources.

Federal Budget Update

On April 14, 2011, both the House and Senate passed the Fiscal Year 2011 Continuing Resolution (H.R. 1473) to fund the Federal government for the remaining six months of the Federal fiscal year ending September 30, 2011. The compromise budget package, which was signed by the President, reduces appropriations by $38.5 million from Fiscal Year 2010 levels, and represents a significant reduction in Federal expenditures from the original executive budget proposed by the President in February 2010. Although most County programs will not be affected by the budget deal, the cumulative impact on the County is estimated to exceed $25 million.

[FY 2012 Federal Budget Information to be Provided]

State Budget Process

Recent State budgets have reflected the State's efforts to stabilize its fiscal position in response to the challenging and uncertain economic environment. Over the past twenty years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in that decade, the 2001 recession and recovery, and the current economic downturn. The State's budgetary decisions during the current economic downturn will have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Realignment Program

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

Property Tax Shift

In response to the State's 1993-94 recession, the State shifted $2.1 billion in property taxes from counties and $500 million from cities, special districts and redevelopment agencies to school and community college districts. This action reduced the County's primary source of discretionary revenue. The reduction in State funding has been partially offset by revenues from the County's share of the Proposition 172 one-half cent public safety sales tax. The Proposition 172 public safety tax, which was approved in 1993, was the State's response to help lessen the impact of the shift in property tax revenue to education.

2011-12 STATE BUDGET

On January 10, 2011, Governor Brown released his 2011-12 Proposed Budget (the "2011-12 Proposed State Budget"), which projects an estimated $8.2 billion budget deficit for Fiscal Year

2010-11 and a $17.2 billion budget deficit in Fiscal Year 2011-12 absent corrective action.

The 2011-12 Proposed State Budget includes proposals to (i) reduce expenditures by approximately $12.5 billion, (ii) generate an additional $3.0 billion in revenues for Fiscal Year 2010-11 and $12.0 billion in revenues for Fiscal Year 2011-12 by extending four temporary tax increases, subject to voter approval, and shifting funding and responsibility for certain services to local governments, and (iii) borrow $1.9 billion from special funds and other sources. The Proposed State Budget estimates a carryover Fiscal Year 2010-11 budget deficit of $4.1 billion, projects State General Fund revenues and transfers for Fiscal Year 2011-12 of $89.7 billion (a decrease of approximately 4.8 percent from the projected revenues and transfers for Fiscal Year 2010-11) and State General Fund expenditures of $84.6 billion (a decrease of approximately 8.2 percent from the projected expenditures for Fiscal Year 2010-11), and a deposit to the Reserve for Economic Uncertainties of approximately $1 billion.

It is estimated that approximately $12 billion of the additional revenue included in the 2011-12 Proposed State Budget was dependent upon voter approval at a June 2011 special election of a constitutional measure to extend certain temporary tax increases for sales tax, personal income tax and the Vehicle License Fee (VLF) for an additional five-year period. The Governor has proposed that revenue from the sales tax and the VLF be transferred directly to local governments to finance the first phase of a major realignment plan. The Governor proposed an accelerated budget process with a target date of March 1, 2011 to put in place all of the enabling legislation necessary to implement his budget proposals and to authorize the June 2011 ballot measure. However, there is significant uncertainty regarding the outcome of the tax extension component of the Governor's budget proposal, as he was unable to generate the required two-thirds support in the State legislature to authorize the June ballot initiative.

The 2011-12 Proposed State Budget proposes to realign government services, returning authority and responsibility for certain of those services to counties, cities, special districts and school districts. While the details of the realignment plan remain unclear, its complete implementation is expected to restructure over $10 billion in a wide range of public services. The first phase of the realignment plan would restructure over $5.9 billion in public services in Fiscal Year 2011-12. The first phase includes a realignment of public safety services, fire protection services and medical emergency response in highly populated areas, transferring funding and responsibility for court security to counties, transferring to counties the responsibility for low-level offenders, the adult parole program, and juvenile offenders.

As a component of the realignment plan, the 2011-12 Proposed State Budget also proposes to eliminate redevelopment agencies effective July 1, 2011, remove the State's financial commitment to such programs, and to provide for new local authority to allocate resources to local projects. The Governor estimates that, after payment of redevelopment agency debts and contractual obligations, $3 billion in tax increments will be available for statutory pass-through payments to local governments. Given the uncertainty surrounding the tax extension proposal and the lack of detail regarding the realignment plan, the fiscal impact on the County is unknown at this time.

On March 24, 2011, Governor Brown signed 13 budget trailer bills to address an estimated $11.2 billion of the State's budget deficit, which included $8.2 billion in expenditure reductions primarily to health and social services programs. The estimated impact of these cuts to the County in Fiscal Year 2011-12 is approximately $366.4 million. The major components of the budget cuts include a reduction of Medi-Cal funding, a redirection of Mental Health Services Act Funds, a reduction of CalWORKS grants, and decreased funding to the In-home Support Services (IHSS) program. Most of the State budget actions will result in funding reductions to County-administered health and social services programs that will not have any impact on the County's net cash position. Given the County's policy not to backfill cuts in State programs, all $366.4 million of funding reductions will be passed-through to local constituents. In fact, the County could realize net savings of approximately $50.0 million from the 2011-12 Proposed State Budget due to IHSS program reductions.

Given the significant level of uncertainty surrounding the State budget, the County is deferring recommendations to align the County budget with actions by the Governor and the Legislature until more information on the outcome of the State budget process becomes available. If the $50.0 million of savings do materialize, it is expected that they will be used to supplement County reserves.

As a result of the current economic conditions and the continuing fiscal crisis in California, the financial condition of the State remains highly uncertain. Many future events will affect the amount of funding that is actually received by the County from the State and Federal governments. As a result, the information in this Official Statement (including this Appendix A) relating to State and Federal funding is based upon the County's current expectations and is subject to change due to the occurrence of future events.

RECENT COUNTY BUDGETS

Recent General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. County budgets have improved stability due to the passage of Proposition 1A 2004, which secured long-term financial protection from a State reallocation of property tax revenues during times of State fiscal crisis. Proposition 1A 2004 provides the County with a more reliable funding source by substituting VLF revenue with property taxes, which have historically been one of the least volatile sources of revenue.

The reliability of property tax revenues is due in large part to Proposition 13, which helps to insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that has not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the current economic downturn. To illustrate this point, average

median home prices in the County declined by [43%] from their peak in August 2007 ($562,346) to a cyclical low in [February 2010 ($318,392)], but the value of the property tax roll (the "Net Local Roll") decreased by only 0.5% in Fiscal Year 2009-10, 1.9% in Fiscal Year 2010-11. The County Assessor estimates that approximately 14.6% of all residential parcels and 17.5% of commercial-industrial parcels are 1975 base-year parcels in the Fiscal Year 2010-11 tax roll. In Fiscal Year 2011-12, the Net Local Roll is projected to grow by 0.7%.

The largest contributors to the increase in assessed valuation for 2011-12 are transfers in ownership ($12.6 billion), new constructions ($5.7 billion) and consumer price increases ($6.5 billion). These increases are partially offset with the reassessment of properties under Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a "decline in value." Proposition 8 reassessments resulted in a $12.4 billion reduction in the Net Local Roll for Fiscal Year 2011-12. A significant factor contributing to the Proposition 8 reductions is the County Assessor's decision to initiate Proposition 8 reviews of all homes sold between July 2003 and June 2009. This process was initiated in 2008 and has served to dramatically reduce the number of assessment appeals impacting the County's Net Local Roll. The overall increase of the Net Local Roll is estimated at $7.3 billion for Fiscal Year 2011-12.

The economic downturn has had a significant impact on recent County budgets, and has resulted in net County cost (NCC) budget gaps beginning in Fiscal Year 2009-10. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues). In order to manage the budget gaps, the County has used a balanced approach of curtailing departmental budgets, achieving savings through efficiencies, and using reserves and capital funding appropriations to achieve a balanced budget. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees.

The County believes that the effects of the economic downturn on the County budget (declines in revenues and increases in assistance caseloads) are a cyclical consequence of the recession. Since revenues and caseload will not return to pre-recessionary levels in the short-term, the County has implemented structural changes to the budget through departmental curtailments in excess of $400.0 million over the last four years. The measured approach to managing budgetary challenges, including the use of one-time funding sources, has enabled the County to more strategically achieve a balanced budget and maintain critical core services.

2009-10 FINAL ADOPTED COUNTY BUDGET

The 2009-10 Final Adopted County Budget (the "2009-10 Final Adopted Budget"), which was approved by the Board of Supervisors on September 22, 2009, appropriated $23.6 billion, representing a 1.7% increase from the previous Fiscal Year. For General County purposes (General Fund and Hospital Enterprise Funds), the 2009-10 Final Adopted Budget appropriated $18.5 billion, which represented a 1.8% increase from the 2008-09 Final Adopted Budget. The 2009-10 Final Adopted Budget included a net decrease of 1,345 budgeted positions from the previous Fiscal Year.

The 2009-10 Final Adopted Budget contained a NCC budget gap of $360.6 million. As illustrated below, the budget gap was driven primarily by decreases in revenue and increases in assistance caseloads.

Fiscal Year 2009-10 NCC Budget Gap

Revenue Reductions	$191.9 million
Assistance Caseload Increases	85.3 million
Net Program Changes	11.7 million
Unavoidable Cost Increases	57.2 million
Indigent Defense Cost Increases	14.4 million
Total Budget Gap	**$360.6 million**

To close this budget gap the County utilized a combination of ongoing and one-time solutions, including the use of reserves. The major components of the Fiscal Year 2009-10 NCC budget gap solutions are described in the following table:

Ongoing Departmental Budget Curtailments	$162.9 million
One-Time Bridge Funding	115.5 million
Federal Stimulus Funding	77.7 million
Savings Initiatives	4.4 million
Total Budget Gap Solutions	**$360.6 million**

In connection with the 2009-10 Final Adopted Budget, the Board of Supervisors approved the CEO's supplemental budget request to eliminate $153.5 million in appropriations as a result of State budget cuts. Due to curtailments in State programs, the County made the decision not to backfill certain administrative costs in relation to both the CalWORKs and Medi-Cal Programs.

2010-11 FINAL ADOPTED COUNTY BUDGET

In the 2010-11 Final Adopted Budget, the County projected a $491.6 million General Fund Net County Cost ("NCC") budget gap. The major components of the Fiscal Year 2010-11 NCC budget gap are described in the following table:

Fiscal Year 2010-11 NCC Budget Gap

Revenue Reductions	
Property Taxes	$113.1 million
Public Safety Sales Tax	18.2 million
Realignment Sales Tax	10.3 million
Registrar-Recorder Shortfall	19.0 million
Various Revenue Changes	(4.4) million
Assistance Caseload Increases	
General Relief	82.4 million
In-Home Support Services	16.0 million
Other Caseload Changes	8.7 million
Expiration of FMAP Extension	38.8 million
Unavoidable Cost Increases	
Pension Costs	80.5 million
Health Insurance Subsidy	50.4 million
Net Program Changes	30.3 million
Supplement Reserves	28.3 million
Total Projected Budget Gap	**$491.6 million**

To close this budget gap the County utilized a combination of ongoing and one-time solutions, including the use of reserves. The major components of the Fiscal Year 2010-11 NCC budget gap solutions are described in the following table:

Fiscal Year 2010-11 NCC Budget Gap Solutions

Ongoing Departmental Budget Curtailment	$173.0 million
Ongoing Revenue Solutions	13.0 million
One-Time Bridge Funding	167.2 million
Federal Stimulus Funding	26.2 million
Labor-Management Savings	51.0 million
Excess Prior Year Fund Balance	61.2 million
Total Budget Gap Solutions	**$491.6 million**

At this time, no midyear budget adjustments have been required to maintain a balanced budget.

2011-12 RECOMMENDED COUNTY BUDGET

The 2011-12 Recommended Budget, similar to recent budgets, has been shaped by the lingering effects of the recession and its continuing impact on the financial condition of the County.

The 2011-12 Recommended Budget, which was approved by the Board of Supervisors on April 19, 2011, appropriates $23.3 billion, representing a 3.9% decrease from the prior year. For General County purposes (General Fund and Hospital Enterprise Fund), the 2011-12 Recommended Budget appropriates $18.0 billion, which represents a 2.6% decrease from the 2010-11 Final Adopted Budget. The 2011-12 Recommended Budget reflects a net decrease of 257 budgeted positions from the Final Adopted Budget in Fiscal Year 2010-11.

Demonstrating some initial signs of stability, the County currently faces its smallest NCC budget gap in three years. The primary drivers of the projected $220.9 million budget gap are outlined below.

2010-11 One-Time Budget Solutions

As discussed above, the County has utilized one-time funding solutions to help balance the budget during the economic crisis. The impact on the 2011-12 Recommended Budget from the expiration of the prior year's one-time funding solutions is projected to be a negative $262.0 million.

Expiration of Federal Stimulus Funding

The American Recovery and Reinvestment Act of 2009 (ARRA), in addition to other factors, temporarily increased Federal Medical Assistance Percentage (FMAP) funding, which is the federal match rate for non-administrative costs. The FMAP change temporarily decreased the County's contribution to the IHSS program. A change in the FMAP percentage also affected other County administered programs. With the temporary increase in FMAP funding ending in June 2011, the County's share of the IHSS program will increase by $63.9 million in Fiscal Year 2011-12.

Unavoidable Cost Increase

The primary components of the unavoidable cost increases are higher costs related to pension funding requirements and employee health insurance. The County's required retirement contributions will increase by almost fifteen percent (15%) in Fiscal Year 2011-12, primarily due to the losses sustained by LACERA in Fiscal Year 2008-09 as a result of the global financial crisis. Health insurance premiums for County employees will increase by approximately seven percent (7%) in Fiscal Year 2011-12.

Assistance Caseload Increases

The high unemployment rate has caused many residents to seek public assistance from the County, which has resulted in a significant increase in assistance caseloads and expenditures since Fiscal Year 2006-07. The cost of providing General Relief (GR) assistance is particularly problematic, since the County bears the entire cost of this assistance program.

Fiscal Year	Average Caseload	
2006-07	58,599	
2007-08	62,897	
2008-09	74,763	
2009-10	91,499	
2010-11	106,894	(Estimated)
2011-12	114,440	(Projected)

In Fiscal Year 2010-11, the County estimates that GR caseloads will average approximately 107,000 per month and continue to grow in Fiscal Year 2011-12 to a projected average monthly caseload of over 114,000. The projected GR caseload for Fiscal year 2011-12 is nearly double the average monthly caseload of 58,600 in Fiscal Year 2006-07. Consistent with economic forecasts of unemployment, the County budget assumes that GR caseloads will peak in December 2011 and gradually decline through the remainder of the Fiscal Year.

Revenue Increases

As the local economy has stabilized and started to improve, the County is forecasting increases in a variety of locally generated revenues along with an increase in statewide sales tax revenue. After two (2) years of declines in assessed valuation, the Assessor is projecting a 0.7%, or $7.3 billion, increase in assessed property valuation, which will generate an estimated $27.9 million of additional property tax revenue in Fiscal Year 2011-12. The Assessor is scheduled to release the final assessment roll forecast in July 2011.

For the first time since 2006-07, the County is starting to see a year-over-year increase in Proposition 172 Sales Tax and Realignment Sales Tax revenue. Based on current trends and a survey of local economic forecasts, the County has assumed a five percent (5%) growth rate for all sales tax projections in the Fiscal Year 2011-12 Recommended Budget. In addition, the County is forecasting a three percent (3%) increase in VLF revenue in Fiscal Year 2011-12.

Retirement of Pension Obligation Bonds

In October 1994, the County issued pension obligation bonds to finance an unfunded actuarial accrued liability with LACERA. Since Fiscal Year 2010-11 is the final year of debt service on the bonds, the County can now redirect $106.6 million in NCC savings to help close the General Fund budget gap in Fiscal Year 2011-12. Other non-General Fund County departments will also benefit from the retirement of the pension obligation bonds, as the County estimates that these departments will realize $141.5 million in savings that can be used to resolve their budgetary challenges in Fiscal Year 2011-12.

Labor-Management Savings

On December 7, 2010, the Board of Supervisors approved amendments to collective bargaining agreements that included a partial suspension of the County's matching contributions to the deferred compensation plans in Fiscal Years 2010-11 and 2011-12. The reduction in the matching contribution benefit is projected to generate $42.1 million in NCC savings to the General Fund budget in Fiscal Year 2011-12, and an additional $33.6 million in savings for non-General Fund County departments.

