MARK J. SALADINO
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CALIFORNIA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

HOME PAGE
TTC.LACOUNTY.GOV

PROPERTY TAX PORTAL
LACOUNTYPROPERTYTAX.COM

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

54 May 13, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

May 13, 2014

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
2014-15 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 2014-15 cash flow needs of the County General Fund. This short-term borrowing program enables the County to effectively manage the funding of its expenditure requirements and greatly reduces the need for internal borrowing. With respect to the 2014-15 TRANs, we are requesting authorization for a maximum issuance not to exceed $900,000,000.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2014-15 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $900,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2014-15 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.

As a result of improving cash flow trends, the requested authorization for the 2014-15 TRANs reflects a $100,000,000 decrease from the $1,000,000,000 issued in Fiscal Year 2013-14. As in prior years, the final par amount of the 2014-15 TRANs may be adjusted downward to meet the projected cash flow needs of the County and to ensure compliance with Federal regulations for tax-exempt financings.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #2: Fiscal Sustainability by providing sufficient financial resources to help meet the Fiscal Year 2014-15 cash flow requirements of the County General Fund.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2014-15 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 three percent (3%). However, the actual cost of borrowing is expected to be significantly lower and may result in a true interest cost below one half of one percent (0.50%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Given our current view of the municipal note market, the 2014-15 TRANs are expected to be sold in a single series of one-year fixed-rate notes maturing on June 30, 2015. The final structure of the TRANs will be determined at the time of pricing, which is currently scheduled for early June 2014. Proceeds from the sale of the 2014-15 TRANs are expected to be available to the County on July 1, 2014.

Consistent with the County's historical practice, the Treasurer and Tax Collector is recommending a negotiated sale of the 2014-15 TRANs. Based on the results of a competitive bid process, J.P. Morgan Securities LLC was selected to be the senior managing underwriter, with Wells Fargo Securities appointed to serve as the co-senior manager. Up to four co-managers will be added to the underwriting syndicate for the TRANs once the pricing date has been determined. Squire Sanders will serve as note counsel for this transaction and Public Resources Advisory Group has been appointed as the financial advisor.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The 2014-15 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:DB:JP:KC:pa
b

Enclosures

c: Chief Executive Officer
County Counsel
Auditor-Controller
Squire Sanders

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA PROVIDING FOR THE ISSUANCE AND SALE OF 2014-15 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $900,000,000

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 $900,000,000 with respect to the County's Fiscal Year 2014-15, such indebtedness to be evidenced by the 2014-15 Tax and Revenue Anticipation Notes authorized hereby (the **"2014-15 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 2014-15 that will be available for the payment of the 2014-15 TRANs and all other notes issued by the County under the Act in such Fiscal Year, and the interest thereon, are reasonably estimated to be in excess of $7,000,000,000;

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 2014-15 TRANs are hereby authorized to be issued in one or more series in an aggregate principal amount not to exceed $900,000,000. The 2014-15 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 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 2014-15 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 2014-15 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 therein by reference) in the Financing Certificate, together with the terms and conditions of the 2014-15 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 2014-15 TRANs, as if all the 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 2014-15 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the holders thereof (the "**Holders**"). The pledge made in and the covenants and agreements to be performed by and on behalf of the County set forth in this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2014-15 TRANs, regardless of the maturity or maturities of the separate series of 2014-15 TRANs, if more than one series is issued, and shall be of equal rank without preference, priority or distinction of any of the 2014-15 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

SECTION 4. The 2014-15 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 2014-15 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 2014-15 TRANs (each, a **"Contract of Purchase"**), substantially in the form submitted to and considered at this meeting of the Board and by this reference incorporated herein; *provided, however*, that the price and the interest rates for 2014-15 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 2014-15 TRANs that exceeds 3% per annum. The Treasurer is further authorized to execute each Contract of Purchase and any other documents required to be executed pursuant to such Contract of Purchase and to deliver such documents in accordance with such Contract of Purchase.

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 2014-15 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 2014-15 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 any of 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 2014-15 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceed the cost thereof. The form, terms and conditions of each instrument providing such credit enhancement or liquidity support shall be as approved by the Treasurer.

SECTION 8. The Auditor-Controller of the County (the **"Auditor- Controller"**) is hereby directed to establish or cause to be established a "2014-15 TRANs Repayment Fund" (the **"2014-15 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 respective Financing Certificate and in the Act, the 2014-15 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 2014-15 and lawfully available for the payment of the 2014-15 TRANs and interest thereon. The Auditor-Controller is directed to deposit in the 2014-15 TRANs Repayment Fund, subject to the provisions set forth below, the following amounts (calculated based on the maximum authorization established hereunder of $900,000,000), such amounts being hereby pledged as provided in the Act and in the Financing Certificate to the payment of the 2014-15 TRANs (the **"Pledged Moneys"**):

(a) the first $315,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after December 20, 2014;

(b) the first $315,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after January 1, 2015;

(c) (1) the first $270,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after April 1, 2015, ***plus*** (2) an amount equal to the interest that will accrue on the 2014-15 TRANs of any series.

provided, however, that if less than $900,000,000 in aggregate principal amount of the 2014-15 TRANs are issued, then on the date of issuance of any series of 2014-15 TRANs, the set-aside amounts referred to in clauses (a) through (c) above shall be reduced *pro rata* by an aggregate amount equal to the difference between $900,000,000 and the aggregate principal amount of the 2014-15 TRANs actually issued (rounded up to the nearest one million dollars);

and provided further, that the forgoing set-asides of Pledged Revenues may be adjusted by the terms of the Financing Certificate.

To the extent that any amounts actually received pursuant to clauses (a) through (c) above are less than the amount designated for each such deposit, the Auditor-Controller shall deposit into the 2014-15 TRANs Repayment Fund additional amounts from any other moneys of the County lawfully available therefor. To the extent a 2014-15 TRAN of any series is not paid from the Pledged Moneys, such 2014-15 TRANs shall be paid with the interest thereon from any other moneys of the County lawfully available therefor. As provided in the Act, the 2014-15 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 2014-15 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 2014-15 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the 2014-15 TRANs Repayment Fund after repayment of all 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 TRANs, any Contract of Purchase 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 upon its adoption.

The foregoing resolution was on the 13th day of May, 2014, 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: ______________________
Deputy

COUNTY OF LOS ANGELES
CALIFORNIA

Approved as to form:

JOHN F. KRATTLI
County Counsel

By: ______________________
Principal Deputy County Counsel

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF
2014-15 TAX AND REVENUE ANTICIPATION NOTES

Dated: ________, 2014

$____________
COUNTY OF LOS ANGELES
2014-15 TAX AND REVENUE ANTICIPATION NOTES

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS OF ISSUANCE AND SALE OF 2014-15 TAX AND REVENUE ANTICIPATION NOTES

In connection with the issuance and sale of the 2014-15 Tax and Revenue Anticipation Notes (the **"2014-15 TRANs"**) by the County of Los Angeles, California, the Treasurer and Tax Collector of the County of Los Angeles (the **"Treasurer"**) hereby certifies that the 2014-15 TRANs shall be issued on the following terms and conditions:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

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

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

"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 2014-15 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.

“Contract of Purchase” shall mean an agreement between the County and the Original Purchaser of all or a portion of the 2014-15 TRANs, together with any amendments thereto.

“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 2014-15 TRANs is registered on the Note Register.

“Maturity Date” shall mean any date of maturity of the 2014-15 TRANs as set forth in the 2014-15 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 2014-15 TRANs maintained by the Note Registrar pursuant to Section 302.

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

“Official Statement” shall mean that certain Official Statement dated _________, 2014, relating to the 2014-15 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, collectively, the Persons who are the initial purchasers from the County of the 2014-15 TRANs upon the original issuance thereof.

"Outstanding," when used with reference to the 2014-15 TRANs, shall mean, as of any date, all of the 2014-15 TRANs theretofore or thereupon being issued under this Certificate except:

(i) 2014-15 TRANs cancelled on or prior to such date;

(ii) 2014-15 TRANs for which other 2014-15 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and

(iii) 2014-15 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 2014-15 TRANs.

"Paying Agent" shall mean the Treasurer, or any other Paying Agent appointed by the Auditor-Controller pursuant to the Resolution to perform the functions of a paying agent for the 2014-15 TRANs described herein.

"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 2014-15 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," "Fl" 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, and

(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 2014-15 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 2014-15 TRANs and the interest thereon, whether or not such taxes, income, revenue, cash receipts or moneys are deposited in the 2014-15 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.

"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 2014-15 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 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $___________," adopted on ________, 2014, as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

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

"Securities Depository" shall mean DTC or any successor as Securities Depository for the 2014-15 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 Exemption Certificate, executed by the County on the date of issuance and delivery of the 2014-15 TRANs, as amended from time to time.

“2014-15 TRANs” shall mean all of the County’s 2014-15 Tax and Revenue Anticipation Notes, issued in an aggregate principal amount of $___________ and authorized pursuant to the Resolution.

“2014-15 TRANs Proceeds Fund” shall mean the 2014-15 TRANs Proceeds Fund as described in Section 401.

“2014-15 TRANs Repayment Fund” shall mean the 2014-15 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

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

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. Times set forth herein refer to the prevailing times in California.

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

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

Section 105. Financing Certificate to Constitute Contract. In consideration of the purchase and acceptance of any and all of the 2014-15 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 2014-15 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 2014-15 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2014-15 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2014-15 TRANS

Section 201. Authorization, Form and Date of 2014-15 TRANs.

1. The 2014-15 TRANs in an aggregate principal amount of not to exceed $___________ 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 2014-15 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 __________, 2014. 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 "2014-15 Tax and Revenue Anticipation Notes."

2. As of the date hereof, the County has authorized the issuance of $___________ aggregate principal amount of 2014-15 TRANs, consisting of $___________ aggregate principal amount of 2014-15 TRANs hereby designated the "2014-15 Tax and Revenue Anticipation Notes."

3. The 2014-15 TRANs shall be issued in fully registered form, without coupons and in Authorized Denominations; provided that the 2014-15 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 2014-15 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 2014-15 TRANs shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2014-15 TRANs.

4. Except as otherwise provided in a Representation Letter, at and after the Maturity Date of the 2014-15 TRANs, the principal of and interest then due on the 2014-15 TRANs shall be payable in lawful money of the United States of America upon surrender of the 2014-15 TRANs at the Principal Office of the Paying Agent. The 2014-15 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 2014-15 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 2014-15 TRANs shall not be subject to redemption prior to their respective Maturity Dates.

Section 202. Book-Entry Notes.

1. Subject to any limitation on maximum principal amount imposed by DTC, the 2014-15 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 2014-15 TRANs, and upon initial issuance, the ownership of such 2014-15 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 paragraph 5 of this Section, all of the 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 TRANs. The County may treat and consider the Person in whose name any 2014-15 TRANs is registered in the Note Register as the Holder and absolute owner of such 2014-15 TRANs for the purpose of payment of principal and interest on such 2014-15 TRANs and for all other purposes whatsoever.