Fiscal Year 2011-12 NCC Budget Gap

2010-11 One-Time Budget Solutions	$262.0 million
Expiration of Federal Stimulus Funding	63.9 million
Unavoidable Cost Increases	
Pensions Costs	47.5 million
Health Insurance Subsidy	28.7 million
Net Program Changes	2.8 million
Assistance Caseload Changes	
General Relief	49.9 million
In-Home Support Services	(17.2) million
Revenue Increases	
Property Tax	(27.9) million
Various Revenue Changes	(28.8) million
Public Safety Sales Tax	(11.8) million
Realignment Sales Tax	(9.5) million
Retirement of Pension Obligation Bonds	(106.6) million
Labor-Management Savings	(42.1) million
Total Projected Budget Gap	**$220.9 million**

The County intends to utilize the following combination of ongoing and one-time budget solutions to close the projected budget gap in Fiscal Year 2011-12.

Fiscal Year 2011-12 NCC Budget Gap Solutions

Ongoing Curtailments/Consolidations	$35.7 million
One-Time Bridge Funding	185.2 million
Total Budget Gap Solutions	**$220.9 million**

Departmental Budget Reductions/Consolidations

Fiscal Year 2011-12 marks the fourth consecutive year of County departmental budget curtailments, which as illustrated below, has resulted in over $406.0 million in funding reductions.

Budget Year	NCC Curtailment
2008-09	$33.0 million
2009-10	162.9 million
2010-11	175.0 million
2011-12	35.1 million
Total	$406.1 million

Throughout this period, many departments have lost over twenty percent (20%) of their NCC budget, while some departments' curtailments have been as high as thirty-eight percent (38%). Over this same period, County departments have sustained an average curtailment of seventeen percent (17%), with 2,735 budgeted positions eliminated countywide. For Fiscal Year 2011-12, each County department was asked to submit an initial budget request that included a seven-percent (7%) NCC reduction. After reviewing departmental budget submissions, analyzing the potential impact on services, and considering the history of curtailments that departments have endured, most of the departmental reductions were revised downward.

One-Time Bridge Funding

Over the past decade, the County was able to set aside funds for capital projects and for a "rainy day" reserve fund. Since it appears that the County has endured the worst of the economic crisis and the economy is starting to slowly recover, the County believes that it is fiscally responsible to utilize some one-time funding sources and modify the financing structure of the capital construction program to help close the budget gap. The two primary reserves for the County, the Reserve for Rainy Day Fund ($93.2 million) and the Provisional Financing Uses-Economic Reserve ($82.9 million), were not used to close this year's budget gap. These reserves remain intact and available to address future uncertainties. In accordance with County budget policy, the County intends to increase its reserve funds once the economy returns to historical levels of growth and the budget situation improves.

Health Services Budget

The Department of Health Services (DHS) provides vital inpatient acute care services in four hospitals, and outpatient services at two Multi-Service Ambulatory Care Centers (MACCs), one rehabilitation center, six comprehensive health centers, 11 health centers, and over 100 Public/Private Partnership (PPP) clinics throughout the County. DHS operates a health plan, the Community Health Plan, which serves more than 200,000 members. The Department also manages emergency medical services for the entire County, and trains approximately 1,360 physician residents annually.

As a safety net provider, the County is the provider of last resort for millions of medically indigent patients in the County. Historically, the cost of providing health services has exceeded the combined total of health service revenues and the County general fund health subsidy, which has resulted in a ongoing structural deficit for DHS. By maximizing available revenue sources, implementing efficiencies, and using one-time reserve funds, DHS has been able to cover the structural deficits of prior years.

For Fiscal Year 2011-12, the DHS budget outlook has improved, largely due to the approval by the Centers for Medicare and Medicaid Services (CMS) of a new 1115 Hospital Financing Waiver (the "Waiver") for public hospitals in California. The Waiver, referred to as "California's Bridge to Reform", is effective for five years beginning November 1, 2010, and is the key program that will enable the County to bridge the gap until the implementation of Federal health care reform in 2014. The enactment of Federal health care reform provides the framework for the new Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The expanded coverage provisions are expected to reduce the structural deficit by providing a new revenue source from some of the indigent patients that do not currently have medical coverage.

Among the many components of the Waiver is the new Medicaid Coverage Expansion (MCE) program which will provide Medi-Cal coverage for citizen or legal resident uninsured adults, ages 19-64 years, with incomes at or below 133% of the Federal Poverty Level. These individuals are targeted for coverage when health care reform is fully implemented in 2014. DHS anticipates that the MCE program will provide the opportunity for early enrollment into Medi-Cal coverage for many of its currently uninsured patients, thereby significantly improving the payer mix. The Waiver's MCE expansion and the transfer of Seniors and Persons with Disabilities into Medi-Cal managed care will help prepare the County for the implementation of Federal health care reform, when most covered individuals are expected to be enrolled in managed care programs. In addition, the Waiver provides new funding for system improvements at public hospitals through the Delivery System Reform Incentive Payment Pool, and by continuing to partially fund uncompensated care. Since significant components of the funding mechanisms in the Waiver are performance-based, DHS will focus its efforts toward developing and implementing the structural and operational changes necessary to maximize available Waiver funding. In addition, DHS will allocate significant resources toward a restructuring of the ambulatory care systems in order to ensure service capacity, high quality care, and the best possible outcomes for patients.

The estimated value of the Waiver funding will increase by $290.1 million in Fiscal Year 2011-12. Since a large portion of this funding source is performance based, at-risk revenue, DHS must ensure that it meets the goals of the Waiver to maximize available revenues. The increase in Waiver revenue assumes that DHS will implement the necessary compliance standards to ensure that performance-based Waiver requirements are met. Since the additional funding from the Waiver will not completely resolve the projected deficit, DHS will continue to develop and implement cost saving and revenue generating initiatives through the Financial Stabilization Plan. The Fiscal Year 2011-12 Recommended Budget includes $136.1 million in savings related to these initiatives. Based on receipt of the additional Waiver funding and successful initiatives implemented through the Financial Stabilization Plan, DHS is projecting a balanced budget for Fiscal Year 2011-12.

Martin Luther King Jr. – Harbor Hospital

In August 2007, the CMS notified the County that Martin Luther King, Jr. – Harbor Hospital (the "MLK Hospital") had lost its Medicare and Medicaid certification. To remedy this situation, MLK Hospital was converted into a Multi-Service Ambulatory Care Center, while additional inpatient beds were opened at other County hospitals and purchased from the private sector. On October 12, 2007, Governor Schwarzenegger signed into law Senate Bill 474 to establish a $100 million annual fund, named the South Los Angeles Medical Services Preservation Fund, to stabilize the health services for low-income, under-served residents of South Los Angeles. The continuation of this fund is currently in the legislative process (AB 2599) and has passed both houses in the California Legislature.

The County and the University of California ("UC"), with the involvement of Governor Schwarzenegger's Office, approved a plan to create a wholly independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. The new MLK Hospital would serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients, be integrated with the County's existing network of specialty and primary care ambulatory clinics, and optimize public and private resources to fund the delivery of services. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010 and is proceeding with efforts to open a new private, non-profit MLK Hospital. Construction of the new MLK Hospital facility is expected to be completed in 2013.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities.

The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206.0 billion through the year 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. While the County's share of the State settlement is expected to average approximately $100 million per year, the amount of settlement funding may fluctuate significantly from year to year. Factors that could impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA. To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, recent actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments have been withheld or made under protest.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represents the initial year for the payment of debt service on the Tobacco Bonds. The proceeds from the sale of the Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above. The use of this fixed percentage of TSRs as security for the repayment of the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

In accordance with the terms of the MSA, annual payments are subject to numerous adjustments, offsets and recalculation. In April 2011 payment, the County received $85.571 million in MSA payments from the participating manufacturers (including the 25.9% of the MSA payment pledged as security for the Tobacco Bonds). In a change from prior-year practices, Phillip Morris USA elected to withhold the disputed portion of their April payment obligation and deposit $267 million in the Disputed

Payments Account. The net impact to the County was an estimated reduction of approximately $13 million in TSRs.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and reserved in a designation for health services. Through June 2010, the County has received $1.242 billion in tobacco settlement revenues ("TSRs") and accrued interest, with approximately $1.085 billion of the collected proceeds disbursed, and $157 million remaining in reserves. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that help address its ambulatory care restructuring.

BUDGET TABLES

The 2011-12 Recommended Budget is supported by $3.7 billion in property taxes, $4.5 billion in federal funding, $4.6 billion in State funding, $0.2 billion in cancelled reserves and designations, $1.3 billion in fund balance and approximately $3.7 billion in other funding sources.

The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2010-11 Final Adopted Budget with the 2011-12 Recommended Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2007-08	Final 2008-09	Final 2009-10	Final 2010-11	Recommended 2011-12
General Fund	$ 15,981,000	$ 16,273,308	$ 16,368,794	$ 16,380,905	$ 15,832,675
Hospital Enterprise Fund	1,818,990	1,897,508	2,121,468	2,127,184	2,186,689
Debt Service Fund	-	-		-	-
Total General County Budget	$ 17,799,990	$ 18,170,816	$ 18,490,262	$ 18,508,089	$ 18,019,364

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources
(in thousands)

	Final 2007-08	Final 2008-09	Final 2009-10	Final 2010-11	Final 2010-11
Requirements					
Social Services	$ 4,991,495	$ 5,166,283	$ 5,503,085	$ 5,707,144	$ 5,657,339
Health	5,307,606	5,322,713	5,338,390	5,424,321	5,404,506
Justice	4,499,905	4,719,253	4,693,943	4,745,700	4,598,702
Other	3,000,984	2,962,567	2,954,844	2,630,924	2,358,817
Total	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,019,364**
Revenue Sources					
Property Taxes	$ 3,628,517	$ 3,840,369	$ 3,789,308	$ 3,676,161	$ 3,704,100
State Assistance	4,963,934	4,818,285	4,554,097	4,528,710	4,629,849
Federal Assistance	3,963,490	4,104,390	4,730,605	4,868,199	4,516,077
Other	5,244,049	5,407,772	5,416,252	5,435,019	5,169,338
Total	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,019,364**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2007-08	Final 2008-09	Final 2009-10	Final 2010-11	Recommended 2011-12
Financing Requirements					
Salaries & Employee Benefits	$ 8,437,462	$ 8,792,005	$ 8,974,526	$ 9,004,826	$ 8,788,113
Services & Supplies	5,859,213	6,192,312	6,350,306	6,530,982	6,340,237
Other Charges	3,127,968	3,233,859	3,350,510	3,503,195	3,711,787
Capital Assets	1,510,033	1,436,772	1,257,509	1,077,873	836,813
Other Financing Uses	1,155,780	985,458	726,958	704,520	633,987
Residual Equity Transfers Out	278	181	295	-	-
Interbudget Transfers[1]	(1,643,528)	(1,579,769)	(1,325,677)	(1,452,816)	(1,400,236)
Gross Appropriation	$ 18,447,206	$ 19,060,818	$ 19,334,427	$ 19,368,580	$ 18,910,701
Less: Intrafund Transfers	888,376	912,753	915,868	946,497	936,106
Net Appropriation	$ 17,558,830	$ 18,148,065	$ 18,418,559	$ 18,422,083	$ 17,974,595
Reserves					
General Reserve	$ 3,000	$ 5,400	$ 3,000	$ -	$ -
Designations/Other Reserves	238,160	17,351	68,703	86,006	44,769
Total Financing Requirements	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,019,364**
Available Financing					
Fund Balance	$ 1,706,356	$ 1,808,804	$ 1,713,428	$ 1,628,644	$ 1,288,496
Cancellation of Reserve/Designation	478,323	345,500	437,653	409,097	216,114
Property Taxes: Regular Roll	3,439,292	3,735,359	3,732,264	3,654,517	3,682,292
Supplemental Rol	189,225	105,010	57,044	21,644	21,808
Revenue	11,986,794	12,176,143	12,549,873	12,794,187	12,810,654
Total Available Financing	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,019,364**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.4 billion in 2011-12, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF FINAL ADOPTED 2010-11 BUDGET TO FINAL ADOPTED 2010-11
Net Appropriation: By Function
(In thousands)

Function	2010-11 Final Budget (1)	2011-12 Recommended Budget (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 887,319.0	$ 798,990.0	$ (88,329.0)	-9.95%
General Services	592,911.0	559,252.0	(33,659.0)	-5.68%
Public Buildings	894,933.0	750,556.0	(144,377.0)	-16.13%
Total General	$ 2,375,163.0	$ 2,108,798.0	$ (266,365.0)	-11.21%
Public Protection				
Justice	$ 4,475,587.0	$ 4,321,205.0	$ (154,382.0)	-3.45%
Other Public Protection	188,832.0	201,943.0	13,111.0	6.94%
Total Public Protection	$ 4,664,419.0	$ 4,523,148.0	$ (141,271.0)	-3.03%
Health and Sanitation	5,394,110.0	5,388,063.0	(6,047.0)	-0.11%
Public Assistance	5,648,852.0	5,628,542.0	(20,310.0)	-0.36%
Recreation and Cultural Services	269,845.0	258,350.0	(11,495.0)	-4.26%
Insurance and Loss Reserve	69,694.0	67,694.0	(2,000.0)	-2.87%
Reserves/Designations	86,006.0	44,769.0	(41,237.0)	-47.95%
Appropriation for Contingency	-	-	-	0.00%
Total Requirements	**$ 18,508,089.0**	**$ 18,019,364.0**	**$ (488,725.0)**	**-2.64%**
AVAILABLE FUNDS				
Property Taxes	$ 3,676,161.0	$ 3,704,100.0	$ 27,939.0	0.76%
Fund Balance	1,628,644.0	1,288,496.0	(340,148.0)	-20.89%
Cancelled Prior-Year Reserves	409,097.0	216,114.0	(192,983.0)	-47.17%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 430,075.0	$ 4,291,262.0	$ 3,861,187.0	897.79%
Homeowners' Exemption	20,500.0	-	(20,500.0)	-100.00%
Public Assistance Subventions	1,628,614.0	-	(1,628,614.0)	-100.00%
Other Public Assistance	495,256.0	-	(495,256.0)	-100.00%
Public Protection	752,793.0	-	(752,793.0)	-100.00%
Health and Mental Health	774,158.0	41,355.0	(732,803.0)	-94.66%
Capital Projects	25,397.0	-	(25,397.0)	-100.00%
Other State Revenues	52,091.0	-	(52,091.0)	-100.00%
Total State Revenues	$ 4,178,884.0	$ 4,332,617.0	$ 153,733.0	3.68%
Federal Revenues				
Public Assistance Subventions	$ 2,459,088.0	$ 3,709,406.0	$ 1,250,318.0	50.84%
Other Public Assistance	324,133.0	-	(324,133.0)	-100.00%
Public Protection	210,632.0	-	(210,632.0)	-100.00%
Health and Mental Health	893,912.0	2,510.0	(891,402.0)	-99.72%
Capital Projects	27,053.0	-	(27,053.0)	-100.00%
Other Federal Revenues	53,703.0	-	(53,703.0)	-100.00%
Total Federal Revenues	$ 3,968,521.0	$ 3,711,916.0	$ (256,605.0)	-6.47%
Other Governmental Agencies	141,001.0	159,366.0	18,365.0	13.02%
Total Intergovenmental Revenues	$ 8,288,406.0	$ 8,203,899.0	$ (84,507.0)	
Fines, Forfeitures and Penalties	224,625.0	228,151.0	3,526.0	1.57%
Licenses, Permits and Franchises	46,064.0	46,391.0	327.0	0.71%
Charges for Services	2,971,525.0	3,112,205.0	140,680.0	4.73%
Other Taxes	167,216.0	169,431.0	2,215.0	1.32%
Use of Money and Property	117,440.0	153,107.0	35,667.0	30.37%
Miscellaneous Revenues	338,160.0	309,678.0	(28,482.0)	-8.42%
Operating Contribution from General Fund	640,751.0	587,792.0	(52,959.0)	-8.27%
Total Available Funds	**$ 18,508,089.0**	**$ 18,019,364.0**	**$ (488,725.0)**	**-2.64%**

(1) Reflects the Final Adopted 2010-11 General County Budget approved by the Board of Supervisors on September 28, 2010.
(2) Reflects the 2011-12 Recommended General County Budget approved by the Board of Supervisors on April 19, 2011.

COUNTY OF LOS ANGELES
FINAL ADOPTED 2010-11 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 887,319.0	$ -	$ 887,319.0
General Services	592,911.0	-	592,911.0
Public Buildings	894,933.0	-	894,933.0
Total General	$ 2,375,163.0	$ -	$ 2,375,163.0
Public Protection			
Justice	$ 4,475,587.0	$ -	$ 4,475,587.0
Other Public Protection	188,832.0	-	188,832.0
Total Public Protection	$ 4,664,419.0	$ -	$ 4,664,419.0
Health and Sanitation	$ 3,266,926.0	$ 2,127,184.0	$ 5,394,110.0
Public Assistance	5,648,852.0	-	5,648,852.0
Recreation and Cultural Services	269,845.0	-	269,845.0
Insurance and Loss Reserve	69,694.0	-	69,694.0
Reserves/Designations	86,006.0	-	86,006.0
Appropriation for Contingency	-	-	-
Total Requirements	**$ 16,380,905.0**	**$ 2,127,184.0**	**$ 18,508,089.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,676,161.0	$ -	$ 3,676,161.0
Fund Balance	1,628,644.0	-	1,628,644.0
Cancelled Prior-Year Reserves	405,168.0	3,929.0	409,097.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 430,075.0	$ -	$ 430,075.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,628,614.0	-	1,628,614.0
Other Public Assistance	495,256.0	-	495,256.0
Public Protection	752,793.0	-	752,793.0
Health and Mental Health	733,169.0	40,989.0	774,158.0
Capital Projects	25,397.0	-	25,397.0
Other State Revenues	52,091.0	-	52,091.0
Total State Revenues	4,137,895.0	40,989.0	$ 4,178,884.0
Federal Revenues			
Public Assistance Subventions	$ 2,459,088.0	$ -	$ 2,459,088.0
Other Public Assistance	324,133.0	-	324,133.0
Public Protection	210,632.0	-	210,632.0
Health and Mental Health	891,402.0	2,510.0	893,912.0
Capital Projects	27,053.0	-	27,053.0
Other Federal Revenues	53,703.0	-	53,703.0
Total Federal Revenues	$ 3,966,011.0	$ 2,510.0	$ 3,968,521.0
Other Governmental Agencies	141,001.0	-	141,001.0
Total Intergovenmental Revenues	$ 8,244,907.0	$ 43,499.0	$ 8,288,406.0
Fines, Forfeitures and Penalties	224,625.0	-	224,625.0
Licenses, Permits and Franchises	45,938.0	126.0	46,064.0
Charges for Services	1,757,331.0	1,214,194.0	2,971,525.0
Other Taxes	167,216.0	-	167,216.0
Use of Money and Property	117,267.0	173.0	117,440.0
Miscellaneous Revenues	113,648.0	224,512.0	338,160.0
Operating Contribution from General Fund	-	640,751.0	640,751.0
Total Available Funds	**$ 16,380,905.0**	**$ 2,127,184.0**	**$ 18,508,089.0**

(1) Reflects the Final Adopted 2010-11 General County Budget approved by the Board of Supervisors on September 28, 2010.

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2011-12 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 798,990.0	$ -	$ 798,990.0
General Services	559,252.0	-	559,252.0
Public Buildings	750,556.0	-	750,556.0
Total General	$ 2,108,798.0	$ -	$ 2,108,798.0
Public Protection			
Justice	$ 4,321,205.0	$ -	$ 4,321,205.0
Other Public Protection	201,943.0	-	201,943.0
Total Public Protection	$ 4,523,148.0	$ -	$ 4,523,148.0
Health and Sanitation	$ 3,201,374.0	$ 2,186,689.0	$ 5,388,063.0
Public Assistance	5,628,542.0	-	5,628,542.0
Recreation and Cultural Services	258,350.0	-	258,350.0
Insurance and Loss Reserve	67,694.0	-	67,694.0
Reserves/Designations	44,769.0	-	44,769.0
Appropriation for Contingency	-	-	-
Total Requirements	**$ 15,832,675.0**	**$ 2,186,689.0**	**$ 18,019,364.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,704,100.0	$ -	$ 3,704,100.0
Fund Balance	1,288,496.0	-	1,288,496.0
Cancelled Prior-Year Reserves	216,114.0	-	216,114.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 4,291,262.0	$ -	$ 4,291,262.0
Homeowners' Exemption		-	-
Public Assistance Subventions		-	-
Other Public Assistance		-	-
Public Protection		-	-
Health and Mental Health		41,355.0	41,355.0
Capital Projects		-	-
Other State Revenues		-	-
Total State Revenues	4,291,262.0	41,355.0	4,332,617.0
Federal Revenues	3,709,406.0		
Public Assistance Subventions	$ 3,709,406.0	$ -	$ 3,709,406.0
Other Public Assistance		-	-
Public Protection		-	-
Health and Mental Health		2,510.0	2,510.0
Capital Projects		-	-
Other Federal Revenues		-	-
Total Federal Revenues	$ 3,709,406.0	$ 2,510.0	$ 3,711,916.0
Other Governmental Agencies	159,366.0	-	159,366.0
Total Intergovenmental Revenues	$ 8,160,034.0	$ 43,865.0	$ 8,203,899.0
Fines, Forfeitures and Penalties	228,151.0	-	228,151.0
Licenses, Permits and Franchises	46,265.0	126.0	46,391.0
Charges for Services	1,769,898.0	1,342,307.0	3,112,205.0
Other Taxes	169,431.0	-	169,431.0
Use of Money and Property	152,934.0	173.0	153,107.0
Miscellaneous Revenues	97,252.0	212,426.0	309,678.0
Operating Contribution from General Fund	-	587,792.0	587,792.0
Total Available Funds	**$ 15,832,675.0**	**$ 2,186,689.0**	**$ 18,019,364.0**

(1) Reflects the Recommended 20111-12 General County Budget approved by the Board of Supervisors on April 19, 2011.

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured", and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County of Los Angeles levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. In addition, any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2010-11 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $34,871,407,683 which constitutes only 3.5% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2010-11
Southern California Edison Co.	$ 56,157,978
Douglas Emmett Residential	40,649,287
BP West Coast/Arco Terminal Services	34,358,078
Maguire Properties	31,225,484
Chevron USA Inc./Texaco	26,121,980
Trizechahn Colony Square GP LLC	22,825,119
Exxon Mobil Corporation	21,147,189
AT&T/Pacific Bell Telephone Co.	21,102,657
Verizon/MCI Communications Services	20,322,051
Southern California Gas Company	19,133,041
Conocophillips Co/Union Oil	18,555,751
Universal Studios LLC	16,357,335
Archstone Smith/Tishman Speyer	14,772,892
Long Beach Unit	13,846,886
Macerich	12,778,222
Valero Refining Company	12,771,350
EQP/ERP Limited	12,649,618
Tesoro Refining and Marketing Co.	11,425,751
ASN Woodland Hills East LLC	11,237,916
Boeing North American Inc.	10,734,260
	$ 428,172,845

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the assessed cash values, property tax levies and collections since 2006-07.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2006-07 THROUGH 2010-11

Fiscal Year	Full Cash Value [1]	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections [2]	Current Collection As a Percent of Levies %
2006-07	$ 872,103,795,877	$ 2,139,425,148	$ 2,059,971,381	96.29%
2007-08	953,468,123,997	2,348,085,882	2,232,305,540	95.07%
2008-09	1,020,346,376,948	2,503,699,652	2,388,838,218	95.41%
2009-10	1,013,549,301,342	2,449,393,435	2,370,955,825	96.80%
2010-11	997,502,481,662	2,410,613,896 [3]	2,333,418,133 [3]	96.80%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) Preliminary estimate [WILL BE UPDATED]. Subject to change.

Source: Los Angeles County Auditor-Controller, Tax Division

REDEVELOPMENT AGENCIES

The California Community Redevelopment Law authorizes the redevelopment agency of any city or county to issue bonds payable from their allocation of tax revenues resulting from increases in full cash values of properties within designated project areas. This allocation reduces the tax revenues the County and all other taxing agencies would otherwise receive.

The rate of growth in full cash values of these project areas, on an aggregate basis, is greater than the rate of growth in the balance of the County. Since these project areas are primarily in commercial and industrial areas, they have provided a significant impetus to the development and revitalization of the County's economic base. In addition, under State law, redevelopment projects must contribute a portion of the property tax funds they receive to increase the availability of housing for families with low and moderate income.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for the Fiscal Years 2006-07 through 2010-11.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2006-07 THROUGH 2010-11

Fiscal Year	Full Cash Value Increments [1]	Total Tax Allocations [2]
2006-07	$ 111,226,063,567	$ 1,039,226,436
2007-08	127,113,321,984	1,167,170,104
2008-09	142,705,432,962	1,279,129,462
2009-10	140,955,357,917	1,266,067,367
2010-11	136,964,953,487	0 [3]

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by community redevelopment agencies.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid year changes and Supplemental Roll.
(3) {___WILL BE UPADATED_____]

Source: Los Angeles County Auditor-Controller, Tax Division.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenues have followed an uneven pattern, primarily as a result of delays in payments from other governmental agencies and the final due dates for the first and second installments of secured property tax payments being due in December and April, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County's cash management program have been repaid in accordance with their required maturity dates.

2010-11 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 18, 2010, the $1.5 billion 2010-11 TRANs are general obligations of the County attributable to the 2010-11 fiscal year and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the County Treasurer and Tax Collector, the County has pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2010-11 for the purpose of repaying the 2010-11 TRANs at maturity. The deposits have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2010-11 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	Deposit Amount
December, 2010	$ 465,000,000
January, 2011	405,000,000
February, 2011	150,000,000
March, 2011	120,000,000
April, 2011	387,623,056
Total	$ 1,527,623,056

* Reflects a 2.0% interest rate and $1.5 billion in 2010-11 Notes.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2006-07.

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COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2006-07	2007-08	2008-09	2009-10	Estimated 2010-11
Property Taxes	$ 3,426,681	$ 3,568,098	$ 3,867,816	$ 3,768,220	$ 3,667,542
Other Taxes	208,530	176,349	144,945	154,228	137,077
Licenses, Permits and Franchises	55,523	53,545	52,957	46,825	46,525
Fines, Forfeitures and Penalties	215,122	239,456	261,477	254,428	250,034
Investment and Rental Income	273,149	295,191	204,889	133,640	135,586
State In-Lieu Taxes	471,401	459,242	422,053	424,760	424,360
State Homeowner Exemptions	21,468	21,765	21,827	21,966	21,676
Charges for Current Services	1,474,540	1,516,390	1,671,756	1,673,098	1,540,241
Miscellaneous Revenue, incl. Tobacco Settlement	257,391	302,248	262,766	192,973	209,089
TOTAL UNRESTRICTED RECEIPTS	$ 6,403,805	$ 6,632,284	$ 6,910,486	$ 6,670,138	$ 6,432,130

Detail may not add due to rounding.
Source: Los Angeles County Auditor-Controller.

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. Should the County find it necessary to resort to interfund borrowing, then such borrowing may not occur after the last Monday in April of each year and must be repaid before any other obligation of the County.

The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund. The one exception in this fund group is the ACO - Equipment Fund, which was established for the purpose of financing hospital equipment purchases at the LAC+USC Medical Center Replacement Facility. It is expected that this fund will be depleted in Fiscal Year 2010-2011 as the LAC+USC Medical Center has become fully operational.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate greatly during the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of State receipts and receipt of welfare advances on the last day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al*.

The tables at the end of this Financial Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2009-10 and Fiscal Year 2010-11 with actual amounts through March 2011.