3. The Paying Agent shall pay all principal of and interest on the 2014-15 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 2014-15 TRANs under this Certificate and the 2014-15 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 2014-15 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 Blanket Letter of Representations regarding such matters as shall be necessary to so qualify such 2014-15 TRANs for deposit with the Securities Depository. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of paragraph 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the 2014-15 TRANs other than the Holders as shown in the Note Register. In addition to the execution and delivery of the Blanket Letter of Representations, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 TRANs as are necessary or desirable to carry out the transfers and exchanges provided in this Section and Section 302. All such 2014-15 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 2014-15 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 2014-15 TRANs shall be given and made, respectively, as provided in a Representation Letter or as otherwise instructed by the Securities Depository.

Section 203. Maturity Dates, Principal Amount of and Interest on the 2014-15 TRANs. The 2014-15 TRANs shall be dated ________, 2014. Interest shall be paid on the Maturity Date of the 2014-15 TRANs. The 2014-15 TRANs shall bear interest from their date of original issuance payable at their stated Maturity Date and calculated at the rate set forth below per annum, on the basis of a 360-day year comprised of twelve months of 30 days each. The 2014-15 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:

Maturity Date	Principal Amount	Interest Rate

ARTICLE III

GENERAL TERMS AND PROVISIONS OF 2014-15 TRANS

Section 301. Execution of 2014-15 TRANs; Authentication.

1. The 2014-15 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 2014-15 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 2014-15 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 2014-15 TRANs shall be conclusive evidence, and the only evidence, that such 2014-15 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 2014-15 TRANs shall cease to be such officer before the 2014-15 TRANs so signed and sealed shall have been issued, such 2014-15 TRANs so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2014-15 TRANs had not ceased to hold such offices. Any of the 2014-15 TRANs may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2014-15 TRANs shall be duly authorized to hold or shall hold the proper office in the County, although on the date borne by the 2014-15 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 2014-15 TRANs, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2014-15 TRANs on such books as hereinafter provided.

2. Any 2014-15 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 2014-15 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 2014-15 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2014-15 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 2014-15 TRANs as the absolute owner of such 2014-15 TRANs, regardless of whether such 2014-15 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 2014-15 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 2014-15 TRANs shall not be exchangeable for other 2014-15 TRANs except as provided in Section 202, this Section and Section 303.

Section 303. 2014-15 TRANs Mutilated, Destroyed, Stolen or Lost. In case any 2014-15 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2014-15 TRANs of like principal amount, denomination and tenor as the 2014-15 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2014-15 TRANs, or in lieu of and substitution for the 2014-15 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 2014-15 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 2014-15 TRANs so surrendered shall be cancelled. Any such substitute 2014-15 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2014-15 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2014-15 TRANs shall be equally secured by and entitled to equal and proportionate benefits with all other 2014-15 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 2014-15 TRANs.

Section 304. Cancellation. All 2014-15 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 2014-15 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

Section 305. 2014-15 TRANs Held by County. If the County shall become the Holder of any 2014-15 TRANs, such 2014-15 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 2014-15 TRANs held by it in a fiduciary capacity.

ARTICLE IV

ESTABLISHMENT OF 2014-15 TRANS PROCEEDS FUND AND REPAYMENT FUND AND APPLICATION THEREOF

Section 401. Use of Proceeds of 2014-15 TRANs.

1. The Auditor-Controller is hereby directed to establish the "2014-15 TRANs Proceeds Fund." The proceeds of the sale of the 2014-15 TRANs upon original issuance shall be deposited in said 2014-15 TRANs Proceeds Fund. The County shall make disbursements from the 2014-15 TRANs Proceeds Fund to pay current Fiscal Year 2014-15 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 2014-15 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 2014-15 TRANs Proceeds Fund, as well as a written record of disbursements from the 2014-15 TRANs Proceeds Fund.

2. Without limiting the generality of paragraph 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2014-15 TRANs out of moneys in the 2014-15 TRANs Proceeds Fund or any account in the General Fund of the County.

Section 402. <u>Payment and Security for the 2014-15 TRANs</u>. Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the "2014-15 TRANs Repayment Fund" and to establish any subaccounts within the 2014-15 TRANs Repayment Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. As provided in the Act, the 2014-15 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 2014-15 and lawfully available for the payment of the 2014-15 TRANs and interest thereon. The Auditor-Controller is directed hereby to deposit in the 2014-15 TRANs Repayment Fund the following amounts, such amounts being hereby pledged as provided in the Act to the payment of the 2014-15 TRANs:

(a) (1) the first $____________ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after ____________, 2014, plus (2) an amount equal to the interest that will accrue on the 2014-15 TRANs;

(b) the first $____________ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after ____________, 2015;

(c) the first $____________ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after ____________, 2015;

(d) the first $____________ of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after ____________, 2015; and

(e) the first $____________ of unrestricted taxes, income, revenues, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after ____________, 2015.

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 2014-15 TRANs Repayment Fund additional amounts from any other moneys of the County lawfully available therefor. To the extent any 2014-15 TRANs is not paid from the

Pledged Moneys, such 2014-15 TRANs shall be paid with the interest thereon from any other moneys of the County lawfully available therefor. As provided in the Act, the 2014-15 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 2014-15 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 2014-15 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the 2014-15 TRANs Repayment Fund after repayment of all the 2014-15 TRANs and the interest thereon shall be transferred by the Treasurer 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. <u>General Covenants and Representations</u>. 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 2014-15 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 2014-15 TRANs, shall exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2014-15 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 2014-15 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 2014-15 TRANs of the following events:

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

   (ii) any material amendments to the Resolution, this Certificate, the 2014-15 TRANs or the Official Statement.

Section 502. <u>Covenants Relating to the Code</u>. The County shall do the following with respect to the 2014-15 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on the 2014-15 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 2014-15 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 2014-15 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2014-15 TRANs and the interest thereon.

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

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

(a) the County fails to make any payment of the principal of, or interest on, any 2014-15 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 2014-15 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 2014-15 TRANs Outstanding; or

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

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2014-15 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 2014-15 TRANs.

ARTICLE VI

PAYING AGENT

Section 601. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Certificate or of any 2014-15 TRANs or as to the security afforded by the Resolution or this Certificate, and the Paying Agent shall incur no liability in respect thereof.

Section 602. Evidence on Which Paying Agent May Act.

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

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

Section 603. Compensation.

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

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

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the

2014-15 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the making, when due, of any payment required at the respective Maturity Dates of the 2014-15 TRANs.

Section 604. Ownership of the 2014-15 TRANs Permitted. Subject to Section 305, the Paying Agent may become the Holder of any 2014-15 TRANs.

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

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

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

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

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

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

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

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

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

(e) to 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 2014-15 TRANs, or any portion thereof, from any Rating Agency; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

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

Section 702. **Supplemental Certificate**. Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2014-15 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 2014-15 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 2014-15 TRANs remain Outstanding, the consent of the Holders shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2014-15 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 2014-15 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. <u>Moneys Held in Trust for One Year</u>. Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the 2014-15 TRANs that remain unclaimed for a period of one year after the date when such 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15 Tax and Revenue Anticipation Notes on this __st day of ______, 2014.

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 2014-15 Tax and Revenue Anticipation Notes]

EXHIBIT I

[FORM OF 2014-15 TRANS]

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY NOTE 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.

United States of America
State of California
COUNTY OF LOS ANGELES
2014-15 TAX AND REVENUE ANTICIPATION NOTE

Interest Rate	Dated Date	Maturity Date	CUSIP Number
_____%	__________, 2014	_________, 2015	__________

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"**), 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 "2014-15 Tax and Revenue Anticipation Notes" (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 ___________, 2014, entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $___________” (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 ___________, 2014, entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 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 2014-15 Tax and Revenue Anticipation Notes 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 2014-15. 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 2014-15, 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, are 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.

(SEAL)

COUNTY OF LOS ANGELES

By: ______________________________

DON KNABE
Chairman

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: __________, 2014

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.

$[Principal Amount]
COUNTY OF LOS ANGELES
2014-15 TAX AND REVENUE ANTICIPATION NOTES

CONTRACT OF PURCHASE

[Pricing Date]

Board of Supervisors
County of Los Angeles
Los Angeles, California

Honorable Members of the Board of Supervisors:

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

SECTION 1. Purchase and Sale of the Notes. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County’s $[Principal Amount] in aggregate principal amount of 2014-15 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on May __, 2014, and entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]” (the “Resolution”) and subject to the terms and conditions set forth in the Financing Certificate of the Treasurer and Tax Collector of the County (the “Treasurer”) entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes” (the “Certificate”). The Notes shall be dated July 1, 2014, 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 $[Purchase Price] (representing the principal amount of the Notes of $[Principal Amount].00, plus original issue premium of $[OIP], less Underwriters’ discount of $[UW Discount]).

The Preliminary Official Statement of the County, dated May 19, 2014, 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, 2014 (the "Disclosure Certificate").

SECTION 2. The Notes and the Official Statement.

(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, the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of Closing (as hereinafter defined).

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

(a) It shall be a condition to the County's obligations to sell and deliver the Notes to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Notes that the entire aggregate principal amount of the Notes shall be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing. 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. Use of Documents; Certain Covenants and Agreements of the County.

(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 Exemption 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, and at the date of the Closing will have full legal right, power and authority (i) to enter into this Contract of Purchase, to execute the 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, this Contract of Purchase, the Resolution, the Certificate 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 the Certificate and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of the general principles of equity if equitable remedies are sought; upon the issuance, authentication and delivery of the Notes, the Resolution will provide, for the benefit of the registered owners from time to time of the Notes, the legal, valid and binding pledge of and lien on the Pledged Moneys (as defined in the 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, the Certificates 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 and the Certificate conform to the descriptions 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 of the County pursuant to the Resolution or in any way contesting or affecting the validity or enforceability of the Notes, the Resolution, this Contract of Purchase and the Certificate, or contesting the exclusion from gross income of interest on the Notes for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereof, or contesting the powers of the County or any authority for the issuance of the Notes, the adoption of the Resolution or the execution and delivery of this Contract of Purchase and the 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) above) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

(j) The financial statements of, and other financial information regarding, the County in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth and (i) except as noted under the heading "Notes to the Basic Financial Statements" in Appendix B to the Official Statement, the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information with respect to the County has been determined on 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, 2014, 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. <u>Closing Conditions</u>. 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 Resolution, the Certificate and the Notes, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Representative shall have received, in appropriate form, evidence thereof;

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

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

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

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

(iii) An approving opinion, dated the date of Closing, of Squire Sanders (US), 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 Hawkins Delafield & Wood LLP, counsel for the Underwriters, 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 "MIG 1" by Moody's Investors Service, "SP-1+" by Standard & Poor's, a Standard & Poor's Financial Services LLC business, and "F1+" by Fitch Ratings, and that none of such ratings has been revoked, suspended or downgraded;

(viii) A Tax Exemption 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) Executed copies of the Disclosure Certificate;

(xiii) a preliminary Blue Sky Survey and final Blue Sky Memorandum with respect to the Notes; and

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

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

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 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 is intended to 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 the Financing Certificate under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Notes, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

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

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

(b) The Underwriters shall pay (i) the fees and disbursements of counsel retained by the Representative, including such costs related to the preparation and printing of this Contract of Purchase and the reasonable cost of preparation and printing or duplication of any Blue Sky Survey relating to the Notes; (ii) 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, 2029 Century Park East, Suite 4110, Los Angeles, California 90067, Attention: Shawn Dralle.

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, as amended) 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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,
on behalf of itself and
WELLS FARGO BANK, N.A.,
[Additional Underwriters to Come],

By: ____
Shawn Dralle
Authorized Representative

AGREED AND ACCEPTED:

This ___ day of June, 2014

COUNTY OF LOS ANGELES

By:____
Mark J. Saladino
Treasurer and Tax Collector

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: ______________________________________
Principal Deputy County Counsel

APPENDIX I

UNDERWRITERS

J.P. Morgan Securities LLC
Wells Fargo Bank, N.A.
[Additional Underwriters to Come]

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 [Pricing Date] (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 [Pricing Date] (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 2014-15 and legally available for payment thereof. Pursuant to the Resolution adopted by the Board of Supervisors of the County on May __, 2014 (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 2014-15 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 2014-15 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; and

(vii) 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, 2014.

COUNTY OF LOS ANGELES

By:____
Mark J. Saladino
Treasurer and Tax Collector

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

July 1, 2014

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
2029 Century Park East, Suite 4110,
Los Angeles, California 90067

Re: $[Principal Amount] County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel for the County of Los Angeles in connection with the issuance by the County of $[Principal Amount] aggregate principal amount of the County's 2014-15 Tax and Revenue Anticipation Notes, including $[Principal Amount] aggregate principal amount of the County's 2014-15 Tax and Revenue Anticipation Notes, and $700,000,000 aggregate principal amount of the County's 2014-15 Tax and Revenue Anticipation Notes, Series B (collectively, the "Notes"), issued pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the Government Code of the State of California and the resolution adopted by the Board of Supervisors of the County on May __, 2014 (the "Resolution"), as well as the terms of that certain Financing Certificate, dated July 1, 2014, and delivered by the County (the "Financing Certificate"). We have delivered our final approving opinion respecting the Notes this date.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in that certain Contract of Purchase, dated [Pricing Date] (the "Contract of Purchase"), by and between J.P. Morgan Securities LLC, as representative of the underwriters (the "Underwriters"), and the County.

We have examined such instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the authentic original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents, including the Tax Exemption Certificate of the County (the "Tax Certificate"), dated as of the date hereof, and the statement of reasonable expectations of future events set forth in such Tax Certificate.

On the basis of the foregoing examination, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant in the circumstances, we are of the opinion on the date of this letter that:

(i) the Contract of Purchase has been duly executed and delivered by the County and is the valid and binding agreement of the County, except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against counties in the State and except that no opinion is expressed with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability;

(ii) the statements contained in the Official Statement in the sections thereof entitled "THE NOTES," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and "TAX MATTERS," and the Appendix containing our form of approving opinion, excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Notes, the Resolution and the Financing Certificate and the form and content of our approving opinion, are accurate in all material respects; and

(iii) the Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This opinion is furnished by us to you solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE COUNTY

July 1, 2014

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

Re: $[Principal Amount] County of Los Angeles 2014-15 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 [Pricing Date] (the "Contract of Purchase"), by and between the County and J.P. Morgan Securities LLC, on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the "Underwriters") relating to the Notes, with respect to $[Principal Amount] aggregate principal amount of County of Los Angeles 2014-15 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 __, 2014, entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (the "Resolution") and the document entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 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 [Pricing Date] 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: ______________________________________

John F. Krattli
County Counsel

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

July 1, 2014

J.P. Morgan Securities LLC
Los Angeles, California
as representative of the Underwriters named in
the Contract of Purchase referred to herein

Ladies and Gentlemen:

In connection with the execution and delivery of the County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes, and 2014-15 Tax and Revenue Anticipation Notes, Series B (collectively, the "Notes"), which are being delivered to you as representatives of the underwriters (the "Underwriters") today pursuant to the Contract of Purchase dated [Pricing Date] (the "Purchase Contract"), by and between you and the County of Los Angeles (the "County"), we, in our representation of the Underwriters, have examined and relied upon the following:

(a) A resolution adopted by the Board of Supervisors of the County on May __, 2014, and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (the "Resolution");

(b) The Financing Certificate of the Treasurer and Tax Collector of the County entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes" (the "Certificate");

(c) Executed copies of the opinions of Squire Sanders (US), LLP ("Bond Counsel") delivered to you pursuant to the Purchase Contract;

(d) An executed copy of the opinion of the County Counsel, delivered to you pursuant to the Purchase Contract;

(e) An executed copy of the Official Statement related to the Notes, dated [Pricing Date] (the "Official Statement"); and

(f) Executed copies of the certificates and other opinions of counsel delivered pursuant to the Purchase Contract.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other 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.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of, the Official Statement and the issuance and sale of the Notes, and such assistance involved, among other things, discussions and inquiries 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 your representatives, representatives of the County and Bond Counsel 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. We have also assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine.

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 (other than the information under the captions “Tax Matters” and “Book-Entry Only System,” and any financial, demographic, economic and statistical information contained in the Official Statement, including as set forth in Appendix A – “The County of Los Angeles Information Statement,” 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.

In addition, we are of the opinion that the Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This opinion is issued as of the date hereof, and we assume no obligation 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 letter is solely for your benefit as Underwriters and it is not to be used, circulated, quoted or otherwise referred to for any purpose other than the offering of the securities covered by the Official Statement and may not be relied upon without our express written permission, except that references may be made to it in the Purchase Contract or in any list of closing documents pertaining to the delivery of the Notes.

Very truly yours,

EXHIBIT E

Maturity Date	Principal Amount	Interest Rate	Yield
June 30, 2014	$[Principal Amount]	___%	___%

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2014

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "__"
Standard & Poor's: "__"
Fitch: "__"
(See "RATINGS" herein.)

[To be confirmed by Bond Counsel.] In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Notes is exempt from State of California personal income taxes. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$[Principal Amount]*
COUNTY OF LOS ANGELES
2014-15 Tax and Revenue Anticipation Notes
_____% Priced to Yield ____%
CUSIP† No. 544657___

Dated: July 1, 2014 **Due: June 30, 2015**

The County of Los Angeles 2014-15 Tax and Revenue Anticipation 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 fixed rate per annum specified above and will be priced as set forth above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2014-15 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 __, 2014 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 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 2014-15 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 Squire Sanders (US) LLP, Los Angeles, California, Bond Counsel, and the approval of certain legal matters for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. 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, 2014.

J.P. Morgan **Wells Fargo Securities**
[Additional UWs to Come.]

Dated: June __, 2014.

---

* Preliminary, subject to change.
† Copyright, 2014. American Bankers Association.

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES

2014-15 TAX AND REVENUE
ANTICIPATION NOTES

BOARD OF SUPERVISORS

Don Knabe
Fourth District, Chairman

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer-Clerk
Board of Supervisors

COUNTY OFFICIALS

William T Fujioka
Chief Executive Officer

John F. Krattli
County Counsel

Mark J. Saladino
Treasurer and Tax Collector

John Naimo
Acting Auditor-Controller

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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

TABLE OF CONTENTS

PAGE

OFFICIAL STATEMENT

$[Principal Amount]*
COUNTY OF LOS ANGELES
2014-15 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 $[Principal Amount]* in aggregate principal amount of 2014-15 Tax and Revenue Anticipation Notes (the "Notes") of the County. The Notes will be issued as fixed rate notes bearing interest at the rate and maturing on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2014-15 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 __, 2014 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (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 2014-15 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 2014-15 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 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, 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."

---

* Preliminary, subject to change.

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 $[Maximum Principal Amount] aggregate principal amount of its 2014-15 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 undertake interfund borrowing to fund shortages in the General Fund. 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 $[Principal Amount]*. 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 interests 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, 2014, and will mature on the date set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity.

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 date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is 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 2014-15 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

---

* Preliminary, subject to change.

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 – *County Pooled Surplus Investments*."

Security for the Notes

The 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: [to be revised]

(a) the first $315,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after December 20, 2014;

(b) the first $315,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after January 1, 2015;

(c) the first $270,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after April 1, 2015, plus (2) an amount equal to the interest that will accrue on the Notes.

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 and the Financing Certificate, the County Auditor-Controller (the "Auditor-Controller") will deposit the Pledged Moneys with the Treasurer in the 2014-15 TRANs Repayment Fund (the "Repayment Fund"), which fund will be segregated from all other funds and accounts held by the Treasurer. Pledged Moneys for the payment of the Notes will be deposited into the Repayment Fund in the amounts and at the times described above. The Treasurer will hold such Pledged Moneys in trust for the benefit of Holders 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 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 2014-15 (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 Fiscal Year 2014-15, 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 access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Projected Borrowable Resources – Fiscal Year 2014-15" on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2014-15. 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 2014-15 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 2014-15 [(1)]
(In Thousands)

SOURCES:	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	
Other 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 2014-15. Information subject to change to reflect the impact of any revisions to the 2014-15 State Budget and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT".

(2) Based on $[Principal Amount]* aggregate principal amount of Notes, plus an amount equal to the interest thereon.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2014-15 State Budget (the "2014-15 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 2014-15 State Budget on the County's financial outlook. In the event the 2014-15 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 2014-15 State Budget. On January 9, 2014, Governor Brown released the 2014-15 Proposed Budget (the "Fiscal Year 2014-15 Proposed State Budget"), which projects Fiscal Year 2014-15 general fund revenues and transfers of $104.5 billion, total expenditures of $106.79 billion and a year-end surplus of $1.92 billion, of which $955 million would be reserved for liquidation of encumbrances and $967 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 Proposed State Budget proposes to use the one-time revenues for targeted expenditures in education, higher education and health and human services, to make a deposit into the State's Rainy Day Fund and to provide for one-time investments in the State's infrastructure.

May Revision to the 2014-15 Proposed State Budget. [To Come.]

LAO Overview of the May Revision. [To Come.]

* Preliminary, subject to change.

Impact of Fiscal Year 2014-15 State Budget on the County. [To be Revised.] The impact to the County of the State budget proposals identified in the Governor's Proposed 2014-15 Budget and the May Revision in Fiscal Year 2014-15 is currently estimated at approximately $___ million, primarily attributable to [the potential loss or redirection of certain realignment funds in connection with health care reform implementation, which would be partially offset by additional funding for other County programs.] Given the County's policy to not backfill cuts to State programs, the estimated funding reductions may be passed through to local constituents. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2014-15 Proposed Budget."