General Fund Cash Flow Statements

The Fiscal Year 2009-10 General Fund Cash Flow Statement and the Fiscal Year 2010-11 General Fund Cash Flow Statement, with actual amounts through March 2011, are also provided at the end of this Financial Section. In Fiscal Year 2009-10, the County had an ending General Fund cash balance of $727 million. For Fiscal Year 2010-11, the County is projecting an ending cash balance in the General Fund of $47 million.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2009-10: 12 MONTHS ACTUAL
2010-11: 09 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2009-10
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 169,018	$ 58,452	$ 49,172	$ 172,421	$ 1,053,812	$ 2,464,823
Auditor Unapportioned Property Tax	295,548	215,969	223,660	306,785	562,345	388,075
Unsecured Property Tax	163,501	83,567	130,418	149,140	122,321	84,617
Miscellaneous Fees & Taxes	7,289	15,703	36,892	31,599	12,918	10,440
State Redemption Fund	60,243	121,910	124,767	121,343	106,071	68,323
Education Revenue Augmentation	4,278	21,108	0	0	1,389	136,373
State Reimbursement Fund	0	0	0	0	486	9,284
Sales Tax Replacement Fund	3,862	13,796	25,841	25,841	26,215	64,488
Vehicle License Fee Replacement Fund	21,187	75,687	141,762	141,762	143,818	353,780
Property Tax Rebate Fund	(6,480)	(23,339)	(25,804)	(43,520)	(55,694)	(26,774)
Utility User Tax Trust Fund	12,357	17,062	21,399	27,000	30,809	30,174
Subtotal	$ 730,803	$ 599,915	$ 728,107	$ 932,371	$ 2,004,490	$ 3,583,603
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 455,977	$ 451,248	$ 412,273	$ 427,360	$ 407,649	$ 402,324
Payroll Revolving Fund	129,608	122,987	125,919	122,635	142,889	121,972
Asset Development Fund	36,271	35,642	35,707	35,736	35,759	35,793
Productivity Investment Fund	8,465	8,440	8,454	8,465	8,493	8,184
Motor Vehicle Capital Outlays	2,431	2,390	2,432	2,432	2,432	2,400
Civic Center Parking	(11)	68	137	89	133	128
Reporters Salary Fund	998	1,021	808	616	588	1,005
Cable TV Franchise Fund	7,529	7,497	7,989	8,154	8,058	8,386
Megaflex Long-Term Disability	18,951	19,029	19,113	19,171	19,247	19,226
Megaflex Long-Term Disability & Health	3,972	4,048	4,117	4,196	4,267	4,338
Megaflex Short-Term Disability	17,587	17,990	18,347	18,693	19,011	19,275
Subtotal	$ 681,778	$ 670,360	$ 635,296	$ 647,547	$ 648,526	$ 623,031
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 1,063	$ 1,261	$ 2,352	$ (520)	$ 658	$ 7
Olive View-UCLA Medical Center	1,163	3,887	3,822	1,125	1,754	(984)
LAC+USC Medical Center	(2,893)	4,128	(265)	1,736	1,619	(3,259)
MLK Ambulatory Care Center	(1,164)	(2,512)	1,459	1,271	640	(743)
Rancho Los Amigos Rehab Center	77	(1,758)	317	806	96	(761)
LAC+USC Medical Center Equipment	9,607	9,544	9,276	8,740	8,351	7,899
Subtotal	$ 7,853	$ 14,550	$ 16,961	$ 13,158	$ 13,118	$ 2,159
GRAND TOTAL	**$ 1,420,434**	**$ 1,284,825**	**$ 1,380,364**	**$ 1,593,076**	**$ 2,666,134**	**$ 4,208,793**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2010	February 2010	March 2010	April 2010	May 2010	June 2010	
						PROPERTY TAX GROUP
$ 1,026,720	$ 437,671	$ 542,437	$ 1,462,059	$ 658,674	$ 120,996	**Tax Collector Trust Fund**
495,306	506,070	383,552	1,425,206	567,553	495,121	**Auditor Unapportioned Property Tax**
83,077	75,643	69,114	64,480	79,319	107,468	**Unsecured Property Tax**
9,462	8,287	8,001	8,399	8,095	7,806	**Miscellaneous Fees & Taxes**
57,105	32,675	27,555	26,233	29,044	21,182	**State Redemption Fund**
42,029	13,688	1,903	44,020	0	1,370	**Education Revenue Augmentation**
21,660	1,421	1,421	2,555	24,536	9,440	**State Reimbursement Fund**
112,009	58,277	64,314	88,588	87,726	0	**Sales Tax Replacement Fund**
528,946	127,347	172,470	353,898	467,950	3,064	**Vehicle License Fee Replacement Fund**
(17,936)	(17,236)	(26,074)	(28,958)	(30,751)	(16,590)	**Property Tax Rebate Fund**
28,817	32,686	38,437	41,611	33,090	10,036	**Utility User Tax Trust Fund**
$ 2,387,195	$ 1,276,529	$ 1,283,130	$ 3,488,091	$ 1,925,236	$ 759,893	**Subtotal**
						VARIOUS TRUST GROUP
$ 419,247	$ 422,358	$ 464,173	$ 432,298	$ 415,335	$ 411,210	**Departmental Trust Fund**
119,770	140,893	122,717	121,251	57,668	47,886	**Payroll Revolving Fund**
35,819	36,704	37,899	38,359	38,487	38,560	**Asset Development Fund**
7,904	7,464	7,416	7,625	7,301	6,976	**Productivity Investment Fund**
2,381	2,366	2,366	2,319	2,303	2,304	**Motor Vehicle Capital Outlays**
187	166	233	179	45	383	**Civic Center Parking**
877	756	730	890	477	989	**Reporters Salary Fund**
8,653	8,644	8,816	8,819	8,721	9,105	**Cable TV Franchise Fund**
						Megaflex Long-Term Disability
						Megaflex Long-Term Disability & Health
43,259	43,824	44,268	44,706	45,037	45,403	**Megaflex Short-Term Disability**
$ 638,097	$ 663,175	$ 688,618	$ 656,446	$ 575,374	$ 562,816	**Subtotal**
						HOSPITAL GROUP
$ 1,247	$ 413	$ (2,283)	$ (2,295)	$ 2,663	$ 612	**Harbor-UCLA Medical Center**
1,037	(513)	1,699	(2,545)	2,644	1,272	**Olive View-UCLA Medical Center**
(199)	4,226	583	(5,845)	5,058	2,442	**LAC + USC Medical Center**
343	(517)	(236)	(883)	(780)	(605)	**MLK Ambulatory Care Center**
(1,173)	460	263	(1,377)	556	126	**Rancho Los Amigos Rehab Center**
7,504	7,212	7,047	6,769	6,611	6,514	**LAC+USC Medical Center Equipment**
$ 8,759	$ 11,281	$ 7,073	$ (6,176)	$ 16,752	$ 10,361	**Subtotal**
$ 3,034,051	**$ 1,950,985**	**$ 1,978,821**	**$ 4,138,361**	**$ 2,517,362**	**$ 1,333,070**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2010-11
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 89,690	$ 39,073	$ 38,030	301,801	1,046,601	2,108,960
Auditor Unapportioned Property Tax	380,463	214,996	171,119	263,308	709,886	1,477,966
Unsecured Property Tax	167,122	66,662	132,197	148,028	122,325	87,748
Miscellaneous Fees & Taxes	7,837	18,895	26,992	14,068	10,577	10,285
State Redemption Fund	46,810	97,148	110,926	69,634	81,354	55,509
Education Revenue Augmentation	9,300	15,780	0	0	5,624	80,594
State Reimbursement Fund	0	0	0	0	488	10,223
Sales Tax Replacement Fund	2,607	11,321	19,355	19,355	19,768	53,331
Vehicle License Fee Replacement Fund	21,360	84,618	144,659	144,659	147,751	358,924
Property Tax Rebate Fund	(8,794)	(25,317)	(40,774)	(26,374)	(29,886)	(30,434)
Utility User Tax Trust Fund	6,239	6,144	6,378	8,118	5,159	10,750
Subtotal	$ 722,634	$ 529,320	$ 608,882	$ 942,597	$ 2,119,647	$ 4,223,856
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 414,904	419,967.0	$ 413,489	416,853	426,502	396,325
Payroll Revolving Fund	50,613	61,932.0	47,449	52,262	49,129	49,254
Asset Development Fund	38,660	38,673.0	38,776	38,801	38,855	38,863
Productivity Investment Fund	6,671	6,456.0	6,387	6,395	6,285	6,245
Motor Vehicle Capital Outlays	2,304	2,304.0	2,271	2,206	2,206	2,206
Civic Center Parking	499	106.0	117	168	258	169
Reporters Salary Fund	763	900.0	1,004	1,000	940	1,145
Cable TV Franchise Fund	8,487	7,948.0	8,484	8,639	8,611	8,526
Megaflex Long-Term Disability	19,220	19,243.0	19,207	19,249	19,210	19,161
Megaflex Long-Term Disability & Health	4,944	5,031.0	5,104	5,195	5,271	5,367
Megaflex Short-Term Disability	21,759	22,146.0	22,501	22,930	23,425	23,833
Subtotal	$ 568,824	$ 584,706	$ 564,789	$ 573,698	$ 580,692	$ 551,094
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 900	$ 149	$ 697	(51)	1,011	76
Olive View-UCLA Medical Center	(1,019)	785	727	91	1,392	3,069
LAC+USC Medical Center	(11,853)	(1,124)	(144)	(3,809)	(620)	3,210
MLK Ambulatory Care Center	(2,124)	298	(377)	(88)	18	(1,565)
Rancho Los Amigos Rehab Center	(263)	495	762	(146)	142	890
LAC+USC Medical Center Equipment	6,147	6,047	6,043	6,046	6,054	6,058
Subtotal	$ (8,212)	$ 6,650	$ 7,708	$ 2,043	$ 7,997	$ 11,738
GRAND TOTAL	**$ 1,283,246**	**$ 1,120,676**	**$ 1,181,379**	**$ 1,518,338**	**$ 2,708,336**	**$ 4,786,688**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2011	February 2011	March 2011	Estimated April 2011	Estimated May 2011	Estimated June 2011	
						PROPERTY TAX GROUP
1,322,395	401,207	549,267	1,476,680	665,261	122,206	**Tax Collector Trust Fund**
387,881	567,741	450,329	1,439,458	573,229	500,072	**Auditor Unapportioned Property Tax**
75,919	70,673	65,165	65,125	80,112	108,543	**Unsecured Property Tax**
8,732	7,894	7,736	8,483	8,176	7,884	**Miscellaneous Fees & Taxes**
30,313	34,166	30,949	26,495	29,334	21,394	**State Redemption Fund**
34,629	21,827	1,465	44,460	0	1,384	**Education Revenue Augmentation**
21,689	1,346	1,346	2,581	24,781	9,534	**State Reimbursement Fund**
83,523	19,323	28,111	89,474	88,603	0	**Sales Tax Replacement Fund**
547,834	146,137	201,127	357,437	472,630	3,095	**Vehicle License Fee Replacement Fund**
(29,660)	(19,694)	(19,681)	(29,248)	(31,059)	(16,756)	**Property Tax Rebate Fund**
6,113	7,286	12,587	42,027	33,421	10,136	**Utility User Tax Trust Fund**
$ 2,489,368	$ 1,257,906	$ 1,328,401	$ 3,522,972	$ 1,944,488	$ 767,492	**Subtotal**
						VARIOUS TRUST GROUP
399,133	397,959	444,162	$ 432,298	$ 415,335	$ 411,210	**Departmental Trust Fund**
61,002	36,909	45,150	50,000	50,000	50,000	**Payroll Revolving Fund**
38,909	38,948	38,972	38,359	38,487	38,560	**Asset Development Fund**
6,245	6,032	6,190	7,625	7,301	6,976	**Productivity Investment Fund**
2,167	2,164	2,164	2,319	2,303	2,304	**Motor Vehicle Capital Outlays**
266	208	146	179	45	383	**Civic Center Parking**
977	937	1,006	890	477	989	**Reporters Salary Fund**
8,799	8,779	9,266	8,819	8,721	9,105	**Cable TV Franchise Fund**
19,161	19,150	19,189	19,303	19,288	19,213	**Megaflex Long-Term Disability**
5,448	5,500	5,599	4,675	4,757	4,836	**Megaflex Long-Term Disability & Health**
24,167	24,504	24,990	20,728	20,992	21,354	**Megaflex Short-Term Disability**
$ 566,274	$ 541,090	$ 596,834	$ 585,195	$ 567,706	$ 564,930	**Subtotal**
						HOSPITAL GROUP
4,625	2,431	2,859	1,000	1,000	1,000	**Harbor-UCLA Medical Center**
2,060	1,668	1,805	1,000	1,000	1,000	**Olive View-UCLA Medical Center**
6,776	7,020	6,412	1,000	1,000	1,000	**LAC + USC Medical Center**
(236)	(1,354)	(631)	1,000	1,000	1,000	**MLK Ambulatory Care Center**
341	(213)	1,073	1,000	1,000	1,000	**Rancho Los Amigos Rehab Center**
6,065	6,072	5,881	5,000	5,000	5,000	**LAC+USC Medical Center Equipment**
$ 19,631	$ 15,624	$ 17,399	$ 10,000	$ 10,000	$ 10,000	**Subtotal**
$ 3,075,273	**$ 1,814,620**	**$ 1,942,634**	**$ 4,118,167**	**$ 2,522,194**	**$ 1,342,422**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2009-10: 12 MONTHS ACTUAL
2010-11: 09 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2009-10
(in thousands of $)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009
BEGINNING BALANCE	$ 1,101,528	$ 1,594,709	$ 1,086,473	$ 841,447	$ 674,135	$ 274,996
RECEIPTS						
Property Taxes	$ 79,583	$ 115,075	$ 376	$ 88	$ 69,294	$ 983,240
Other Taxes	5,528	9,741	7,515	7,220	7,349	21,717
Licenses, Permits & Franchises	1,415	5,760	4,800	1,249	1,650	3,022
Fines, Forfeitures & Penalties	34,446	26,342	13,649	13,789	27,311	12,669
Investment and Rental Income	23,307	10,478	9,500	6,896	13,929	7,794
Motor Vehicle (VLF) Realignment	26,443	31,890	55,330	39,908	29,418	34,368
Sales Taxes - Proposition 172	48,615	39,526	40,606	40,231	46,423	39,167
Sales Taxes Program Realignment	61,180	54,393	50,283	48,622	53,665	48,421
Other Intergovernmental Revenue	76,858	61,299	107,953	220,784	86,132	237,876
Charges for Current Services	139,195	129,588	86,544	109,392	154,809	171,547
Other Revenue & Tobacco Settlement	14,875	7,254	6,702	5,547	9,417	(1,694)
Transfers & Reimbursements	9,314	0	1,444	2,721	18,471	18,456
Hospital Loan Repayment	50,000	0	32,581	115,487	2,833	14,089
Welfare Advances	291,585	110,732	505,340	531,173	240,648	310,289
Other Receipts	93,439	10,520	4,654	6,869	25,489	13,776
Intrafund Transfers	0	0	0	0	0	0
TRANs Sold	1,300,000	0	0	0	0	0
Total Receipts	$ 2,255,783	$ 612,598	$ 927,277	$ 1,149,976	$ 786,838	$ 1,914,737
DISBURSEMENTS						
Welfare Warrants	$ 192,946	$ 228,934	$ 187,924	$ 223,912	$ 213,085	$ 207,709
Salaries	386,266	399,116	391,220	383,276	387,277	398,351
Employee Benefits	536,699	40,525	187,567	157,104	186,305	159,346
Vendor Payments	439,626	269,209	287,226	309,043	278,426	311,502
Loans to Hospital	0	0	0	6,244	52,013	161,932
Hospital Subsidy Payments	150,835	160,129	113,520	164,715	51,970	1,597
Transfer Payments	56,230	22,921	4,846	72,994	16,901	14,824
TRANs Pledge Transfer	0	0	0	0	0	403,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,762,602	$ 1,120,834	$ 1,172,303	$ 1,317,288	$ 1,185,977	$ 1,658,261
ENDING BALANCE	**$ 1,594,709**	**$ 1,086,473**	**$ 841,447**	**$ 674,135**	**$ 274,996**	**$ 531,472**
Borrowable Resources (Avg. Balance)	$ 1,420,434	$ 1,284,825	$ 1,380,364	$ 1,593,076	$ 2,666,134	$ 4,208,793
Total Cash Available	$ 3,015,143	$ 2,371,298	$ 2,221,811	$ 2,267,211	$ 2,941,130	$ 4,740,265

January 2010	February 2010	March 2010	April 2010	May 2010	June 2010	Total 2009 -10
$ 531,471	$ 594,512	$ 214,654	$ (169,894)	$ (90,175)	$ 427,453	
$ 821,688	$ 151,670	$ 14,357	$ 596,935	$ 929,754	$ 6,160	$ 3,768,220
8,214	6,660	4,849	21,873	7,981	45,581	154,228
996	6,397	6,238	10,550	2,265	2,483	46,825
12,998	31,946	18,801	16,062	31,922	14,493	254,428
8,987	10,646	11,339	9,133	11,792	9,839	133,640
31,753	32,315	32,819	39,623	31,840	39,053	424,760
43,794	56,702	43,461	36,492	51,190	41,079	527,286
52,206	71,131	53,896	42,131	63,546	50,726	650,200
87,841	120,782	235,004	201,725	158,770	222,787	1,817,811
128,601	83,146	128,120	252,146	99,628	190,382	1,673,098
12,241	4,970	12,618	98,954	10,728	11,361	192,973
30,093	6,975	8,715	7,165	10,286	24,074	137,714
210,418	36,206	94,066	162,917	45,778	479,860	1,244,235
333,295	271,854	265,552	380,231	403,073	457,115	4,100,887
10,565	7,953	35,211	132,192	13,856	25,742	380,266
0	0	0	0	0	0	1,300,000
0	0	0	0	0	0	
$ 1,793,690	$ 899,353	$ 965,046	$ 2,008,129	$ 1,872,409	$ 1,620,735	$ 16,806,571
$ 202,222	$ 207,802	$ 216,497	$ 211,275	$ 211,196	$ 231,604	$ 2,535,106
394,664	396,469	384,059	479,755	378,847	380,696	4,759,996
205,398	180,709	168,358	185,333	194,100	156,879	2,358,323
265,845	252,150	312,674	226,835	370,627	282,798	3,605,961
231,167	107,822	158,274	406,864	132,140	208,054	1,464,510
0	0	0	0	0	35,900	690,666
80,353	4,259	5,732	73,938	67,871	25,244	434,113
351,000	130,000	104,000	344,410	0	0	1,332,410
0	0	0	0	0		0
$ 1,730,649	$ 1,279,211	$ 1,349,594	$ 1,928,410	$ 1,354,781	$ 1,321,175	$ 17,181,085
$ 594,512	**$ 214,654**	**$ (169,894)**	**$ (90,175)**	**$ 427,453**	**$ 727,013**	
$ 3,034,051	$ 1,950,985	$ 1,978,821	$ 4,138,361	$ 2,517,362	$ 1,333,070	
$ 3,628,563	$ 2,165,639	$ 1,808,927	$ 4,048,186	$ 2,944,815	$ 2,060,083	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2010-11
(in thousands of $)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
BEGINNING BALANCE	$ 727,012	$ 1,438,648	$ 1,097,190	$ 529,972	$ 64,668	$ (90,485)
RECEIPTS						
Property Taxes	$ 97,946	$ 97,638	$ 121	$ 50	$ 58,432	$ 962,558
Other Taxes	5,598	19,151	8,842	15,548	8,095	7,935
Licenses, Permits & Franchises	2,339	6,934	3,307	2,238	1,561	2,988
Fines, Forfeitures & Penalties	33,529	24,455	13,267	14,406	24,365	12,475
Investment and Rental Income	22,740	8,603	6,772	11,270	8,547	7,492
Motor Vehicle (VLF) Realignment	26,770	37,556	46,972	34,443	31,394	32,736
Sales Taxes - Proposition 172	52,034	41,966	40,992	40,426	48,643	39,851
Sales Taxes Program Realignment	64,439	64,139	50,224	47,818	54,413	48,090
Other Intergovernmental Revenue	103,644	102,195	89,966	62,921	126,361	211,190
Charges for Current Services	110,636	115,602	86,245	94,405	98,969	229,134
Other Revenue & Tobacco Settlement	10,543	4,563	6,890	9,371	7,718	15,980
Transfers & Reimbursements	7,003	1,442	5,078	13,331	12,217	14,078
Hospital Loan Repayment	40,960	171,783	21,303	109,944	222,498	106,135
Welfare Advances	182,656	301,799	278,348	434,051	443,762	368,050
Other Receipts	213,484	19,063	7,232	38,373	10,673	46,338
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,500,000	0	0	13,956	0	0
Total Receipts	$ 2,474,321	$ 1,016,889	$ 665,559	$ 942,551	$ 1,157,648	$ 2,105,030
DISBURSEMENTS						
Welfare Warrants	$ 194,893	$ 212,117	$ 201,988	$ 274,598	$ 226,538	$ 215,643
Salaries	382,098	397,636	380,087	378,373	380,451	389,953
Employee Benefits	567,720	68,039	197,385	146,326	204,457	208,208
Vendor Payments	423,446	351,442	297,977	266,752	318,469	267,194
Loans to Hospitals	0	6,277	60,135	244,375	138,754	107,981
Hospital Subsidy Payments	164,601	303,185	91,827	23,746	8,664	31,892
Transfer Payments	29,927	19,651	3,378	73,685	35,468	7,098
TRANs Pledge Transfer	0	0	0	0	0	465,000
Intrafund Repayment	0	0	0	0	0	
Total Disbursements	$ 1,762,685	$ 1,358,347	$ 1,232,777	$ 1,407,855	$ 1,312,801	$ 1,692,969
ENDING BALANCE	**$ 1,438,648**	**$ 1,097,190**	**$ 529,972**	**$ 64,668**	**$ (90,485)**	**$ 321,576**
Borrowable Resources(Avg. Balance)	$ 1,283,246	$ 1,120,676	$ 1,181,379	$ 1,518,338	$ 2,708,336	$ 4,786,688
Total Cash Available	$ 2,721,894	$ 2,217,866	$ 1,711,351	$ 1,583,006	$ 2,617,851	$ 5,108,264