Additional Information. The Governor may release additional details of the proposals or updates to the Governor's Proposed 2014-15 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2014-15 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. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury (so called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $700,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2013-14 and due June 30, 2014), all notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund therefor, separate from the General Fund, to repay the outstanding 2013-14 tax and revenue anticipation notes due on June 30, 2014. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consist primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these "monies in transit" and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2009-10 through 2013-14" and "County of Los Angeles Borrowable Resources – Fiscal Year 2013-14" for the County's historical and projected borrowable resources for purposes of Intrafund Borrowing.

The following tables set forth for fiscal years 2009-10 through 2013-14 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2009-10 THROUGH 2013-14
(In Thousands)[1]

	2009-10	2010-11	2011-12	2012-13	2013-14
July	$ 1,594,708	$ 1,438,648	$ 1,522,684	$ 1,346,913	_______
August	1,086,472	1,097,190	1,319,842	830,197	_______
September	841,446	529,972	909,737	332,888	_______
October	674,134	64,668	419,044	39,289	_______
November	274,995	(90,485)	229,984	(267,888)	_______
December	531,471	321,576	440,436	378,664	_______
January	594,512	484,230	511,073	291,248	_______
February	214,654	150,599	182,090	270,061	_______
March	(169,894)	(228,785)	(272,434)	(302,319)	_______
April	(90,175)	(128,164)	297,983	208,117	_______
May	427,453	628,637	564,069	_______	_______ (2)
June	727,013	568,002	821,252	_______	_______ (2)

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment funds relating to the short-term notes. Certain monthly periods reflect negative cash balances, which are covered by borrowable resources available to the County. See "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

(2) Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2009-10 THROUGH 2013-14
(In Thousands)

	2009-10	2010-11	2011-12	2012-13	2013-14
July	$1,420,434	$1,283,246	$ 1,321,951	$ 1,525,334	_______
August	1,284,825	1,120,676	1,069,843	1,123,337	_______
September	1,380,364	1,181,379	1,142,594	1,186,943	_______
October	1,593,076	1,518,338	1,449,921	1,635,585	_______
November	2,666,134	2,708,336	2,695,445	2,933,305	_______
December	4,208,793	4,786,688	4,953,904	5,174,854	_______
January	3,034,051	3,075,273	3,109,882	3,150,261	_______
February	1,950,985	1,814,620	1,854,014	1,997,817	_______
March	1,978,821	1,942,634	2,084,584	2,090,997	_______
April	4,138,361	4,225,923	4,438,428	4,504,208	_______
May	2,517,362	2,599,025	2,715,846	_______	_______ (1)
June	1,333,070	1,318,666	1,740,788	_______	_______ (1)

(1) Estimated.

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

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2014-15 based on the 2014-15 Recommended Budget adopted by the Board of Supervisors on April __, 2014 (the “2014-15 Recommended Budget”), and a detailed projection of average daily balances for Fiscal Year 2014-15 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County’s analysis of expected revenues and expenses for Fiscal Year 2013-14. Although the County believes its Fiscal Year 2014-15 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 23 of 24 years, and has done so by an average of more than $500 million. For June 30, 2014, the County projects that its cash balance will be $[611.5] million greater than the original May 2013 forecast of $[47.8] million, ending the current fiscal year at a positive $[659.3] million. There can be no assurances that actual results for Fiscal Year 2014-15 will not materially differ from the projections.

[General Fund Cash Flow Analysts to come.]

[Average Daily Balances to come.]

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, 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 2014-15 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 Exemption 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.

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 the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the 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 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, as defined in the Financing Certificate ("Permitted Investments"), as more fully described below:

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

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

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

(4) The Los Angeles County Treasury Pool (the "County Treasury Pool").

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

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

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a

parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

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

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

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

Repayment Fund Held by the Treasurer

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

Supplemental Financing Certificate and Supplemental Resolution

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the 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.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

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

TAX MATTERS

[To be confirmed by Bond Counsel.] In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Notes is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations ("Regulations") under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The County has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Under the Code and Regulations, if the County does not spend all of the proceeds of the Notes within six months after issuance (determined as provided in the Code and Regulations), the County must rebate to the federal government its arbitrage profits, if any, in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The County expects to spend all of the proceeds of the Notes within six months of issuance. If, however, it fails to do so, the County has covenanted to provide for and to set aside any required rebate payment from moneys attributable to Fiscal Year 2014-15. The California Constitution generally prohibits the County from incurring obligations payable from moneys other than moneys attributable to the fiscal year in which such obligations are incurred. Accordingly, if, after the end of the Fiscal Year 2014-15, it is determined that the County's calculations of expenditures of Note proceeds or of rebatable arbitrage profits, if any, were incorrect and that the moneys attributable to Fiscal Year 2014-15 that were set aside were insufficient to meet the recalculated rebate requirement, it is unclear whether the County could be compelled to pay the difference from the moneys attributable to the then current fiscal year. If the amount required to be rebated to the federal government as recalculated is not paid, then it may be determined that, retroactive to the issuance of the Notes, the interest on the Notes is not excluded from gross income for federal income tax purposes. Bond Counsel has assumed that the representations and covenants of the County in the Resolution and in the County's Tax Compliance Certificate concerning the investment and use of Note proceeds and the rebate to the federal government of certain earnings thereon, to the extent required, from legally available moneys, are true and correct and that the County will comply with such covenants (including the covenant that rebate payments due the federal government, if any, will be timely made).

A portion of the interest on the Notes earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Note Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at a price other than the price indicated on the cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Note Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government Notes, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Notes should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes are is subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Premium

Certain of the Notes ("Premium Notes") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes note premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, 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 that Premium Note), compounded semiannually. No portion of that note premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering at the price for that Premium Note stated on the cover of this Official Statement who holds that Premium Note to maturity (or, in the case of a callable Premium Note, to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Premium Notes should consult their own tax advisers as to the determination for federal income tax purposes of the amount of note premium properly accruable in any period with respect to the Premium Notes and as to other federal tax consequences and the treatment of note premium for purposes of state and local taxes on, or based on, income.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Squire Sanders (US) 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, Hawkins Delafield & Wood LLP, 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 at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant.

Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

FINANCIAL ADVISOR

Public Resources Advisory Group, has served as Financial Advisor to the County in connection with the issuance of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

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 18 of "Notes to the Basic Financial Statements" included in APPENDIX B sets forth this liability as of June 30, 2013. 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 itself and Wells Fargo Bank, N.A., [Additional UWs to Come.] (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 of the Notes: J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Notes, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Notes, at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that CS&Co. sells.

The following two paragraphs have been provided by Wells Fargo Bank, National Association, one of the Underwriters of the Notes:

[Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Notes, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Notes. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.]

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. 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 investment 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. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The notice events applicable to the Notes include: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) 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; (4) modifications to rights of Noteholders, if material 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 Holder 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

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

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 a population of over 9.9 million in 2012, 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 certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

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 to serve four-year terms. 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. In December 2014, the First and Third District Supervisors will reach their term limits. Their successors will be determined by voters in the November 2014 election.

On September 27, 2011, the Board of Supervisors adopted a Supervisorial District Boundary Plan based on the results of the 2010 census. The redistricting plan, which took effect on October 27, 2011, reduced the total variance in population among the five districts from 9.97% to 1.59% and moved approximately 277,600 residents to new supervisorial districts.

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance, which was designed to improve the operational efficiency of County governance. 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 continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational direction. In May 2011, the Board of Supervisors further revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

COUNTY SERVICES

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

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

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

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

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 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 19,000 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, 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 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. The County also maintains 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.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by sixty (60) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which has twenty-four (24) collective bargaining units that represent the vast majority of County employees; the Coalition of County Unions ("CCU"), which includes twenty-three (23) collective bargaining units; and the Independent Unions, which encompass thirteen (13) collective bargaining units. 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 (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

On June 25, 2013, the Board of Supervisors approved successor agreements to four Memoranda of Understanding ("MOUs") covering wages and work rules for the collective bargaining units representing Fire Fighters, Supervising Fire Fighters, Supervising Peace Officers and Supervising Beach Lifeguards. The four MOUs have a two-year term, with the MOUs for the Firefighters, Supervising Firefighters and the Supervising Beach Lifeguards expiring on on December 31, 2014, and the MOU for Supervising Peace Officers expiring on January 31, 2015. All four unions will receive a 6% cost of living adjustment over the term of the agreements.

On July 23, 2013, the Board of Supervisors approved successor agreements to two MOUs covering wages and work rules for the collective bargaining units representing Deputy Probation Officers and Peace Officers. The MOUs for both unions have two-year terms expiring on December 31, 2014 and January 31, 2015, respectively. Both unions will receive a 6% cost of living adjustment over the term of the agreements.

On November 12, 2013, the Board of Supervisors approved successor agreements to five MOUs covering wages and work rules for the collective bargaining units representing Interns & Residents, Health Investigative & Support Services, Criminalists, Coroner Investigators and Supervising Coroner Investigators. All five MOUs have a two-year term expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

On December 17, 2013, the Board of Supervisors approved successor agreements to eight MOUs covering wages and work rules for the collective bargaining units representing Appraisers, Supervising Appraisers, Operating Engineers, Automotive & Equipment Maintenance & Repairmen, Professional Engineers, Supervising Professional Engineers, Engineering Technicians and Supervising Engineering Technicians. The eight MOUs have two-year terms expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

On February 25, 2014, the Board of Supervisors approved successor agreements to twenty-four 24 MOUs covering wages and work rules for all of SEIU Local 721 bargaining units. The MOUs all have two-year terms expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

The County has approved successor MOUs with all of its collective bargaining units, with the exception of the Guild for Professional Pharmacists (Unit #301). Negotiations are currently suspended, but neither party has yet to declare an impasse. Non-represented employees will also receive the 6% cost of living adjustment that was negotiated with SEIU, CCU and the Independent Unions.

On February 25, 2014, the Board of Supervisors also approved two additional MOUs covering fringe benefits for the collective bargaining units represented by SEIU Local 721, and the Coalition of County Unions. The fringe benefit agreements, which will expire on September 30, 2015, include a 7.2 percent increase in the County's contribution toward employee cafeteria-style benefit plans in 2014 and 2015 to offset the higher cost of health insurance premiums. The same benefit will be extended to non-represented personnel by reducing the cost of health insurance premiums for those employees participating in their respective cafeteria-style fringe benefit plans.

The new fringe benefit agreements included provisions to increase the aggregate matching contribution cap for represented employees participating in the County's deferred compensation savings plans. The County increased the current matching contribution cap of $112 million, which has been in place since Fiscal Year 2008-09, to $121 million in Fiscal Year 2013-14; and $130 million in Fiscal Year 2014-15. In Fiscal Year 2015-16, there will be no maximum contribution cap, and represented employees will be eligible to receive a full County match for their deferred compensation plan savings over the entire fiscal year.

On the same day, the Board of Supervisors also approved a $500 cash bonus for all full-time permanent employees, payable in two equal installments via their cafeteria benefit plans on March 28, 2014 and July 30, 214. Temporary and part-time employees will receive a similar cash bonus of $250, also payable in two equal installments.

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.

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

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification (*i.e.*, law enforcement officers, firefighters, foresters and lifeguard classifications are included as "safety" employees and all other occupational classifications are included as "general" employees). 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, 2013 was 161,950, consisting of 73,951 active vested members, 17,594 non-vested active members, 58,086 retired members and 12,319 terminated vested (deferred) members. Of the 91,545 active members (vested and non-vested), 79,006 are general members in General Plans A through G, and 12,539 are safety members in Safety Plans A through C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of the Plan A benefits. The Plan A retirement benefits are considerably more generous than other plan options currently available to County employees.

As of June 30, 2013, approximately 65% of general members were enrolled in General Plan D, and over 99% of all safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

In an internal survey completed by the CEO in Fiscal Year 2010-11, it was determined that the benefit structures of other public retirement plans in California differ considerably from the County's two primary contribution-based plans (General Plan D and Safety Plan B). For example, the CEO found that six of the ten largest counties in the State, and nine of the ten largest cities in the State, provide their general employees with at least 2.0% annual increases, and no reduction in benefits for those employees who retire at age 55 or younger. By comparison, the County's General Plan D requires six additional years (at age 61) before a participant can retire without a reduction in annual benefits. In addition, seven of the ten largest counties, and seven of the ten largest cities, provide their public safety personnel with annual benefit increases of 3.0%, and no reduction in benefits for employees who retire at age 50 or younger. This compares to the County's Safety Plan B, which only allows for 2.0% annual increases up through the age of 50.

2012 State Pension Reform

On August 28, 2012, the Governor and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, which was signed into law by the Governor on September 12, 2012, established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA includes pension caps, equal sharing of pension costs, changes to retirement age, and three-year final compensation provisions. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the County Employees Retirement Law of 1937, LACERA is required to comply with the provisions of PEPRA. Based on a review of AB 340, the County and LACERA have concluded that PEPRA is not expected to result in an increase in the County's future General Fund contributions to LACERA.

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. The total employer contribution rate for new employees hired January 1, 2013 and after is 15.61% for General Plan G and 20.98% for Public Safety Plan C. The new employer contribution rates are lower than the comparative rates of 19.82% for General Plan D participants and 24.95% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. Overall, General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

Contributions

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

Investment Policy

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

Actuarial Valuation

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

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 initially 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 results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, (the "2010 Investigation of Experience"), Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment returns, and some changes to the demographic assumptions.

In October 2011, based on the 2010 Investigation of Experience, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return will be 7.7%, 7.6% and

7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively.

In December 2013, Milliman released the 2013 Investigation of Experience for Retirement Benefit Assumptions (the “2013 Investigation of Experience”), The 2013 Investigation of Experience provided the basis for Milliman’s recommended changes to the actuarial assumptions in the June 30, 2013 Actuarial Valuation (the “2013 Actuarial Valuation”). The key changes to the actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.5% to 7.25%; reductions in the assumed rates for wage growth and price inflation from 3.75% and 3.25% to 3.5% and 3.0%, respectively; and a reduction in the mortality rate (increase in life expectancy) for all retirees. In December 2013, the Board of Investments approved Milliman’s recommended changes to the actuarial assumptions to be used in the 2013 Actuarial Valuation, with the exception of the assumed rate of return, which remained unchanged at 7.5%.

UAAL and Deferred Investment Returns

For the June 30, 2012 Actuarial Valuation (the “2012 Actuarial Valuation”), LACERA reported a rate of return on Retirement Fund assets of 0.3%, which corresponds to a $1.145 billion or 2.9% decrease in the market value of assets from June 30, 2011. The market rate of return in Fiscal Year 2011-12 was significantly lower than the 7.60% assumed rate of return. As a result of the five-year smoothing process for prior year gains and losses in market value, the actuarial value of Retirement Fund assets decreased by $154 million or .4%from $39.194 billion to $39.039 billion as of June 30, 2012. The 2012 Actuarial Valuation reported that the AAL increased by $2.211 billion to $50.809 billion, and the UAAL increased by $2.365 billion to $11,770 billion from June 30, 2011 to June 30, 2012.

The decrease in the actuarial value of Retirement Fund assets combined with the increase in actuarial liabilities resulted in a decrease in the Funded Ratio from 80.6% to 76.8% as of June 30, 2012. The 2012 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2013. The County’s required contribution rate will increase from 17.54% to 19.82% of covered payroll in Fiscal Year 2013-14. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 7.89% to 10.09%, and an increase in the normal cost contribution rate from 9.65% to 9.73%.

The 2012 Actuarial Valuation does not include $1.586 billion of net deferred investment losses that will be recognized in future years. If the actual market value of Retirement Fund assets was used as the basis for valuation, the actuary estimates that the Funded Ratio would have been 73.7% as of June 30, 2012, and the required County contribution rate would be 21.19% for Fiscal Year 2013-14.

For the 2013 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 12.1%, which corresponds to a $3.467 billion or 9.1% increase in the market value of assets from June 30, 2012. The market rate of return in Fiscal Year 2012-13 compared favorably to the 7.50% assumed rate of return. As a result of the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $893 million or 2.3% from $39.039 billion to $39.932 billion as of June 30, 2013. The 2013 Actuarial Valuation reported that the AAL increased by $1.927 billion to $53.248 billion, and the UAAL increased by $1.034 billion to $13.315 billion from June 30, 2012 to June 30, 2013.

Despite the strong performance of the Retirement Fund relative to the assumed rate of return in Fiscal Year 2012-13, the Funded Ratio decreased from 76.8% to 75.0% as of June 30, 2013. The Funded Ratio has declined steadily since June 30, 2008 after it reached a cyclical high of 94.5%, prior to the economic downturn. The steady decline in the Funded Ratio over the last five years is primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses from Fiscal Years 2008-09 and 2011-12 (especially Fiscal Year 2008-09), The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 have been fully accounted for in the valuation of the Retirement Fund as of June 30, 2013.

The 2013 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2014. The County’s required contribution rate will increase from 19.82% to 21.34% of covered payroll in Fiscal Year 2014-15. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 10.09% to 11.90%, and a decrease in the normal cost contribution rate from 9.73% to 9.44%.

The 2013 Actuarial Valuation does not include $1.401 billion of net deferred investment gains that will be recognized in future years. If the actual market value of Retirement Fund assets was used as the basis for valuation, the actuary estimates that the Funded Ratio would have been 77.6% as of June 30, 2013, and the required County contribution rate would be 20.09% for Fiscal Year 2014-15.

In Fiscal Year 2013-14, LACERA is reporting a 12.5% return on Retirement Fund assets for the nine-month period ended March 31, 2014, which compares favorably to the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of March 31, 2014 were 25.8% domestic equity, 26.7% international equity, 22.4% fixed income, 9.9% real estate, 8.5% private equity, 2.8% commodities, 1.2% hedge funds and 2.6% cash.

A six-year history of the County’s UAAL is provided in Table 1 (“Retirement Plan UAAL and Funded Ratio”), and a summary of investment returns for the prior six years is presented in Table 2 (“Investment Return on Retirement Plan Assets”) on page A-10.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% or more of its annual required contribution to LACERA. In Fiscal Years 2011-12 and 2012-13, the County’s total contributions to the Retirement Fund were $1.027 billion and $1.119 billion, respectively. In Fiscal Year 2013-14, the County’s required contribution payments are estimated to increase by $144 million to $1.263 billion. In Fiscal Year 2014-15, the County is budgeting $1.415 billion

To fund retirement contributions to LACERA A summary of actual and projected County pension payments to LACERA for the seven-year period ending June 30, 2015 is presented in Table 3 (“County Pension Related Payments”) on page A-10.

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") was $470.71 million as of June 30, 2012. The County Contribution Credit Reserve has never been included in the actuarial valuation of Retirement Fund assets. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of an OPEB trust. As of June 30, 2013, the remaining balance of the County Contribution Credit Reserve available to fund other retirement program costs was $21.891 million.

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, 2013, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2013 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase from 21.34% to 21.89% for Fiscal Year 2014-15, and the Funded Ratio would decrease from 75.6% to 73.8% as of June 30, 2013. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $[XX] million in Fiscal Year 2014-15.

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 previously issued pension obligation bonds and certificates in 1994 and transferred the proceeds to LACERA to finance its then-existing UAAL. All of the outstanding pension obligation bonds and certificates related to the 1994 financing were repaid in full as of June 30, 2011.

New Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the existing pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County.

GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 will be implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and will expand the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaces the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 will be implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 is not expected to materially affect the existing process for calculating the UAAL, it will require the County to recognize a net pension liability directly on the Statement of Net Assets (government-wide balance sheet). The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay pension benefits. The new requirement to recognize a liability in the financial statements represents a significant and material change to the existing standards, which only require disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional requirements which will expand the existing pension-related note disclosures and supplementary information requirements.

The new GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund the pension benefits.

Postemployment Health Care Benefits

LACERA administers a health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. 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 retiree health program at any time. County payments for postemployment benefits are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

In Fiscal Years 2011-12 and 2012-13, total payments from the County to LACERA for postemployment health care benefits were $424406.9 million and $441.1 million, respectively. In Fiscal Year 2013-14, the County is estimating $447.9 million in payments to LACERA for retiree health care. For Fiscal Year 2014-15, the County is budgeting $466.2 million in retiree health care payments to LACERA

.

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. GASB 45 does not require the funding of any OPEB liability related to the implementation of this reporting standard.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups. The OPEB valuations have used a 5% discount rate and the Projected Unit Credit actuarial cost method to determine the AAL and the County's annual required contribution to fund this OPEB liability, which is referred to in GASB 45 as the "ARC".

In accordance with the requirements of GASB 43, Milliman completed its third OPEB actuarial valuation as of July 1, 2010 (the "2010 OPEB Valuation"), which was issued in March 2011. In the 2010 OPEB Valuation, Milliman reported an AAL of $24.03 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 prior 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 used in 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.

In May 2013, Milliman released the OPEB actuarial valuation report ("the 2012 OPEB Valuation") as of July 1, 2012. In the 2012 OPEB Valuation, Milliman reported an AAL of $26.95 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $25.73 billion, which represents a 12.2% increase from the 2010 OPEB Valuation. The OPEB ARC as of July 1, 2012 is estimated to be $2.13 billion, which represents approximately 32% of the County's payroll costs and a 9.7% increase from the 2010 OPEB Valuation. The increase in the County's OPEB liability from 2010 to 2012 was the result of several offsetting factors, with the most significant factor being a reduction in the discount rate from 5% to 4.35%.

For the Fiscal Year ended June 30, 2013, the County reported an OPEB ARC of $2.162 billion, which represents a $174 million or 8.8% increase from June 30, 2012. The OPEB ARC was partially offset by $927.5 million in County payment contributions (including the $448.8 million transfer from the County Contribution Credit Reserve), which resulted in an increase in the net OPEB obligation of $1.235 billion in Fiscal Year 2012-13. The net OPEB obligation of $8.154 billion as of June 30, 2013 represents a 17.8% increase from the $6.919 billion obligation reported as of June 30, 2012. Excluding the transfer from the County Contribution Credit Reserve, the remaining "pay as you go" contribution of $478.7 million represents approximately 22% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2011-12.