January 2011	February 2011	March 2011	Estimated April 2011	Estimated May 2011	Estimated June 2011	Estimated Total 2010-11
$ 321,576	$ 484,230	$ 150,599	$ (228,785)	$ (449,361)	$ 80,804	
$ 807,609	$ 166,630	$11,981.0	$673,589.4	$756,530.6	$6,220.1	$ 3,639,305
21,692	6,834	7,297.0	17,824.9	6,846.1	14,413.6	140,077
2,411	8,221	9,177.0	3,356.5	1,190.1	2,802.2	46,525
14,271	29,733	17,928.0	15,097.2	33,813.2	11,694.6	245,034
9,692	10,447	9,545.0	9,758.3	9,443.3	11,276.8	125,586
33,110	30,021	33,879.0	37,446.4	36,321.3	35,711.8	416,361
38,219	59,599	52,448.0	34,238.4	47,425.6	38,462.9	534,305
46,963	74,900	64,140.0	39,332.3	58,270.1	47,671.5	660,400
215,123	99,148	278,425.0	107,779.5	138,652.8	107,493.8	1,642,899
151,288	113,870	95,335.0	191,400.0	113,807.2	190,049.8	1,590,741
5,691	5,580	12,646.0	106,767.2	10,751.6	12,588.0	209,089
18,352	16,920	5,193.0	7,078.5	14,244.7	26,093.8	141,031
27,344	49,422	165,231.0	107,300.0	242,408.0	340,603.0	1,604,931
433,834	277,603	309,954.0	456,177.1	289,607.6	369,072.1	4,144,914
36,193	29,409	49,224.0	6,666.7	6,666.7	6,666.7	469,989
0	0	0.0	0.0	0.0	0.0	-
0	0	0.0	0.0	0.0	0.0	1,513,956
$ 1,861,792	$ 978,337	$ 1,122,403	$ 1,813,812	$ 1,765,979	$ 1,220,821	$ 17,125,142
$ 221,420	$ 234,049	$227,727.0	$228,306.8	$227,504.3	$247,890.6	$ 2,712,675
389,504	388,136	378,366.0	417,725.5	396,509.3	400,198.2	4,679,037
183,377	195,503	200,086.0	187,868.4	185,234.5	158,970.1	2,503,174
277,491	258,791	311,005.0	273,390.5	237,454.1	285,325.7	3,568,737
130,919	82,468	253,899.0	437,454.9	118,090.6	138,761.7	1,719,115
(233)	0	0.0	6,807.0	0.0	16,836.6	647,326
91,660	3,021	10,704.0	92,835.1	71,021.4	5,786.2	444,235
405,000	150,000	120,000.0	390,000.0	0.0	0.0	1,530,000
		0.0	0.0	0.0	0.0	-
$ 1,699,138	$ 1,311,968	$ 1,501,787	$ 2,034,388	$ 1,235,814	$ 1,253,769	$ 17,804,299
$ 484,230	**$ 150,599**	**$ (228,785)**	**$ (449,361)**	**$ 80,804**	**$ 47,855**	
$ 3,075,273	$ 1,814,620	$ 1,942,634	$ 4,118,166	$ 2,522,194	$ 1,342,421	
$ 3,559,503	$ 1,965,219	$ 1,713,849	$ 3,668,805	$ 2,602,998	$ 1,390,277	

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of March 31, 2011, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$7.956
Schools and Community Colleges	14.295
Independent Public Agencies	2.693
Total	$24.944

Of these entities, the involuntary participants accounted for approximately 89.20% and all discretionary participants accounted for 10.80% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 15, 2011, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 29, 2011, the March 31, 2011 book value of the Treasury Pool was approximately $24.944 billion and the corresponding market value was approximately $24.844 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. The County Auditor-Controller's Office performs similar cash and investment reconciliation on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2011:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	49.58
Certificates of Deposit	15.99
Commercial Paper	31.61
Bankers Acceptances	0.20
Municipal Obligations	0.25
Corporate Notes & Deposit Notes	2.37
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00

The Treasury Pool is highly liquid. As of March 31, 2011 approximately 42.60% of the investments mature within 60 days, with an average of 587.37 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well established practice of market research and due diligence. The Treasury Pool has not experienced a single investment loss since the onset of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County Investment Officer has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages. The Treasury Pool was also unaffected by the September 2008 bankruptcy of Lehman Brothers and does not have any outstanding exposure to Lehman Brothers investments.

FINANCIAL STATEMENTS-GAAP BASIS [to be update]

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments and they have been audited by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2010, and the unqualified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County's budget is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements. The 2010-11 Final Adopted Budget included an available (unreserved and undesignated) General Fund balance of $1,628,644,000 as of June 30, 2010.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

- General Fund obligations for accrued vacation and sick leave and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after the preceding year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and

capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the GAAP basis, revenues are not recognized until the qualifying expenditures are incurred.

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after the preceding year-end. Under the GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the GAAP basis, the effects of such fair value changes are recognized as a component of investment income.

- In conjunction with the issuance of Tobacco Settlement Asset-Backed Bonds, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and are being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 10 to the 2009-10 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- In conjunction with the sale of pension obligation bonds in 1994-1995, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-1995 revenues. Under the GAAP basis, the proceeds were recorded as deferred revenue and are being amortized over the life of the bonds.

- In conjunction with the implementation of GASB 45, the County determined that certain assets were held by LACERA (the OPEB Agency) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2010.

The following table provides a reconciliation of the General Fund's June 30, 2010 fund balance (unreserved and undesignated) on a budgetary and GAAP basis.

The tables on the following pages summarize the audited balance sheet for the General Fund since 2005-06 and provide a history of revenue and expenditure statement for the General Fund over the same period.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2010 (in thousands of $)

Actual Available (Unreserved and Undesignated) Fund Balance - Budgetary Basis	$	1,628,644
Adjustments:		
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP		169,007
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund		142,744
Accrual of liabilities for accrued vacation and sick leave not required by GAAP		40,290
Change in revenue accruals related to encumbrances		(24,410)
Deferral of property tax receivables		(90,467)
Deferral of unearned investment income		0
Deferral of sale of tobacco settlement revenue		(261,788)
Change in fair value of Investments		4,347
Available (Unreserved and Undesignated) Fund Balance - GAAP Basis	$	1,608,367

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2006, 2007, 2008, 2009, and 2010.
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
ASSETS					
Pooled Cash and Investments	$ 2,506,016	$ 2,668,854	$ 2,343,525	$ 1,841,579	$ 1,689,490
Other Investments	6,502	6,400	6,236	6,099	5,839
Taxes Receivable	208,279	248,095	340,784	301,269	246,288
Other Receivables	1,285,684	1,357,683	1,804,965	1,907,656	1,808,478
Due from Other Funds	219,448	370,124	357,416	326,379	436,441
Advances to Other Funds	541,699	400,280	571,872	825,017	1,018,161
Inventories	42,562	42,561	43,906	46,486	44,279
Total Assets	$ 4,810,190	$ 5,093,997	$ 5,468,704	$ 5,254,485	$ 5,248,976
LIABILITIES					
Accounts Payable	$ 272,245	$ 300,087	$ 252,794	$ 247,337	$ 266,916
Accrued Payroll	350,421	392,779	472,007	504,374	286,407
Other Payables	67,912	86,055	151,700	121,665	454,244
Due to Other Funds	800,615	602,358	561,540	495,105	501,705
Deferred Revenue	275,198	338,714	380,322	343,386	346,829
Advances Payable	286,860	278,023	263,500	361,964	382,476
Third-Party Payor liability	18,661	15,537	12,401	13,836	14,588
Total Liabilities	$ 2,071,912	$ 2,013,553	$ 2,094,264	$ 2,087,667	$ 2,253,165
EQUITY					
Fund Balance (Deficit)					
Reserved	$ 422,055	$ 478,280	$ 597,466	$ 539,851	$ 784,428
Unreserved					
Designated	1,522,411	1,235,325	1,152,639	971,579	618,899
Undesignated	793,812	1,366,839	1,624,335	1,655,388	1,592,484
Total Unreserved	2,316,223	2,602,164	2,776,974	2,626,967	2,211,383
Total Equity	2,738,278	3,080,444	3,374,440	3,166,818	2,995,811
Total Liabilities and Equity	$ 4,810,190	$ 5,093,997	$ 5,468,704	$ 5,254,485	$ 5,248,976

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2005-06 THROUGH 2009-10 (in thousands of $)

	2005-06	2006-07	2007-08	2008-09	2009-10
REVENUES:					
Taxes	$ 3,217,726	$ 3,572,932	$ 3,796,296	$ 3,970,566	$ 3,864,654
Licenses, Permits & Franchises	61,080	61,138	58,799	54,877	49,079
Fines, Forfeitures and Penalties	232,762	234,747	251,933	264,375	258,842
Use of Money and Property	226,005	294,511	280,803	183,772	124,049
Aid from Other Government	7,025,205	7,050,121	7,261,668	7,211,150	7,337,716
Charges for Services	1,357,380	1,467,608	1,695,004	1,654,173	1,659,224
Miscellaneous Revenues	211,059	189,636	282,818	198,837	191,878
TOTAL	$ 12,331,217	$ 12,870,693	$ 13,627,321	$ 13,537,750	$ 13,485,442
EXPENDITURES					
General	$ 751,214	$ 854,052	$ 919,534	$ 946,008	$ 859,319
Public Protection	3,473,835	3,855,819	4,222,644	4,420,786	4,412,935
Health and Sanitation	2,004,361	2,126,233	2,345,484	2,480,693	2,421,615
Public Assistance	4,333,920	4,410,224	4,619,225	4,796,019	5,025,312
Recreation and Cultural Services	197,749	217,221	231,584	242,999	247,094
Debt Service	285,640	294,301	308,207	247,248	271,378
Capital Outlay	22,533	818	97,270	772	2,115
Total	$ 11,069,252	$ 11,758,668	$ 12,743,948	$ 13,134,525	$ 13,239,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,261,965	$ 1,112,025	$ 883,373	$ 403,225	$ 245,674
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	$ (874,946)	$ (771,788)	$ (780,902)	$ (612,505)	$ (419,756)
Sales of Capital Assets	1,997	1,111	1,036	886	2,115
Capital Leases	22,533	818	97,270	772	960
OTHER FINANCING SOURCES (USES)-Net	$ (850,416)	$ (769,859)	$ (682,596)	$ (610,847)	$ (416,681)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	$ 411,549	$ 342,166	$ 200,777	$ (207,622)	$ (171,007)
Beginning Fund Balance	2,326,729	2,738,278	3,173,663	3,374,440	3,166,818
Residual Equity Transfers from (to) Other Funds-Net	0	0	0	0	0
Ending Fund Balance	$ 2,738,278	$ 3,080,444	$ 3,374,440	$ 3,166,818	$ 2,995,811

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010.

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2010, approximately $805.3 million in intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $300.8 million of the outstanding debt. State and Federal subventions secured $32.1 million in outstanding obligations. Revenues from special districts, special funds, enterprise funds, and trust funds secured the remaining $472.4 million in outstanding obligations.

As of May 1, 2011, the General Fund was responsible for only $16.2 million of the $490.2 million in payments due in Fiscal Year 2010-11 for intermediate and long-term obligations. The table below identifies the funding sources for the debt payments due in 2010-11.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2010-11 Payments

Funding Source	2010-11 Payment
Total 2010-11 Payment Obligation	$490,152,096
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	121,615,782
Courthouse Construction Funds	30,988,835
Special Districts/Special Funds	38,080,088
Trial Court Trust Fund	19,128,598
State & Federal Subventions	100,669,724
Net 2010-11 General Fund Obligation	$179,669,069

Source: Los Angeles County Chief Executive Office

The principal amount of the outstanding General County intermediate and long-term debt obligations increased to $1.4 billion as of May 1, 2011, which includes debt issuance and repayment activity in Fiscal Year 2010-11. An additional $1.5 billion in TRANs, $[62.0] million in Bond Anticipation Notes, and $161.0 million in Tax-Exempt Commercial Paper Notes were also outstanding as of [May 1, 2011]. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2011 (in thousands)

Type of Obligation		Outstanding Principal
Total County		
Short-Term Obligations:		
Tax and Revenue Anticipation Notes		$ 1,500,000.0
Bond Anticipation Notes		62,000.0
Intermediate & Long-Term Obligations		
Tax-Exempt Commercial Paper		161,000.0
Pension Obligations	(1)	0.0
Lease Obligations		1,406,252.8
Total Outstanding Principal		$ 3,129,252.8

(1) Does not include $118.5 million in principal payments that were deposited with trustees in advance, but will not be disbursed to bondholders until June 30, 2011.

Source: Los Angeles County Chief Executive Office

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 18, 2010, the County issued $1.5 billion of 2010-11 TRANs on July 1, 2010, with a maturity date of June 30, 2011. The 2010-11 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2010-11, in the amounts, and on the dates specified in the Cash Management Section of this Appendix A. Deposit obligations to the Repayment Fund for the 2010-11 TRANs were satisfied in full as of April [21], 2011.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2011, $62.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before June 30, 2012.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

General Obligation Debt

On June 11, 1987, the County issued $96.0 million of direct, general obligation bonded indebtedness to fund the construction of adult and juvenile detention facilities. The bonds matured and were paid off on June 1, 2007. The County does not presently have any general obligation debt authorization.

Commercial Paper Program

The County has authorized a maximum of $400 million of Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") to finance construction costs on various capital projects. Repayment of the Commercial Paper Notes is secured by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by JP Morgan Chase Bank, Bank of America, Wells Fargo Bank and Union Bank, and a lease-revenue financing structure between LAC-CAL and the County, which includes twenty-five County-owned properties pledged as collateral to support the LOC. The four LOC agreements, which expire on April 26, 2013, provide credit enhancement to support the issuance of both tax-exempt and taxable Commercial Paper Notes. As of May 1, 2011, $161.0 million of tax-exempt Commercial Paper Notes are outstanding. The Commercial Paper Notes provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion.

Pension Obligations

The County has periodically issued bonds or certificates to fund its UAAL for the retirement benefits of its employees. The obligation of the County to make payments with respect to these bonds and certificates represents an absolute and unconditional obligation imposed by law and is not limited to any special source of funds. As of May 1, 2011, the County had approximately $118.5 million in outstanding bonds and certificates that were issued to finance to the UAAL of the Retirement Fund. In July 2010, the County deposited the final principal payment with the trustee in the approximate amount of $118.5 million, which will be used to fund the final debt service payment for its maturing pension obligations on June 30, 2011.

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of May 1, 2011, approximately $1.4 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The 2010-11 Final Adopted Budget contains sufficient appropriations to fund the County's payment obligations in Fiscal Year 2010-11. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

TOBACCO BONDS

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual TSRs paid by the tobacco companies participating in the MSA. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS OPERATING LEASES

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate building construction required for the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations decreased to $280.1 million as of May 1, 2011 due to repayment activity in Fiscal Year 2010-11.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to total assessed valuations decreased from 0.116% in 2009 to 0.109% in 2010. The following table provides the ratio of the General Fund's outstanding debt to total assessed valuation over the past ten years.