In March 2014, Milliman released the 2013 Investigation of Experience for Other Postemployment Benefits Assumptions for the three-year period ended June 30, 2013 (the "2013 OPEB Investigation of Experience"). The actuarial assumptions derived from the 2013 OPEB Investigation of Experience will provide the basis for the next OPEB actuarial valuation report (the" 2014 OPEB Valuation") as of July 1, 2014.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL. In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust.

Beginning in January 2013, the County transferred $448.8 million from the County Contribution Credit Reserve to the OPEB Trust Fund over a three-month period ending in March 2013. Although the establishment of the OPEB Trust does not modify the County's retiree benefit programs, the County may consider applying general fund revenues to supplement deposits to the OPEB Trust in the future.

The County is also evaluating various cost-reduction options in relation to its retiree health benefits. For new hires to the County, certain potential changes include the following: 1) changing the benchmark health insurance; 2) requiring new retirees to enroll in

Medicare at age 65; 3) reducing dependent coverage; and 4) reducing the annual County contribution. Furthermore, the County is also considering a requirement that all active employees and new hires enroll in Medicare at age 65. If these cost containment measures were to be implemented by the County, it is estimated that the OPEB liability would be reduced by more than 20% over the next thirty years.

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.

The County has determined that the liability related to long-term disability benefits is an additional OPEB obligation, which is reported as a component of the OPEB ARC in the CAFR. Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare actuarial valuations of the long-term disability portion of its DBP as of July 1, 2009 (the "2009 LTD Valuation") and July 1, 2011 (the "2011 LTD Valuation"). In the 2011 LTD Valuation, the AAL for the County's long-term DBP was $1.019 billion, which represents a 7.0% increase from the $951.8 million AAL reported in the 2009 LTD Valuation. In Fiscal Years 2011-12 and 2012-13, the County made total DBP payments of $36.7 million and $37.6 million, respectively. In Fiscal Year 2013-14, the County is estimating total DBP payments of $39.8 million. For Fiscal Year 2014-15, the County is budgeting $41.9 million for DBP payments. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the County's OPEB obligation. Based on the 2011 LTD Valuation, the June 30, 2013 net OPEB obligation of $8.153 billion includes $189 million for long-term disability benefits.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending legal proceedings, as reported by the Office of the County Counsel. A further discussion of legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 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 (the "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 in *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 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 as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County's motion with regard to most of the plaintiffs' claims in the two remaining collective actions and granted the County's motion to decertify the collective classes, which resulted in the dismissal of all of the "opt-in" plaintiffs. Following the Federal court's ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County's liability exposure. The County filed a State court action challenging the proposed proceedings involving the class grievances. The State court granted the County's petition for writ of mandate, essentially precluding the cases from proceeding as class grievances. The balance of the State litigation is still in the early stages of the legal process.

Other Litigation

In March, 2008, a lawsuit entitled *Natural Resources Defense Council, Inc., et al. 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 case was bifurcated to first determine liability, and if liability was found, then to determine the penalties and remedies. The trial judge issued rulings on cross-motions for summary judgment that disposed of most of the liability issues. The County and the Flood Control District were found to have violated water quality standards at one location in Malibu. Part of the summary judgment granted to the County and Flood Control District was appealed to the Ninth Circuit, which upheld the trial court's ruling with the exception of deciding that the Flood Control District was liable for violations in two watersheds. After the Ninth Circuit denied the Flood Control District's motion for reconsideration, the Flood Control District filed a petition for writ of certiorari with the U.S. Supreme Court. The Supreme Court granted the petition, and issued its opinion on January 8, 2013, reversing the Ninth Circuit ruling. On remand, the plaintiffs have filed a motion requesting the Ninth Circuit to again find the Flood Control District liable for violations in the two watersheds. The Ninth Circuit issued its opinion on August 8, 2013, finding both the County and the Flood Control District liable for violations in the two watersheds, which reversed an earlier ruling in the County and District's favor. After the Ninth Circuit denied the County and Flood Control District's motion for reconsideration, the County and District filed a petition for writ of certiorari with the Supreme Court on January 24, 2014. The petition is still pending. A ruling on the petition is likely to be issued in May, 2014. The cost of the injunctive relief sought has yet to be determined, in the event that such relief is ordered. .

In January, 2014, the Board of Supervisors voted to add a Christian cross to the image of the San Gabriel Mission that is depicted on the County seal. The intent of the Board, as reflected in the Board motion to add the cross, was for the depiction of the San Gabriel mission on the County seal to be artistically and historically accurate. In February, 2014, the American Civil Liberties Union, on behalf of a number of plaintiffs, filed an action entitled *Davies v. County of Los Angeles* in federal court, challenging the Board's action. The lawsuit primarily asserts that the Board's action to add a Christian cross to the County seal violates the Establishment Clause of the United States and California Constitutions by violating the principle separating the church and state. No trial date has been set for this 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 pass through payments related to the Educational Revenue Augmentation Funds ("ERAF") that were 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. On remand in January 2012, the trial court issued a statement of decision regarding calculation of the statutory payments which reduced the County's exposure from the previously reported range of $24 to $38 million to approximately $17.9 million. On September 7, 2012, LAUSD appealed the trial court's ruling. On June 26, 2013, the Court of Appeal reversed the trial court ruling and sided with LAUSD, stating that the statutory payments due to LAUSD should have included a higher share of the ERAF revenue that was diverted by the Triple Flip and Vehicle License Fee Swap legislation. The California Supreme Court denied the County's petition for review. The Court of Appeal's decision has resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. In response to the Court of Appeal's decision, the County has reserved $76.7 million for the expected resolution of this lawsuit. Due to changes in the law relating to redevelopment agency dissolution, the potential exposure of the County's General Fund, Library and Flood Control District is $68.2 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 October 2010, the County's Petition for Review with the California Supreme Court was granted. In November 2012, the California Supreme Court upheld the appellate court's decision. The case has been remanded to the trial court to resolve outstanding issues regarding the applicable statute of limitations. The County's total liability exposure was estimated at approximately $40 million. The County settled with the Alhambra plaintiffs and two additional claimants for $35.4 million. The *Alhambra* case was dismissed on February 28, 2014, concluding the case. Still remaining as a result of the *Alhambra* Supreme Court decision, is the *Agoura Hills v. COLA* lawsuit involving nine cites. In addition, thirty cities have retained counsel or have potential claims for damages seeking return of the excessive administrative fees charged. The County is currently in settlement negotiations with the remaining cities, and has $17.5 million remaining in reserve to settle the lawsuit. The potential remaining liability for the *Agoura Hills* lawsuit and related claims is between $22.8 million and $33.2 million.

On April 8, 2014, a class action lawsuit entitled *Guillory, et al. v. County of Los Angeles* was filed in the Los Angeles Superior Court alleging that the County's administration of its General Relief (GR) program has been contrary to both State and federal law. During a period of 18-months prior to the case filing, the County corrected the alleged deficiencies and negotiated a settlement to resolve liability arising from its past practices. The lawsuit was filed so the court may certify the class, approve the settlement and oversee its administration during the four-year term of the settlement. The settlement includes programmatic commitments, a settlement fund to be distributed to sub-class members in the amount of $7.9 million, and a fee award to class counsel in an amount not to exceed $400,000.

Two lawsuits were filed against the County in 2011 and another in 2013, related to allegations that each of the plaintiffs had been falsely convicted of murder and served over twenty years in prison. The Courts subsequently ordered new trials based on new evidence. In regard to the 2011 lawsuits, one case was re-tried and the plaintiff was acquitted, and in the other case, the District Attorney has decided not to retry the plaintiff. In regard to the 2013 lawsuit, the District Attorney has not yet decided if the original case will be retried. The potential liability exposure to the County is estimated to be $15 million for all three lawsuits.

In 2013, Lancaster Hospital Corporation, doing business as Palmdale Regional Medical Center ("PRMC"), filed suit in Los Angeles Superior Court against the State of California, the County of Los Angeles' Community Health Plan, and two other managed care organizations, Care 1st and the LA Care. (*Lancaster Hospital Corporation, dba Palmdale Regional Medical Center v. Douglas, et al).* PRMC alleges that the amounts paid to it for providing emergency medical care and the subsequent stabilization care to Medi-Cal managed care patients assigned to the various managed care health plans was insufficient. PRMC is seeking damages in excess of $10 million from all defendants. The County estimates its potential liability for this lawsuit to be significantly lower.

In 2011, the United States Department of Justice ("DOJ") commenced investigations into alleged discriminatory practices by the Los Angeles County Sheriff's Department, the Housing Authority of the County of Los Angeles, and the cities of Lancaster and Palmdale regarding Section 8 participants in the Antelope Valley area of the County. The DOJ found all four public agencies engaged in conduct that was intentionally discriminatory. The DOJ has proposed a consent decree which would impose an injunction prohibiting all agencies from future discrimination, it also includes a requirement that $12,28 million be deposited into a settlement fund to provide for compensation of an unknown number of affected persons. No litigation has yet been filed.

Los Angeles County, along with nineteen other California counties, has appealed a lower court decision concerning a 1999 statute that makes ancillary outpatient services provided to Medi-Cal eligible individuals between the ages of 21 and 65, who are patients of an Institution for Mental Disease a State-only Medi-Cal responsibility. The County estimates the cost of ancillary outpatient services to be approximately $16.6 million per year. If the County is not successful on appeal, the State may recoup this annual amount from the County from Fiscal Year 2008-09 to the present.

In February, 2014, a contract provider (Sutherland Health Care Solutions), which provides claim and billing services to the Department of Health Services was the victim of a commercial burglary in which a number of desktop computers were stolen. This resulted in the breach of more than 350,000 individual patient accounts. As a result, four separate class action lawsuits have been filed against the County and Sutherland Health Care Solutions (*A. Doe v. Sutherland Healthcare Solutions, et al., Harasim et al., v. County of Los Angeles, et al., Rogers, et al., v. Sutherland Healthcare Solutions, Inc. et al, and Kamon, et al, v. Sutherland Healthcare Solutions, Inc. et.al.*). Because of the size of the potential class, and the statutory damages to which each plaintiff is entitled, the County's potential liability may exceed $3 billion. However, the litigation is in its initial phase, with many procedural and other issues still to be determined. Furthermore, the contract between the County and Sutherland Health Care Solutions contains indemnification provisions which have yet to be triggered.