COUNTY OF LOS ANGELES
DEBT RATIOS - Principal as a percent of total valuation on July 1
INTERMEDIATE AND LONG-TERM OBLIGATIONS

Year	Outstanding Principal (1)	Total Assessed Valuation	% of Principal to Valuation
2001	$3,703,638,147	$567,296,327,872	0.653%
2002	3,404,067,514	605,942,874,836	0.562%
2003	3,093,060,550	656,073,063,881	0.471%
2004	2,785,149,946	709,671,759,735	0.392%
2005	2,387,949,433	783,342,364,874	0.305%
2006	1,789,004,365	872,103,795,877	0.205%
2007	1,444,326,104	953,468,123,997	0.151%
2008	1,385,613,183	1,020,346,376,948	0.136%
2009	1,178,437,056	1,013,549,301,342	0.116%
2010	1,085,297,030	997,502,481,662	0.109%

Source: Los Angeles County Chief Executive Office and Auditor-Controller

1. Includes Tax Exempt Commercial Paper

DEBT SUMMARY TABLES

The tables on the following pages provide:

1. A summary of the combined principal and interest payments due on General County obligations and the aggregate principal outstanding for each fiscal year by obligation type;

2. A summary of the combined principal and interest payments due on General County obligations and the aggregate principal outstanding for each fiscal year by funding source;

3. A detail of the 2010-11 payments on General County obligations by funding source and debt issue;

4. A detail of the principal outstanding in 2010-11 on General County debt issues by funding source and debt issue;

5. A summary of the outstanding principal, future payments and current year payments due on General County obligations as of May 1, 2011 ; and

6. The County's overlapping debt statement as of May 1, 2011.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2010

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF MAY 1, 2011

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS
AS OF JULY 1, 2010

Fiscal Year	Pension Obligation Certificates	Other Bonds	Total Annual Debt Service
2010-11	$ 372,130,000	$ 118,022,096	$ 490,152,096
2011-12	-	108,691,151	108,691,151
2012-13	-	110,330,749	110,330,749
2013-14	-	92,176,678	92,176,678
2014-15	-	88,130,823	88,130,823
2015-16	-	70,608,481	70,608,481
2016-17	-	51,908,479	51,908,479
2017-18	-	40,415,028	40,415,028
2018-19	-	41,297,796	41,297,796
2019-20	-	42,193,494	42,193,494
2020-21	-	43,125,344	43,125,344
2021-22	-	44,105,663	44,105,663
2022-23	-	41,123,113	41,123,113
2023-24	-	16,943,875	16,943,875
2024-25	-	16,933,500	16,933,500
2025-26	-	16,929,000	16,929,000
2026-27	-	16,918,875	16,918,875
2027-28	-	16,906,750	16,906,750
2028-29	-	16,905,750	16,905,750
2029-30	-	16,893,613	16,893,613
2030-31	-	9,432,600	9,432,600
2031-32	-	9,431,488	9,431,488
2032-33	-	6,918,000	6,918,000
2033-34	-	6,918,750	6,918,750
2034-35	-	-	-
Total	$ 372,130,000	$ 1,043,261,093	$ 1,415,391,093

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS
AS OF JULY 1, 2010

Fiscal Year	Pension Obligation Certificates	Other Bonds	Total Outstanding Principal
2010-11	$ 118,486,192	$ 686,810,838	$ 805,297,030
2011-12	-	606,562,754	606,562,754
2012-13	-	532,807,758	532,807,758
2013-14	-	454,942,515	454,942,515
2014-15	-	392,542,430	392,542,430
2015-16	-	332,205,289	332,205,289
2016-17	-	287,863,098	287,863,098
2017-18	-	261,578,779	261,578,779
2018-19	-	246,838,152	246,838,152
2019-20	-	231,520,857	231,520,857
2020-21	-	215,603,886	215,603,886
2021-22	-	190,725,000	190,725,000
2022-23	-	155,450,000	155,450,000
2023-24	-	121,425,000	121,425,000
2024-25	-	110,200,000	110,200,000
2025-26	-	98,410,000	98,410,000
2026-27	-	86,020,000	86,020,000
2027-28	-	73,005,000	73,005,000
2028-29	-	59,335,000	59,335,000
2029-30	-	44,965,000	44,965,000
2030-31	-	29,895,000	29,895,000
2031-32	-	21,735,000	21,735,000
2032-33	-	13,170,000	13,170,000
2033-34	-	6,750,000	6,750,000
2034-35	-	-	-

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE (1)
AS OF JULY 1, 2010

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State/Federal Subvention	Total Annual Debt Service
2010-11	$ 179,669,069	$ 121,615,782	$ 30,988,835	$ 38,080,088	$ 19,128,598	$ 100,669,724	$ 490,152,096
2011-12	52,887,005	21,038,605	31,546,195	3,219,346	-	-	108,691,151
2012-13	62,482,880	18,853,245	25,708,978	3,285,646	-	-	110,330,749
2013-14	44,406,911	17,098,477	27,323,569	3,347,721	-	-	92,176,678
2014-15	42,083,109	16,118,727	26,513,278	3,415,709	-	-	88,130,822
2015-16	27,014,874	14,471,134	25,636,390	3,486,084	-	-	70,608,481
2016-17	20,801,284	5,684,932	21,867,430	3,554,834	-	-	51,908,479
2017-18	19,814,394	-	16,975,475	3,625,159	-	-	40,415,028
2018-19	20,624,681	-	16,976,475	3,696,640	-	-	41,297,796
2019-20	21,454,019	-	16,965,725	3,773,750	-	-	42,193,494
2020-21	22,321,744	-	16,957,350	3,846,250	-	-	43,125,344
2021-22	23,224,363	-	16,954,300	3,927,000	-	-	44,105,663
2022-23	24,171,488	-	16,951,625	-	-	-	41,123,113
2023-24	-	-	16,943,875	-	-	-	16,943,875
2024-25	-	-	16,933,500	-	-	-	16,933,500
2025-26	-	-	16,929,000	-	-	-	16,929,000
2026-27	-	-	16,918,875	-	-	-	16,918,875
2027-28	-	-	16,906,750	-	-	-	16,906,750
2028-29	-	-	16,905,750	-	-	-	16,905,750
2029-30	-	-	16,893,613	-	-	-	16,893,613
2030-31	-	-	9,432,600	-	-	-	9,432,600
2031-32	-	-	9,431,488	-	-	-	9,431,488
2032-33	-	-	6,918,000	-	-	-	6,918,000
2033-34	-	-	6,918,750	-	-	-	6,918,750
2034-35	-	-	-	-	-	-	-
Total	$ 560,955,819	$ 214,880,900	$ 442,497,825	$ 77,258,227	$ 19,128,598	$ 100,669,724	$ 1,415,391,093

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2010

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State/Federal Subvention	Total Outstanding Principal
2010-11	$ 300,843,820	$ 134,525,761	$ 289,019,920	$ 42,763,744	$ 6,090,546	$ 32,053,240	$ 805,297,030
2011-12	221,999,861	83,036,248	271,616,645	29,910,000	-	-	606,562,754
2012-13	186,428,292	65,495,178	252,834,288	28,050,000	-	-	532,807,758
2013-14	140,450,877	49,377,538	239,074,099	26,040,000	-	-	454,942,515
2014-15	111,373,618	34,279,455	223,014,358	23,875,000	-	-	392,542,430
2015-16	84,203,277	19,440,996	207,011,017	21,550,000	-	-	332,205,289
2016-17	72,115,806	5,556,353	191,140,939	19,050,000	-	-	287,863,098
2017-18	66,818,779	-	178,385,000	16,375,000	-	-	261,578,779
2018-19	63,298,152	-	170,020,000	13,520,000	-	-	246,838,152
2019-20	59,820,857	-	161,225,000	10,475,000	-	-	231,520,857
2020-21	56,388,886	-	151,990,000	7,225,000	-	-	215,603,886
2021-22	44,695,000	-	142,290,000	3,740,000	-	-	190,725,000
2022-23	23,340,000	-	132,110,000	-	-	-	155,450,000
2023-24	-	-	121,425,000	-	-	-	121,425,000
2024-25	-	-	110,200,000	-	-	-	110,200,000
2025-26	-	-	98,410,000	-	-	-	98,410,000
2026-27	-	-	86,020,000	-	-	-	86,020,000
2027-28	-	-	73,005,000	-	-	-	73,005,000
2028-29	-	-	59,335,000	-	-	-	59,335,000
2029-30	-	-	44,965,000	-	-	-	44,965,000
2030-31	-	-	29,895,000	-	-	-	29,895,000
2031-32	-	-	21,735,000	-	-	-	21,735,000
2032-33	-	-	13,170,000	-	-	-	13,170,000
2033-34	-	-	6,750,000	-	-	-	6,750,000
2034-35	-	-	-	-	-	-	-

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2010

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State / Federal Subvention
Long-Term Obligations							
Pension Obligation Certificates							
1994 Pension Ob Certs, Ser D: LACERA Funding	$ 372,130,000	$ 120,957,135	$ 96,453,863		$ 34,920,679	$ 19,128,598	$ 100,669,724
Total Pension Obligation Certificates	$ 372,130,000	$ 120,957,135	$ 96,453,863	$ 0	$ 34,920,679	$ 19,128,598	$ 100,669,724
Long-Term Capital Projects							
1992 Lease Rev Refg Bonds, 1992 Master Refg Proj:							
Civic Center Heating & Refridgeration Plant	$ -	$ -					
Downey Courthouse	978,738			$ 978,738			
Sheriffs Training Academy	814,593	814,593					
San Fernando Court	1,364,386			1,364,386			
Total 1992 Lease Rev Refg Bonds, 1992 Master Refg Proj	$ 3,157,716	$ 814,593	$ 0	$ 2,343,123	$ 0	$ 0	$ 0
1993 COPs: Disney Parking Project	$ 11,920,000	$ 11,920,000					
1998 Refg COPs: Disney Parking Project	3,071,250	3,071,250					
2002 Lease Rev Bonds Ser A: Edmund D. Edelman Children's Court	3,627,675			$ 3,627,675			
2002 Lease Rev Bonds Ser B:							
Downey Courhouse	320,365			320,365			
Sheriffs Training Academy	264,469	264,469					
San Fernando Court	442,967			442,967			
Total 2002 Lease Rev Bonds Ser B	$ 1,027,800	$ 264,469	$ 0	$ 763,331	$ 0	$ 0	$ 0
2005 Lease Rev Refg Bonds Ser A:							
Music Center Improvements	$ 770,493	$ 770,493					
Alhambra Courthouse	584,704			$ 584,704			
Burbank Courthouse	758,349			758,349			
Ameron Building (Sheriff Headquarters)	2,507,262	2,507,262					
Biscailuz Center	222,157	222,157					
Emergency Operations Center	1,963,478	1,963,478					
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,489,276		$ 1,489,276				
Martin Luther King Medical Center - Trauma Center	6,230,310		6,230,310				
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	107,641		107,641				
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,397,293		4,397,293				
Rancho Los Amigos Medical Center - Parking Structure	1,641,994		1,641,994				
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	687,867		687,867				
San Fernando Valley Juvenile Hall	975,988	975,988					
LAC/USC Medical Center Marengo Street Parking Garage	2,600,185		2,600,185				
LAX Area Courthouse	6,943,875			6,943,875			
San Fernando Valley Courthouse (Chatsworth)	5,502,170			5,502,170			
Harbor Med Center E.P.S.	1,253,897		1,253,897				
Total 2005 Lease Rev Refg Bonds Ser A	$ 38,636,939	$ 6,439,377	$ 18,408,463	$ 13,789,099	$ 0	$ 0	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,159,409				$ 3,159,409		
2006 Lease Rev Refg Bonds Ser A:							
East Los Angeles Courthouse	$ 1,224,313			$ 1,224,313			
Lynwood Regional Justice Center	10,663,475	10,663,475					
Men's Central Jail - Twin Towers	10,061,300	10,061,300					
Pitchess Honor Rancho: Medium Security - N Facility Air Conditioning	419,625	419,625					
Pitchess Honor Rancho: Medium Security - N Facility Sewer System	127,950	127,950					
Pitchess Honor Rancho: Medium Security - N Facility Water Treatment	511,750	511,750					
Pitchess Honor Rancho: Medium Security - N Facility Debris Basin	117,700	117,700					
Pitchess Honor Rancho: Vehicle Maintenance Facility	301,925	301,925					
Men's Central Jail Parking Structure	1,356,125	1,356,125					
Hutton Building - Registrar / Recorder Headquarters	1,737,925	1,737,925					
Pomona Municipal Courthouse	281,775			281,775			
Pitchess Honor Rancho Laundry Expansion	135,425	135,425					
Pitchess Honor Rancho Visitors Center	333,025	333,025					
Mira Loma Men's Medium Security Facility	242,400	242,400					
Temple City Sheriff Station	575,175	575,175					
Van Nuys Courthouse	2,043,125			2,043,125			
Public Library Headquarters	0						
Total 2006 Lease Rev Refg Bonds Ser A	$ 30,133,013	$ 26,583,800	$ 0	$ 3,549,213	$ 0	$ 0	$ 0
2006 Lease Rev Refg Bonds Ser B:	$ 6,916,394			$ 6,916,394			
Total Long-Term Capital Projects	$ 101,650,195	$ 49,093,488	$ 18,408,463	$ 30,988,835	$ 3,159,409	$ 0	$ 0
Total Long-Term Obligations	$ 473,780,195	$ 170,050,624	$ 114,862,326	$ 30,988,835	$ 38,080,088	$ 19,128,598	$ 100,669,724
Intermediate-Term Obligations							
Equipment							
2008 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 5,605,013	$ 2,858,556	$ 2,746,456				
2009 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	10,017,500	6,010,500	4,007,000				
Total Equipment	$ 15,622,513	$ 8,869,056	$ 6,753,456	$ 0	$ 0	$ 0	$ 0
Taxable Bonds							
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 749,389	$ 749,389					
Total Intermediate-Term Obligations	$ 16,371,902	$ 9,618,445	$ 6,753,456	$ 0	$ 0	$ 0	$ 0
Total Obligations	$ 490,152,096	$ 179,669,069	$ 121,615,782	$ 30,988,835	$ 38,080,088	$ 19,128,598	$ 100,669,724

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2010

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State / Federal Subvention
Long-Term Obligations							
Pension Obligation Certificates							
1994 Pension Ob Certs, Ser D: LACERA Funding	$ 118,486,192	$ 38,512,752	$ 30,710,910		$ 11,118,744	$ 6,090,546	$ 32,053,240
Total Pension Obligation Certificates	$ 118,486,192	$ 38,512,752	$ 30,710,910	$ 0	$ 11,118,744	$ 6,090,546	$ 32,053,240
Long-Term Capital Projects							
1992 Lease Rev Refg Bonds, 1992 Master Refg Proj:							
Civic Center Heating & Refridgeration Plant	$ -	$ -					
Downey Courthouse	950,000			$ 950,000			
Sheriffs Training Academy	790,674	790,674					
San Fernando Court	1,324,326			1,324,326			
Total 1992 Lease Rev Refg Bonds, 1992 Master Refg Proj	$ 3,065,000	$ 790,674	$ 0	$ 2,274,326	$ 0	$ 0	$ 0
1993 COPs: Disney Parking Project	$ 34,515,838	$ 34,515,838					
1998 Refg COPs: Disney Parking Project	58,580,000	58,580,000					
2002 Lease Rev Bonds Ser A: Edmund D. Edelman Children's Court	6,800,000			$ 6,800,000			
2002 Lease Rev Bonds Ser B:							
Downey Courhouse	5,339,414			5,339,414			
Sheriffs Training Academy	4,407,809	4,407,809					
San Fernando Court	7,382,777			7,382,777			
Total 2002 Lease Rev Bonds Ser B	$ 17,130,000	$ 4,407,809	$ 0	$ 12,722,191	$ 0	$ 0	$ 0
2005 Lease Rev Refg Bonds Ser A:							
Music Center Improvements	$ 4,007,928	$ 4,007,928					
Alhambra Courthouse	2,132,788			$ 2,132,788			
Burbank Courthouse	3,943,580			3,943,580			
Ameron Building (Sheriff Headquarters)	9,156,254	9,156,254					
Biscailuz Center	813,569	813,569					
Emergency Operations Center	8,722,873	8,722,873					
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	6,608,777		$ 6,608,777				
Martin Luther King Medical Center - Trauma Center	36,536,181		36,536,181				
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	381,502		381,502				
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	22,829,527		22,829,527				
Rancho Los Amigos Medical Center - Parking Structure	8,521,418		8,521,418				
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	2,514,283		2,514,283				
San Fernando Valley Juvenile Hall	5,722,423	5,722,423					
LAC/USC Medical Center Marengo Street Parking Garage	13,495,585		13,495,585				
LAX Area Courthouse	78,421,973			78,421,973			
San Fernando Valley Courthouse (Chatsworth)	64,450,062			64,450,062			
Harbor Med Center E.P.S.	2,401,277		2,401,277				
Total 2005 Lease Rev Refg Bonds Ser A	$ 270,660,000	$ 28,423,047	$ 93,288,551	$ 148,948,403	$ 0	$ 0	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 31,645,000				$ 31,645,000		
2006 Lease Rev Refg Bonds Ser A:							
East Los Angeles Courthouse	$ 6,920,000			$ 6,920,000			
Lynwood Regional Justice Center	49,205,000	49,205,000					
Men's Central Jail - Twin Towers	46,485,000	46,485,000					
Pitchess Honor Rancho: Medium Security - N Facility Air Conditioning	410,000	410,000					
Pitchess Honor Rancho: Medium Security - N Facility Sewer System	125,000	125,000					
Pitchess Honor Rancho: Medium Security - N Facility Water Treatment	500,000	500,000					
Pitchess Honor Rancho: Medium Security - N Facility Debris Basin	115,000	115,000					
Pitchess Honor Rancho: Vehicle Maintenance Facility	295,000	295,000					
Men's Central Jail Parking Structure	1,325,000	1,325,000					
Hutton Building - Registrar / Recorder Headquarters	4,945,000	4,945,000					
Pomona Municipal Courthouse	795,000			795,000			
Pitchess Honor Rancho Laundry Expansion	385,000	385,000					
Pitchess Honor Rancho Visitors Center	950,000	950,000					
Mira Loma Men's Medium Security Facility	685,000	685,000					
Temple City Sheriff Station	1,630,000	1,630,000					
Van Nuys Courthouse	12,755,000			12,755,000			
Public Library Headquarters	0						
Total 2006 Lease Rev Refg Bonds Ser A	$ 127,525,000	$ 107,055,000	$ 0	$ 20,470,000	$ 0	$ 0	$ 0
2006 Lease Rev Refg Bonds Ser B:	$ 97,805,000			$ 97,805,000			
Total Long-Term Capital Projects	$ 647,725,838	$ 233,772,368	$ 93,288,551	$ 289,019,920	$ 31,645,000	$ 0	$ 0
Total Long-Term Obligations	$ 766,212,030	$ 272,285,120	$ 123,999,461	$ 289,019,920	$ 42,763,744	$ 6,090,546	$ 32,053,240
Intermediate-Term Obligations							
Equipment							
2008 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 5,470,000	$ 2,789,700	$ 2,680,300				
2009 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	19,615,000	11,769,000	7,846,000				
Total Equipment	$ 25,085,000	$ 14,558,700	$ 10,526,300	$ 0	$ 0	$ 0	$ 0
Taxable Bonds							
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,000,000	$ 14,000,000					
Total Intermediate-Term Obligations	$ 39,085,000	$ 28,558,700	$ 10,526,300	$ 0	$ 0	$ 0	$ 0
Total Obligations	$ 805,297,030	$ 300,843,820	$ 134,525,761	$ 289,019,920	$ 42,763,744	$ 6,090,546	$ 32,053,240

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF MAY 1, 2011

Title	Outstanding Principal	Total Future Payments	2010-11 FY Payment Remaining
Long-Term Obligations			
Pension Obligation Certificates			
1994 Pension Obligation Bonds, Series D (Variable Rate Bonds)	$ 0 (1)	$ 0 (1)	$ 0 (1)
Total Pension Obligation Certificates	$ 0	$ 0	$ 0
Long-Term Capital Projects			
1992 Lease Rev Refg Bonds, 1992 Master Refunding Project	$ 0	$ 0	$ 0
1993 COPs: Disney Parking Project	30,892,754	147,555,000	0
1998 Refg COPs: Disney Parking Project	58,285,000	87,754,135	0
2002 Lease Rev Bonds Series A - Edmund D. Edelman Court Project Refunding	3,470,000	3,626,150	0
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	17,130,000	20,900,100	513,900
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	244,245,000	333,959,123	5,799,507
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	31,645,000	41,625,343	2,447,204
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	102,785,000	113,208,806	0
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	95,440,000	159,126,659	0
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	102,900,000	134,517,976	0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I	688,005,000	1,785,876,184	0
Total Long-Term Capital Projects	$ 1,374,797,754	$ 2,828,149,476	$ 8,760,611
Total Long-Term Obligations	$ 1,374,797,754	$ 2,828,149,476	$ 8,760,611
Intermediate-Term Obligations			
Equipment			
2008 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 2,460,000	$ 2,503,050	$ 2,503,050
2009 Lease Rev Bonds Series A - LAC-CAL Equipment Program	14,995,000	15,948,000	4,964,875
Total Equipment	$ 17,455,000	$ 18,451,050	$ 7,467,925
Taxable Bonds			
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,000,000	$ 15,261,167	$ 0
Total Intermediate-Term Obligations	$ 31,455,000	$ 33,712,217	$ 7,467,925
Total Obligations	$ 1,406,252,754	$ 2,861,861,692	$ 16,228,536

COPs = Certificates of Participation

The Pension Obligation Certificates do not reflect principal and interest payment amounts remaining for FY 2010-11 that were deposited with the respective trustees in advance on July 15 or 30, 2010 as required by the individual Trust Agreements as follows:
(1) $118,486,192 in principal and $253,643,808 in interest

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2011
Full Cash Value (2010-11): $926,404,454,179 (after deducting $137,261,121,657 redevelopment incremental valuation; including unitary utility valuation)

	Applicable %	Debt as of 5/1/11
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Los Angeles County Flood Control District	100.000 %	$ 53,795,000
Metropolitan Water District	47.648	108,480,202
Los Angeles Community College District	100.000	3,536,745,000
Other Community College Districts	Various (1)	1,947,247,115
Arcadia Unified School District	100.000	170,954,371
Beverly Hills Unified School District	100.000	185,926,849
Glendale Unified School District	100.000	123,225,000
Long Beach Unified School District	100.000	491,060,606
Los Angeles Unified School District	100.000	11,596,250,000
Pasadena Unified School District	100.000	289,575,000
Pomona Unified School District	100.000	165,103,658
Santa Monica-Malibu Unified School District	100.000	229,595,034
Torrance Unified School District	100.000	178,908,540
Other Unified School Districts	Various (1)	2,684,966,299
High School and School Districts	Various (1)	1,331,665,422
City of Los Angeles	100.000	1,255,830,000
City of Los Angeles Special Tax Lease Revenue Bonds	100.000	58,010,000
City of Industry	100.000	156,770,000
Other Cities	100.000	80,480,000
Special Districts	100.000	6,520,000
Community Facilities Districts	100.000	815,343,527
Los Angeles County Regional Park & Open Space Assessment District	100.000	197,285,000
1915 Act and Benefit Assessment Bonds - Estimate	100.000	153,707,106
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 25,817,443,729
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 1,506,737,755**
Los Angeles County Pension Obligations	**100.000**	**118,486,192**
Los Angeles County Office of Education Certificates of Participation	100.000	12,204,890
Community College District Certificates of Participation	Various (2)	74,152,000
Baldwin Park Unified School District Certificates of Participation	100.000	53,505,000
Compton Unified School District Certificates of Participation	100.000	30,920,000
Los Angeles Unified School District Certificates of Participation	100.000	492,042,567
Pomona Unified School District Certificates of Participation	100.000	30,455,000
Other Unified School District Certificates of Participation	Various (2)	161,313,063
High School and School District General Fund Obligations	Various (2)	178,772,203
City of Beverly Hills General Fund Obligations	100.000	254,350,000
City of Los Angeles General Fund and Judgment Obligations	100.000	1,979,100,000
City of Long Beach General Fund Obligations	100.000	216,360,000
City of Long Beach Pension Obligations	100.000	62,775,000
City of Pasadena General Fund Obligations	100.000	504,139,935
City of Pasadena Pension Obligations	100.000	111,636,488
Other Cities' General Fund Obligations	100.000	1,350,754,209
Los Angeles County Sanitation Districts General Fund Obligations	100.000	325,140,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 7,462,844,302
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**		**(18,838,269)**
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds		(34,702,048)
Cities' self-supporting bonds		(161,594,029)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 7,247,709,956
GROSS COMBINED TOTAL DEBT		$ 33,280,288,031 (3)
NET COMBINED TOTAL DEBT		$ 33,065,153,685

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.

(2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2010-11 ASSESSED VALUATION	
Total Direct and Overlapping Tax and Assessment Debt	2.430 %
RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)	
Gross Combined Direct Debt ($1,679,018,947)	**0.180 %**
Net Combined Direct Debt ($1,660,180,678)	**0.180 %**
Gross Combined Total Debt	3.590 %
Net Combined Total Debt	3.570 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $ 0

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2010 Gross Domestic Product ("GDP") of $505 billion, Los Angeles County's economy is larger than that of 44 states and all but 17 countries. Los Angeles County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced mild improvement in 2010, with a slight increase of 1% in economic output (as measured by Gross Product), personal income and taxable retail sales. In 2011, the economic recovery is expected to continue, with growth projected for several sectors of the local economy, such as health care, tourism, information technology and educational services. However, other sectors of the economy such as manufacturing, construction and commercial real estate are projected to struggle in 2011.

Los Angeles County's unemployment rate averaged 12.5% in 2010. The labor market has begun to gradually improve in 2011 as the economic recovery gains momentum. By 2012, nonfarm employment is expected to increase by +1.8% or by +70,000 jobs, as the economic recovery gains momentum. The significant job losses in 2009 were partially offset by the positive impact of major public and private construction projects. With $15 billion in voter approved school district bond measures, historically low interest rates and new capital financing programs and incentives provided by the Federal government under ARRA, local schools and community colleges have undertaken major capital construction projects. In July 2009, Measure R increased the County sales tax rate by one-half of one percent. The increase in sales tax revenue is providing funding for major highway and transit projects throughout the County. In addition, area hospitals are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach) and the expansion of the Bradley International Terminal at the Los Angeles International Airport ("LAX"), have provided continued support to a struggling job market in the County.

In terms of its industrial base, diversity continues to be Los Angeles County's greatest strength, with wholesale and retail trade and manufacturing being the leading employment sectors. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and Port of Long Beach, is the largest customs district in the nation. As of November 2010, the LACD handled approximately $317 billion worth of international trade, which surged by 22.7% from 2009 level. This performance nearly made up the -20.5% drop that occurred in 2009. The Los Angeles region is the largest manufacturing center in the nation, with an estimated 370,000 workers employed in this sector in 2010. The two major seaports (Port of Los Angeles and Port of Long Beach) make up the largest port complex in the nation in both cargo tonnage and containers handled and ranked fifth among world's largest ports.

Quality of Life

Higher Education

Los Angeles County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental and Claremont Colleges; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

Los Angeles County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios video game developers and publishers, and artists, creating one of the largest concentrations of arts activity in the United States. The Performing Arts Center of Los Angeles County, which houses the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation.

Los Angeles County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the acclaimed Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the George C. Page Museum, the Anderson Gallery, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, and the Huntington Library.

Los Angeles County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world. The area also supports numerous regional orchestras such as the Long Beach Symphony, Pasadena Symphony, and Santa Monica Symphony orchestras.

Recreation

Los Angeles County, due to its geographic size, location, topography, and mild climate with an average of 329 days of sunshine per year, offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit Los Angeles County's 31 miles of public beaches stretching along the County's 75-mile shoreline, and bike enthusiasts are able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, motion picture and television studios, regional campgrounds and parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade and Rose Bowl game, and the

Academy Awards show. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, and the Super Bowl.

Population

The County of Los Angeles is the most populous county in the U.S. with over 10.4 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 27% of the total population of California. The demographic profile of the County indicates that 48% of the population is Hispanic; 28.4% white non-Hispanic; 13.7% Asian-Pacific Islander; 9.3% African American; and 2.9% other races. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Filipino, Guatemalan, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 97 consulates, Los Angeles has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 84.4% of the adult population has a high school diploma or higher, while 24.9% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

The current economic downturn, which started in late 2007, has affected the entire nation and continues to have a significant adverse impact on the County economy. After experiencing a cyclical low of 4.8% in 2006, the unemployment rate climbed to 12.5% in 2010 and is projected to decrease slightly to 12.4% in 2011. In comparison, the average unemployment rates for the State of California and the nation are projected to be 12.1% and 9%, respectively, in 2011. The government sector (-18,700 jobs), manufacturing sector (18,900) and construction (14,900) are projected to experience the largest employment losses in 2011. In terms of employment growth, the largest employment gains during 2011 will come in leisure & hospitality (+6,800), professional, scientific & technical services (+5,700 jobs), the administration & support services (+5,400 jobs), health services (+4,800 jobs), and retail trade (+4,300) jobs. Table F details the County's non-agricultural employment numbers by sector since 2006.

Personal Income

The County's total personal income has grown by an estimated 2.5% in 2010, after falling by -3.0% in 2009. The total personal income of $411 billion represents an estimated 25.4% of the total personal income generated in California. The Los Angeles Economic Development Corporation ("LAEDC") is forecasting that personal income will continue to improve in 2011 with a projected increase of 3.9%% in 2011 and 5.4% in 2012. Table C provides a summary of the personal income levels in Los Angeles County since 2006.

Consumer Spending

Los Angeles County is a national leader in consumer spending. As reported by LAEDC, the County experienced a strong 5.8% growth in taxable retail sales in 2010 after a substantial decline of 12.7% in 2009. Consumer spending is projected to grow by 5.7% and 6.6% in 2011 and 2012, respectively. The $83 billion of taxable retail sales in the County in 2009 represents over 25.02% of the total retail sales in California. Table D provides a summary of taxable retail sales activity in Los Angeles County since 2006.

Industry

With approximately $505 billion annual economic output, Los Angeles County continues to rank among the world's largest economies. Its 2010 Gross Product represents approximately 26.2% of the total economic output in California and 3.5% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in the high-technology, electronics, energy, communications, and entertainment industries.. The top industries of the manufacturing sector are computer & electronic parts, apparel, transportation equipment, fabricated metal products, and food. Table A provides summary information on the Gross Product of Los Angeles County.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, Los Angeles County has become the international trade capital of the United States. Its seaports and airports serve as the gateway for Southern California's thriving international trade community. The value of two-way trade in the LACD experienced a steady increase from 2001 to 2008, resulting in a record level of $355.8 billion in 2008. The LACD maintained its ranking as the top customs district in the nation for international trade in 2010, with China, Japan, South Korea and Taiwan remaining its top trading partners. In a February 2011 report, LAEDC provides a positive outlook in 2011, with a forecasted increase in the value of international trade of 6%.

Transportation/Infrastructure

Los Angeles County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the sixth busiest airport in the world for passenger traffic, and is ranked thirteenth in the world as measured by the volume of air cargo tonnage, contributing $65 billion to the local economy each year. In the May 2009 release of the U.S. Department of Transportation statistics, LAX ranked first among the nation's busiest airports for on-time performance for flight arrivals and departures. In 2010, LAX served 59.1 million passengers and handled 2.09 million tons of air cargo.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been the fastest growing port facility in the United States, and the two ports are reported by LAEDC to be the busiest port complex in the U.S and western hemisphere, and the fifth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue.

The Port of Los Angeles is one of the largest man-made harbors in the world. As measured by annual container volume, it ranks as the busiest container port in the United States for the eleventh consecutive year in 2010, and the fifteenth busiest in the world. The port facilities cover over 7,500 acres and include 43 miles of waterfront. The port has 25 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk

and liquid bulk products. For the calendar year 2010, the port handled over 7.8 million TEUs, which represents a 16.4% increase in container volume from 2009.

The Port of Long Beach is also among the world's busiest container ports, and ranks behind the Port of Los Angeles as the second busiest port in the nation, and the seventeenth busiest in the world. The port covers over 3,200 acres, with 10 piers, 80 berths and 71 cranes. In calendar year 2010, the port handled over 6.3 million TEUs of container cargo, which represents an increase of 23.6% from 2009..

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for Los Angeles County. The Fiscal Year 2010-11 operating budget for the MTA is $3.79 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2010, the Los Angeles region hosted an estimated 25.7 million overnight visitors, representing a 8% increase from 2009. s reported by the Los Angeles Convention and Visitors Bureau, the Los Angeles area was the third ranked destination for overseas visitors, with international visitors spending an estimated $3.6 billion in the local economy. The visitor count is expected to increase to 26.3 million in 2011 reflecting the opening of the new convention center hotel and a higher number of conferences scheduled for 2011 and 2012.

Real Estate and Construction

The residential housing market in Los Angeles County experienced a significant downturn starting in late 2007. The average median price for new and existing homes decreased by nearly 37% from a peak of $532,281 in 2007 to $335,355 in 2010. Despite a small increase in home values in 2010, the volume of home sales decreased by 4.6% from 81,072 to 77,308 in the previous year. However, residential building permits experienced an increase in 2010 as a result of an uptick in new home construction from the previous year. The residential purchase lending increased 1.7% and Notices of Default Recorded decreased by 34.9% from 2009 to 2010.

The non-residential real estate sector experienced further difficulties in 2010 with higher vacancies, declining lease rates and falling property values in 2010. The total non-residential building valuation of $2.59 billion in 2010 represents a decrease of 3% from 2009. Construction lending experienced a significant decrease of 14.2% to $2.12 billion over the same measurement period. Although major business expansions and construction projects in the County continued in 2010, which would normally indicate growth, the rise in vacancy rates for both the office and industrial markets (increases of 17.0% and 3.2%, respectively) are indicative of a struggling commercial real estate market. The non residential building activity has continued to decrease slightly in 2010, with the value of building permits edge down by 3 % to $2.59 billion.

Despite the severe downturn in the housing market, Los Angeles County has maintained a stable assessed valuation. This is due in part to the significant "stored value" in secured property as a result of Proposition 13. The Los Angeles County Assessor's Annual Report for the Fiscal Year 2010-11 shows a total assessed valuation of $1.042 trillion, representing a 1.9% decrease from the Fiscal Year 2009-10 Assessment Roll of $1.062 trillion.

GROSS PRODUCT

POPULATION LEVELS

TOTAL PERSONAL INCOME

TAXABLE RETAIL SALES

UNEMPLOYMENT RATES

AVERAGE ANNUAL EMPLOYMENT

SUMMARY OF AIRPORT AND PORT ACTIVITY

VALUE OF INTERNATIONAL TRADE AT MAJOR U.S. CUSTOMS DISTRICTS

TOTAL TONNAGE OF MAJOR WEST COAST PORTS

INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS

REAL ESTATE AND CONSTRUCTION INDICATORS

BUILDING PERMITS AND VALUATIONS

LARGEST PRIVATE SECTOR EMPLOYERS

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2006	2007	2008	2009	2010*
Los Angeles County	$446,800	$508,000	$513,600	$499,800	$505,000
State of California	1,727,400	1,798,300	1,846,800	1,812,400	1,930,000
United States	13,244,600	13,794,200	14,441,440	14,256,280	14,624,180
Los Angeles County as a % of California	25.87%	28.25%	27.81%	27.58%	26.17%

** Estimated*
Source: Los Angeles Economic Development Corporation - 2011-2012 Economic Forecast and Industry Outlook February 2011

TABLE B: POPULATION LEVELS

	2006	2007	2008	2009	2010*
Los Angeles County	10,216,900	10,245,200	10,342,400	10,399,400	10,473,500
State of California	37,274,600	37,655,200	38,155,500	38,476,700	38,826,900
Los Angeles County as a % of California	27.41%	27.21%	27.11%	27.03%	26.97%

** Estimated*
Source: Los Angeles Economic Development Corporation - 2011-2012 Economic Forecast and Industry Outlook February 2011

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2006	2007	2008	2009	2010*
Los Angeles County	$385,733	$402,108	$413,317	$400,840	$411,000
Orange County	150,598	153,839	155,118	150,435	154,875
Riverside and San Bernardino Counties	116,926	122,811	125,379	124,004	127,724
Ventura County	35,706	37,192	37,185	36,651	37,200
State of California	1,495,500	1,568,300	1,610,900	1,572,700	1,615,400
Los Angeles County as a % of California	25.79%	25.64%	25.66%	25.49%	25.44%

** Estimated*
Source: Los Angeles Economic Development Corporation - 2011-2012 Economic Forecast and Industry Outlook February 2011

TABLE D: TAXABLE RETAIL SALES IN LOS ANGELES COUNTY (in millions of $)

	2006	2007	2008	2009	2010*
Los Angeles County	$95,544	$96,096	$89,810	$78,444	$83,000
State of California	389,100	387,000	357,300	311,200	331,800
Los Angeles County as a % of California	24.56%	24.83%	25.14%	25.21%	25.02%

** Estimated*
Source: Los Angeles Economic Development Corporation - 2011-2012 Economic Forecast and Industry Outlook February 2011

TABLE E: UNEMPLOYMENT RATES

	2006	2007	2008	2009	2010
Los Angeles County*	4.8%	5.1%	7.5%	11.6%	12.5%
State of California*	4.9%	5.2%	7.2%	11.4%	12.4%
United States	4.6%	4.6%	5.8%	9.3%	9.7%

** Estimated*

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2006	2007	2008	2009	2010*
Government	589.4	595.7	603.7	599.5	580.7
Wholesale & Retail Trade	649.0	653.0	640.2	590.7	577.7
Health Care & Social Assistance	379.3	387.5	398.3	402.4	404.2
Manufacturing	461.7	449.7	434.4	389.1	370.2
Leisure & Hospitality	388.6	397.9	401.6	383.9	384.2
Professional, Scientific & Technical Services	264.0	273.9	269.6	250.3	245.3
Administrative & Support Services	271.9	272.7	256.4	225.4	222.1
Information	205.6	209.8	210.3	193.7	213.6
Transportation & Utilities	165.2	165.6	163.1	151.7	148.3
Finance & Insurance	169.0	165.8	156.3	145.9	143.1
Construction	157.5	157.6	145.2	116.5	101.6
Educational Services	99.4	102.9	105.1	111.5	116.2
Real Estate	79.8	80.3	79.4	74.3	73.0
Management of Enterprises	63.0	58.8	56.7	52.4	47.4
Other	149.2	151.5	150.5	142.0	138.5
Total	4,092.6	4,122.7	4,070.8	3,829.3	3,766.1

** Estimated*
Source: Los Angeles Economic Development Corporation - 2011-2012 Economic Forecast and Industry Outlook February 2011

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2006	2007	2008	2009	2010
International Air Cargo (Tons)					
Los Angeles International Airport	1,113.6	1,138.6	996.5	916.0	1,125.2
As Percentage of Total Air Cargo	52.95%	54.80%	55.47%	55.05%	58.40%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,103.1	2,077.5	1,796.5	1,663.9	1,926.8
Bob Hope Airport (Burbank)	57.6	53.7	42.9	44.4	48.1
Total	2,160.7	2,131.3	1,839.4	1,708.2	1,974.9
International Air Passengers					
Los Angeles International Airport	16,910.7	17,248.0	16,685.8	15,100.9	15,935.3
As Percentage of Total Passengers	27.70%	27.62%	27.89%	26.72%	26.98%
Total Air Passengers					
Los Angeles International Airport	61,041.1	62,438.6	59,820.8	56,520.8	59,069.4
Bob Hope Airport (Burbank)	5,689.3	5,921.3	5,331.4	4,588.4	4,461.3
Total	66,730.4	68,359.9	65,152.2	61,109.2	63,530.7
Container Volume (TEUs)					
Port of Los Angeles	8,469.9	8,355.0	7,850.0	6,749.0	7,831.9
Port of Long Beach	7,290.4	7,312.5	6,487.8	5,067.6	6,263.5
Total	15,760.3	15,667.5	14,337.8	11,816.6	14,095.4

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Port of Los Angeles- Statistics; Port of Long Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2006	2007	2008	2009	2010
Los Angeles, CA	$326,400	$347,300	$355,800	$283,000	TBD
New York, NY	294,700	323,600	353,400	266,700	TBD
Detroit, MI	239,800	248,900	236,400	169,900	TBD
Houston, TX	162,800	184,700	242,100	165,900	TBD
New Orleans, LA	149,900	172,700	214,200	149,600	TBD
Laredo, TX	156,000	166,400	173,300	146,000	TBD
Chicago, IL	120,800	132,900	153,300	127,900	TBD
Seattle, WA	108,500	119,400	120,400	101,300	TBD
Savannah, GA	82,100	93,400	101,000	87,200	TBD
San Francisco, CA	110,600	111,700	114,100	86,500	TBD

Source: Los Angeles Economic Development Corporation - 2011 International Trade Report May 2011

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2006	2007	2008	2009	2010
Los Angeles-Long Beach, CA	210,503	211,747	201,456	167,866	TBD
Tacoma, WA	32,516	33,753	34,701	28,701	TBD
Seattle, WA	28,692	29,514	28,416	27,872	TBD
Oakland, CA	28,597	29,449	26,731	25,070	TBD
Portland, OR	20,173	23,167	21,683	16,348	TBD
Kalama, WA	8,444	9,624	12,320	9,065	TBD
San Diego, CA	6,705	6,548	5,903	5,135	TBD
Vancouver, WA	5,441	6,173	5,557	3,506	TBD
Port Hueneme	4,603	3,971	3,571	2,998	TBD

Source: Los Angeles Economic Development Corporation - 2011 International Trade Report May 2011

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2006	2007	2008	2009	2010
Los Angeles-Long Beach, CA	15,760	15,667	14,338	11,817	TBD
New York, NY	5,086	5,299	5,265	4,562	TBD
Savannah, GA	2,160	2,604	2,616	2,357	TBD
Oakland, CA	2,392	2,388	2,236	2,045	TBD
Houston, TX	1,607	1,772	1,795	1,797	TBD
Norfolk, VA	2,046	2,128	2,083	1,745	TBD
Charleston, SC	1,864	1,754	1,636	1,368	TBD
Seattle, WA	1,466	1,628	1,376	1,285	TBD
Tacoma, WA	1,211	1,403	1,348	1,076	TBD

Source: Los Angeles Economic Development Corporation - 2011 International Trade Report May 2011

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2006	2007	2008	2009	2010
1. Construction Lending (in millions)	$ 8,435	$ 6,886	$ 3,520	$ 2,465	$ 2,115
2. Residential Purchase Lending (in millions)	$ 57,046	$ 38,388	$ 22,256	$ 22,111	$ 22,489
3. New & Existing Median Home Prices	$ 511,365	$ 532,281	$ 397,474	$ 321,550	$ 335,355
4. New & Existing Home Sales	109,212	74,917	65,278	81,072	77,308
5. Notices of Default Recorded	26,296	53,414	84,806	105,433	68,603
6. Unsold New Housing (at year-end)	3,630	4,273	3,117	1,629	1,997
7. Office Market Vacancy Rates	9.4%	9.7%	12.2%	16.0%	17.0%
8. Industrial Market Vacancy Rates	1.5%	1.5%	2.2%	3.3%	3.2%

Source: Real Estate Research Council of Southern California - 4th Quarter 2010

TABLE L: BUILDING PERMITS AND VALUATIONS

	2006	2007	2008	2009	2010
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	10,097	7,509	3,539	2,131	2,385
b. Multi-Family	16,251	12,854	10,165	3,522	5,080
Total Residential Building Permits	26,348	20,363	13,704	5,653	7,465
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 2,561	$ 2,048	$ 1,134	$ 798	$ 911
b. Multi-Family	2,205	2,011	1,409	522	815
c. Alterations and Additions	1,982	1,898	1,411	1,073	1,114
Residential Building Valuations Subtotal	$ 6,747	$ 5,957	$ 3,954	$ 2,393	$ 2,840
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 241	$ 716	$ 446	$ 192	$ 72
b. Retail Buildings	482	493	469	222	263
c. Hotels and Motels	119	343	256	11	28
d. Industrial Buildings	182	109	135	40	50
e. Alterations and Additions	1,694	2,005	2,158	1,658	1,649
f. Other	1,178	1,073	1,027	551	531
Non-Residential Building Valuations Subtotal	$ 3,896	$ 4,739	$ 4,491	$ 2,674	$ 2,593
Total Building Valuations (in millions)	$ 10,643	$ 10,696	$ 8,445	$ 5,067	$ 5,433

Source: Real Estate Research Council of Southern California - 4th Quarter 2010

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2010 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	32,700	157,818
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Washington D. C.	19,000	120,700
3	University of Southern California	Education - Private University	Los Angeles, CA	15,121	15,121
4	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	13,623	159,879
5	Ralph/Food 4 Less (division of Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
6	Target Corp.	Retailer	Minneapolis, MN	13,000	351,000
7	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	12,000	N/A
8	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,467	N/A
9	The Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,000	210,000
10	Providence Health & Services	Medical Centers	Renton, WA	9,960	51,725
11	Wells Fargo	Diversified Financial Services	San Francisco, CA	9,900	270,000
12	Vons	Grocery Retailer	Pleasanton, CA	9,176	185,171
13	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,800	102,000
14	AT&T Inc.	Telecommunications	Dallas, TX	8,505	276,280
15	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,400	8,400
16	Fedex Corp.	Shipping and Logistics	Memphis, TN	7,700	275,000
17	Catholic Healthcare West	Hospitals	San Francisco, CA	7,200	54,000
18	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,700	16,750
19	JPMorgan Chase	Banking and Financial Services	New York, NY	6,000	232,939
20	Long Beach Memorial Medical Ctr.	Regional Hospital	Huntington Beach, CA	5,200	N/A
21	UPS	Transportation and Freight	Atlanta, GA	5,000	420,000
22	Children's Hospital Los Angeles	Hospital	Los Angeles, CA	4,200	N/A
23	Toyota Motor Sales U.S.A. Inc	Sales, Distribution, Customer Service	Torrance, CA	4,100	35,000
24	Adventist Health	Hospitals	Roseville, CA	3,700	17,000
25	Huntington Memorial Hospital	Not-for-profit Community Hospital	Pasadena, CA	3,251	3,251

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by number of employees in L.A. County - September 2010

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Hawkins Delafield & Wood LLP, Bond Counsel to the County, proposes to issue an approving opinion in substantially the following form:

Board of Supervisors of the
County of Los Angeles
Los Angeles, California

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Los Angeles, California (the "County") in connection with the issuance of its 2011-12 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes"), 2011-12 Tax and Revenue Anticipation Notes, Series B (the "Series B Notes") and 2011-12 Tax and Revenue Anticipation Notes, Series C (the "Series C Notes" and, together with the Series A Notes and the Series B Notes, the "Notes") pursuant to and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on May __, 2011 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2011-12 Tax and Revenue Anticipation Notes dated the date hereof (the "Financing Certificate"), and under and by the authority of Article 7.6 Chapter 4, Part 1, Division 2, Title 5 of the California Government Code.

In such connection, we have examined the Resolution, the Financing Certificate, certain estimates, expectations and assumptions made by or on behalf of the County, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and such other documents, including a certificate of the County relating to certain federal income tax matters (the "Tax Certificate"), and other matters deemed necessary to render the opinions set forth herein.

Based on the foregoing, we are of the opinion that:

1. The Notes constitute the valid and binding obligations of the County.

2. The Financing Certificate has been duly authorized, executed and delivered by and constitutes the valid and binding obligation of the County.

3. The Notes are payable solely from certain taxes, income, revenues, cash receipts and other moneys of the County for the fiscal year ending June 30, 2012 and lawfully available for the payment of the Series A Notes, and the interest thereon, all as specified in the Resolution and the Financing Certificate.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

5. Under existing statutes, interest on the Notes is exempt from present State of California personal income taxes.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that interest on the Notes be and remain not included for Federal income tax purposes in gross income under Section 103 of the Code. On the date of issuance of the Notes, the County will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes will, for Federal income tax purposes, be excluded from gross income. Noncompliance with such requirements may cause interest on the Notes to become subject to Federal income taxes retroactive to their date of delivery, irrespective of the date on which such noncompliance is ascertained.

In rendering the opinion in paragraph 4 hereof, we have relied upon and assumed the material accuracy of the County's representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and continuing compliance with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

The foregoing opinions are qualified to the extent that the enforceability of the Notes, the Resolution and the Financing Certificate may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Except as stated in paragraphs (4) and (5) above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Notes or the ownership or disposition thereof. Furthermore, we express no opinion as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Notes, or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

Very truly yours,

APPENDIX D

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 County and the Paying Agent take no responsibility for the completeness or accuracy thereof. The County and the Paying Agent 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 Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the U.S. 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 Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as

periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes 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 Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, 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 Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, 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.

NEITHER THE COUNTY NOR THE PAYING AGENT 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 NOTES FOR PREPAYMENT.

The County, the Paying Agent and the Underwriters cannot or do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the Notes paid to DTC or its nominee as the registered owner, or will distribute any 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. The County, the Paying Agent and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes or an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

$[Aggregate Par Amount]
COUNTY OF LOS ANGELES, CALIFORNIA
2011-12 TAX AND REVENUE ANTICIPATION NOTES, SERIES A
2011-12 TAX AND REVENUE ANTICIPATION NOTES, SERIES B
2011-12 TAX AND REVENUE ANTICIPATION NOTES, SERIES C

DISCLOSURE CERTIFICATE OF THE COUNTY

This Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the County of Los Angeles (the "**County**") in connection with the issuance of $[Aggregate Par Amount] aggregate principal amount of the County's 2011-12 Tax and Revenue Anticipation Notes, Series A, 2011-12 Tax and Revenue Anticipation Notes, Series B and 2011-12 Tax and Revenue Anticipation Notes, Series C (collectively, the "**Notes**"). The Notes are being issued pursuant to a Resolution adopted by the County on May 17, 2011 (the "**Resolution**") and a Financing Certificate executed by the Treasurer on July 1, 2011 (the "**Certificate**"). The County covenants and agrees as follows:

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

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

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

"**Commission**" shall mean the U.S. Securities and Exchange Commission.

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

"**EMMA System**" shall mean the MSRB's Electronic Municipal Market Access system.

"**Holders**" or "**Noteholders**" shall mean the registered owners of the Notes.

"**Listed Events**" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 , or any

successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"**Participating Underwriters**" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

"**State**" shall mean the State of California.

SECTION 3. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 3, the County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;

6. (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

7. modifications to rights of Noteholders, if material;

8. redemption or call of the Notes, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; provided that for the purposes of the event identified in this clause 12, the event is considered to occur when any of the following occur: the

appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

Certain of the foregoing events may not be applicable to the Notes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall file a notice of such occurrence not later than ten (10) business days after such occurrence with the MSRB through its EMMA System.

SECTION 4. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(b).

SECTION 5. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution and the Certificate for amendments to the Resolution and the Certificate with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

DATED: July 1, 2011

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
MARK J. SALADINO
Treasurer and Tax Collector