In September 2011, a lawsuit entitled City of Cerritos et. al., vs. State of California, et. al. was filed against the State and other defendants, including the County. The lawsuit challenges the constitutionality of the redevelopment dissolution legislation (ABX1 26). On January 27, 2012, the trial court denied the petitioners motion for a preliminary injunction. The petitioners have filed an appeal of the trial court's decision, and as of March 2013, this case has been fully briefed. An oral argument hearing date has not been set. If the petitioners were to prevail, the court could retroactively reinstate redevelopment agencies and require the County to return any residual property tax revenue that it received from the Redevelopment Property Tax Trust Fund. The County estimates the potential liability of this case to be $674.4 million, which is based on the distribution of the entire property tax residual since the redevelopment agency dissolution in 2011. The probability of the petitioners succeeding on the appeal is low, as all of the cases at the State level challenging the redevelopment agency dissolution have been unsuccessful. A detailed discussion of ABX1 26 and the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

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
06/30/2008	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%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%
06/30/2012	38,306,756	39,039,364	50,809,425	11,770,061	76.83%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	75.00%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2013.

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

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2007-08	38,724,671	-1.5%	90.1%
2008-09	30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.6%	69.9%
2010-11	39,452,011	20.4%	79.4%
2011-12	38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2013.

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

Fiscal Year	Pension Payment to LACERA		OPEB Payment to LACERA		Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2008-09	805,300		365,424		320,339	1,491,063	-
2009-10	802,500		384,034		358,165	1,544,699	3.6%
2010-11	898,803		406,937		372,130	1,677,870	8.6%
2011-12	1,026,867		424,030		-	1,450,897	-13.5%
2012-13	1,118,514		441,062		-	1,559,576	7.5%
2013-14	1,263,381	*	447,929	*	-	1,711,310	9.7%
2014-15	1,414,762	*	466,166	*		1,880,928	9.9%

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

* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

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

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

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

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

COUNTY BUDGET OVERVIEW

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

The General County Budget accounts for approximately 77.8% of the 2014-15 Recommended Budget and appropriates funding for programs that are provided on a mostly county-wide basis *(e.g.*, health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis *(e.g.*, law enforcement, planning and engineering).

Special Revenue Funds represent approximately 9.9% of the 2014-15 Recommended Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, and specific automation projects.

Capital Project Special Funds account for approximately 1.4% of the 2014-15 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 8.2% of the 2014-15 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.7% of the 2014-15 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 Fiscal Year 2013-14 is $19,345,849,874. The 2013-14 Final Adopted Budget included proceeds from taxes of $7,109,543,000, which is well below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California. In February 2005, a claim was filed, and 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. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation, with the reserve more than sufficient to fully fund the entire $75 million settlement. Claim processing for the settlement has been completed. All refunds have been issued and all fees and costs have been paid. After these payments were made, approximately $31 million was transferred to the cy pres fund in addition to an original $10 million deposit. All cy pres funds, which are required to finance enhanced services within the areas in the County in which the tax was collected, have been earmarked for specific projects that have been approved by the court. Twelve projects have been completed, leaving a remaining balance of approximately $29.3 million. It is anticipated that the projects will be fully funded between Fiscal Years 2014-15 through 2018-19. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62. The plaintiffs filed a motion alleging that the 2008 election was improperly conducted, which was denied on April 26, 2012. The plaintiffs subsequently appealed the ruling, which was denied by the Court of Appeal on October 2, 2013. Plaintiffs sought a petition for review in the California Supreme Court, which was denied on December 11, 2013. Except for the ongoing implementation of the settlement terms, including the expenditure of the remaining cy pres funds, the case has been fully resolved.

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 County then filed a motion on November 12, 2010 to dispose of the issues challenging the legality of the election. A hearing was held on February 16, 2011 in which the Court denied the County's motion as the plaintiff raised a constitutional question, which the Court determined must be ruled on together with the motion in the Oronoz case related to the 2008 election issue. The case proceeded with the discovery phase and was set for a bench trial, which was heard with the *Oronoz* motion on April 26, 2012. The court ruled in favor of the County and issued final judgment. Plaintiffs filed an appeal, which was denied. Plaintiffs petition to the California Supreme Court was also denied. As of December 2013, this case has been completely resolved with no liability to the County.

On March 4, 2011, a new lawsuit, *Rajendra Pershadsingh v. County of Los Angeles,* was filed as a class action and alleges that the County's 2% increase to the Transient Occupancy Tax ("TOT") violated Proposition 62 by not receiving voter approval. The County demurred to the complaint on all theories on October 12, 2011. The court sustained the County's demurrer as to all theories except for one. The Court ruled that the alleged Proposition 62 violation survived demurrer and could proceed on a class basis. The County placed the TOT on the June 2012 ballot for ratification, and it was approved by the voters In November 2012, the Court denied class action status on the grounds that the plaintiff is not a proper class representative. The parties have stipulated to entry of judgment, which was entered by the Court in January 2013. The plaintiff filed an appeal in March 2013. Oral arguments will be heard by the Court in June 2014, and the matter will be decided within 90 days thereafter.

On August 1, 2012, a lawsuit, *Harlan Green v. Dean Logan, Registrar-Recorder*, was filed in Los Angeles Superior Court as an election contest and writ petition challenging the ballot materials that were printed and distributed to the voters for Measure H (the TOT ratification measure), and Measure L, a tax on landfill operators in the County, which were approved by the voters. The complaint alleges that ratification of the prior collection of taxes is unconstitutional and in violation of Propositions 62 and 218. The complaint further alleges that: (1) the impartial analysis prepared by County Counsel failed to inform voters of the effect of a "no" vote, (2) the Board of Supervisors was required to order a fiscal impact statement for the measures if they would increase or decrease the revenues or costs to the County, and (3) the resolutions ordering the elections and the arguments in favor of the two measures resulted in improper advocacy by the County and were misleading to voters. The County filed a demurrer to strike plaintiff's complaint on November 5, 2012. Following a hearing on the case, the Court sustained the County's demurrer on all grounds on December 17, 2012, but allowed the plaintiff 20 days to amend its complaint. The County again demurred to the first amended complaint on February 4, 2013. On March 1, 2013, the Court sustained the County's demurrer without leave to amend and dismissed the action. Plaintiff filed an appeal. All briefs have been filed with the appellate court and resolution is pending. Although the plaintiff is unlikely to prevail, the potential liability to the County for this case is estimated at $31.4 million.

In *Granados v. County of Los Angeles*, a lawsuit filed in 2006, the class action plaintiff challenged the legality of telephone user tax ("TUT") paid to the County from 2004 through 2008. Pursuant to the County Code, section 4.62.060(a), the County imposes a five percent TUT on amounts paid for telephone services by persons or entities located in unincorporated areas in the County. Excluded from the TUT, however, are amounts paid for telephone services exempt from the tax imposed under the Federal Excise Tax ("FET") (IRC, section 4251), which applies to long distance service charged by time and distance. The plaintiff alleges that most long distance telephone service is charged under a postalized fee structure where the amount of the charge depends only upon the amount of elapsed transmission time and not the distance of the call, and that the FET and the TUT cannot be imposed on such services. In March 2012, the Court of Appeal reversed in part an order of the Superior Court granting the County's demurrer on the basis that this action was barred for failure to file individualized claims. Since that time, this action was on hold pending the outcome of the *Oronoz* litigation, Now that the *Oronoz* case has been settled, *Granados*is expected to resume in the trial court sometime in 2014. The amount of unaddressed liability exposure in *Granados* is estimated at approximately $5 million.

Proposition 218

Proposition 218, a 1996 ballot 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 local taxes, assessments, or fees through the initiative process.

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

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

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article 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 Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and 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 State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund. Additional effects of Proposition 26 on the future 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, $4.236 billion of the $20.271 billion 2014-15 Recommended General County Budget is received from the Federal government and $5.402 billion is funded by the State. The remaining $10.632 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 48% 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

Deep partisan divisions in Washington, D.C. have contributed to Congressional gridlock on Federal budget matters, which has made it difficult to enact annual appropriations bills needed to fund Federal programs and operations. As a result of the contentious political environment, it is highly unlikely that Federal legislation will be enacted that would significantly reduce mandatory (entitlement) programs, such as Medicaid, Temporary Assistance for Needy Families, Title IV-E Foster Care and Adoption Assistance, Child Support Enforcement, and the Supplemental Nutrition Assistance Program, through which the County receives the vast majority of its Federal revenue. However, the County's Medicaid revenue is expected to grow significantly due to the expansion of Medicaid under the Affordable Care Act.

The County currently receives its Title IV-E Foster Care revenue through a Federal waiver, which expires on June 30, 2014. Under this waiver, which provides the County with greater flexibility over the use of Federal funds, the County receives annual capped allocations which grow at a rate of 2 percent per year. The State of California is currently negotiating with the Federal government to secure an extension of the waiver. The primary issues in the negotiations over the waiver extension are related to the financial terms and conditions that will determine how much waiver funding is provided by the Federal government in future years. The extension of the waiver is especially important to the County, since under current State law, counties are responsible for financing all non-federal child welfare costs.

In December 2013, Congress enacted the Bipartisan Budget Act, which increased the overall discretionary spending cap to $1.012 trillion in FFY 2014 and $1.014 trillion in FFY 2015 from the post-sequester FFY 2013 level of $986 billion. Although the County does not receive a significant amount of revenue from Federal discretionary programs, the funding for such programs administered by the County is expected to be more stable and reliable compared to recent years.

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 most recent economic downturn starting in 2008. The State's budgetary decisions in response to the economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

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

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

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation (CDCR) to counties. Funding for AB109 is financed by redirecting 1.0625% of State sales tax and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which created a constitutional amendment prohibiting the Legislature from reducing or removing AB109 funding.

The Governor's 2014-15 Budget estimates AB109 funding at $1.1 billion. Based on the current 31.77% share of the AB109 funding allocation, the County would expect to receive approximately $349.5 million in Fiscal Year 2014-15. The current distribution of AB109 funds is based on a short-term agreement between the State and the counties that can be adjusted in the future to more effectively align AB109 funding with the cost of housing inmates transferred to the counties. A more permanent solution to the AB109 funding allocation is expected in Fiscal Year 2014-15.

Redevelopment Agencies

The 2011-12 State Budget Act included two measures intended to stabilize school funding by reducing or eliminating the diversion of property taxes from school districts to the State's community redevelopment agencies. ABx1 26 (the "Redevelopment Dissolution Act") prohibited redevelopment agencies from engaging in new business and provided for their wind down and dissolution. ABx1 27 (the "Alternative Redevelopment Program") would have allowed redevelopment agencies to continue if the cities and counties that created them agree to make payments into funds benefiting the state's schools and special districts.

The California Redevelopment Association and other entities challenged both measures as unconstitutional and sought relief from the State Supreme Court. The California Supreme Court ruled in *California Redevelopment Association v. Matosantos* that the Redevelopment Dissolution Act was constitutional, while declaring the Alternative Redevelopment Program as unconstitutional. As a result of the State Supreme Court's bifurcated decision, redevelopment agencies dissolved under the Redevelopment Dissolution Act on February 1, 2012 will not have an opportunity to continue their existence under the Alternative Redevelopment Program.

ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations without incurring any additional debt.

- Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes", are to be distributed as property tax revenue to the appropriate local taxing entities , including the County. Oversight Boards have been established for each of the 70 successor agencies and one designated local authority (the City of Los Angeles) within the County. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The Auditor-Controller is also responsible for conducting an initial audit and disbursing future tax increments in accordance with provisions of ABX1 26 and applicable amendments. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453.0 million in Fiscal Year 2009-10.

On June 1, 2012, the Auditor-Controller distributed property tax revenues in accordance with ABx1 26. The County's General Fund received $37.5 million of residual property tax revenue. On June 27, 2012, AB 1484 was enacted as part of a trailer bill package in conjunction with the 2012-13 State Budget. Provisions of AB 1484 required the Auditor-Controller to identify the 2011-12 property tax revenues that were distributed to each agency prior to the February 1, 2012 dissolution date. This amount was to be compared with approved enforceable obligations for the period from January 1, 2012 to June 30, 2012. If revenues exceeded the obligations, the Auditor-Controller was required by AB 1484 to issue a demand letter to each successor agency, seeking the return of such excess revenues.

On July 9, 2012, the Auditor-Controller issued demand notices to 42 successor agencies, requesting the return of $121.4 million of excess revenues. Successor agencies were required to make payment no later than July 12, 2012. On July 16, 2012, the Auditor-Controller distributed $111.4 million of excess revenues recovered as a result of the demand notices, including the County General Fund's share of $50.7 million, which was accrued as revenue attributable to Fiscal Year 2011-12.

Despite the receipt of residual property tax revenue in Fiscal Year 2011-12, the County's 2012-13 Final Adopted Budget did not include any residual tax revenue from the dissolution of the redevelopment agencies. The estimated amount of such revenues in Fiscal Year 2012-13 was uncertain due to fluctuation in the amounts of enforceable obligations and the potential for disputes between successor agencies and the California Department of Finance, which has the authority to determine the validity of such obligations. AB 1484 contains provisions intended to identify excess assets held by successor agencies and to cause the return of any assets which were improperly transferred from the redevelopment agencies or their successor agencies. Any excess assets, if identified and recovered, would be distributed by the Auditor-Controller as residual tax revenue to local agencies. The estimated amounts of such assets and the timing of their distribution cannot be determined at this time.

In Fiscal Year 2012-13, the County received the following revenue distributions in accordance with the provisions of ABx1 26 and AB 1484:

- Prior Period Residual Adjustments - $25.8 million
- January 2013 Residual - $75.0 million
- Low-to-Moderate Income Housing Funds - $78.8 million
- Non-Housing Unencumbered Funds - $56.7 million

In Fiscal Year 2013-14, the County's Final Adopted Budget included $60.0 million for Residual Property Tax revenue. As of April 2014, the County has received the following revenue distributions in accordance with the provisions of ABx1 26 and AB 1484:

- Prior Period Residual Adjustments - $5.1 million
- Residual - $53.1 million
- Low-to-Moderate Income Housing Funds - $1.3 million
- Non-Housing Unencumbered Funds - $32.5 million
- Sale of Fixed Assets and Reserves - $1.4 million

In addition, the County and all of the taxing entities are expected to receive a residual payment and other revenue disbursements in June 2014, which may include additional prior period residual adjustments.

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

2014-15 STATE BUDGET

On January 10, 2014, the Governor released his Fiscal Year 2014-15 Proposed State Budget (the "Proposed State Budget"), The Proposed State Budget projects a beginning fund balance surplus from Fiscal Year 2013-14 of $4.212 billion, total revenues and transfers of $104.503 billion, total expenditures of $106.793 billion, and year-end surplus of $1.922 billion for Fiscal Year 2014-15, Of the projected year-end surplus, $955 million will be allocated to the Reserve for Liquidation of Encumbrances and $967 million deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also calls for a $1.951 billion deposit into the State's Budget Stabilization Account (Rainy Day Fund), which would be the first such deposit since Fiscal Year 2006-07. The Proposed State Budget also includes a proposal for a constitutional amendment to strengthen the Rainy Day Fund, which would put the State in a more fiscally sound position to pay its longer term liabilities and to address any future revenue shortfalls.

As a result of the recent economic downturn 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 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

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. The passage of Proposition 1A 2004 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 replacing 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 recent economic downturn. To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in Fiscal Year 2009-10 and 2010-11, respectively. Assessed valuation returned to growth in Fiscal Years 2011-12, 2012-13 and 2013-14, with increases of 1.4%, 2.2% and 4.7% in the Net Local Roll, respectively. For the Fiscal Year 2013-14 tax roll, the County Assessor estimates that approximately 13.1% of all single-family residential parcels, 13.5% of all residential income parcels and 16.3% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

In Fiscal Year 2013-14, the Assessor reported a Net Local Roll of $1.130 trillion, which represents an increase of 4.66% or $50.309 billion from Fiscal Year 2012-13. The 2013-14 Net Local Roll represents the largest revenue-producing valuation in the history of the County. The largest factors contributing to the projected increase in assessed valuation in Fiscal Year 2013-14 are transfers in ownership ($20.284 billion), the restoration of parcels that previous had a decline in value ($10.378 billion), new construction ($2.950 billion), an increase in the consumer price index ($17.234 billion).

Starting in Fiscal Year 2007-08, with the downturn in the real estate market, the County Assessor initiated Proposition 8 reviews of 768,000 parcels As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 550,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values, which could help insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. With the recent improvement in the residential real estate market, the Assessor is currently reviewing 345,000 parcels to determine the extent to which these parcels can be restored to Proposition 13 values.

The growth in assessed valuation is expected to continue in Fiscal Year 2014-15, as the Assessor's final forecast in February 2014 is projecting a 4.06% increase in the Net Local Roll to a new record valuation. The Assessor's 2014 Annual Report is expected to be released in August 2014.

As a result of the recent economic downturn, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn has had a significant impact on the Net County Cost (NCC) budget gap, which reached a peak of $491.6 million in Fiscal Year 2010-11. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues). In order to manage the budget gaps, the County has used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County has aggressively pursued savings through its efficiency initiative program and implemented a hard-hiring freeze and a freeze on non-essential services, supplies and equipment. Throughout the economic downturn, the County's employee labor groups agreed to zero cost-of-living adjustments (COLAs) and no salary increases. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, has enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

2013-14 FINAL ADOPTED BUDGET

The 2013-14 Final Adopted Budget, which was approved by the Board of Supervisors on October 8, 2013, appropriated $26.7 billion, representing a 4.6% decrease from the prior fiscal year. For General County purposes (General Fund and Hospital Enterprise Fund), the 2014-15 Final Adopted Budget appropriates $20.0 billion, which represents a 3.6% increase from the 2012-13 Final Adopted Budget. The 2013-14 Final Adopted Budget includes funding for 103,678 positions, which reflects a net increase of 624 budgeted positions from Fiscal Year 2012-13.

The primary changes to the NCC portion of the 2013-14 Final Adopted Budget are outlined in the following table.

Fiscal Year 2013-14 NCC Budget Changes

2012-13 One-Time Budget Solutions	$ 103,639,000
Unavoidable Cost Increases	
Health Insurance Subsidy	32,161,000
Pension Costs	47,757,000
Employee Salary Increases	65,493,000
General Relief Increases	15,000,000
Various	1,778,000
Net Program Changes	119,894,000
Revenue Changes	
Property Taxes	(215,710,000)
Property Taxes - CRA Dissolution Residual	(40,000,000)
Realignment Sales Tax	(49,626,000)
Public Safety Sales Tax	(46,415,000)
Property Tax Admin Fee	15,852,000
Interest Earnings	11,100,000
Various Revenue Changes	(9,769,000)
Ongoing Funding Used for One-Time Needes in 2012-13	(42,356,000)
Fund Balance	(8,798,000)
Total Projected Budget Gap	$ -

Expiration of Prior Year One-Time Budget Solutions
The County has previously utilized one-time funding solutions to help balance the budget. The impact on the 2013-14 Recommended Budget from the expiration of one-time funding solutions utilized in Fiscal Year 2012-13 is projected to be a negative $103.639 million.

Unavoidable Cost Increases
The primary components of the unavoidable cost increases are higher expenditures related employee salaries, pension funding requirements and employee health insurance. The increase in the County's pension funding requirements are primarily due to the net actuarial investment losses sustained by LACERA in Fiscal Year 2008-09 and reduction in the assumed investment rates of return, which are described in detail in the Information Statement section of this Appendix A. The increase in the cost of employee salaries is directly related to the new labor agreements with the County's collective bargaining units, which is also described in detail in the Information Statement section of this Appendix A.

Revenue Increases
As the local economy continues to improve, the County is projecting increases in a variety of locally generated revenues and statewide sales tax revenues. For the third consecutive year, the Assessor reported an increase in assessed valuation, which is projected to generate $215.710 million of additional property tax revenue in Fiscal Year 2013-14. In addition, the County is projecting to receive $40.0 million of additional revenue from the property tax residual related to the redevelopment agency dissolution.
The County continues to see year-over-year growth in both Proposition 172 Sales Tax and Realignment Sales Tax, which is projected to provide $96.041 million of additional revenue in Fiscal Year 2013-14.

2014-15 RECOMMENDED BUDGET

The 2014-15 Recommended Budget, which was approved on April 15, 2014, sets the total budget at $26.054 billion, which reflects a decrease of $45 million in total requirements from Fiscal Year 2013-14. General County funds, including the General Fund and Hospital Enterprise Funds ($20.271 billion) reflect a net increase of $262 million, with Special District/Special Funds reflecting a decrease of $307 million from Fiscal Year 2013-14. As the County begins the first stage of its annual budget process, the slow pace of the economic recovery, coupled with unavoidable cost increases and the need to fund critical programs, will continue to present budgetary challenges. Although the economy is showing signs of recovery, the County's principle concern is whether the recovery is sustainable. Accordingly, the County's focus for the 2014-15 Recommended Budget is stabilization and prudent growth.

The primary changes to the NCC component of the 2014-15 Recommended Budget are outlined in the following table.

Fiscal Year 2014-15 NCC Budget Changes

2013-14 One-Time Budget Solutions	$ 8,798,000
Unavoidable Cost Increases	
Health Insurance Subsidy	30,474,000
Pension Costs	79,172,000
Employee Salary Increases	82,156,000
Deferred Compensation Cap Increase	8,100,000
Various Cost Increases	8,628,000
Program Changes	
Sheriff Jail Violence Recommendations	36,475,000
Sheriff Restore Curtailments	18,000,000
Mental Health Inpatient Beds - COLA	6,321,000
Psychiatric Emergency Services	5,438,000
Various Assistance Cost Increases	4,877,000
All Other Program Changes	21,485,000
Revenue Changes	
Property Taxes	(184,899,000)
Property Taxes - CRA Dissolution Residual	(40,000,000)
Realignment Sales Tax	(25,471,000)
Public Safety Sales Tax	(26,913,000)
Registrar-Recorder Revenue Shortfall	13,181,000
Various Revenue Changes	(10,300,000)
Fund Balance	(35,522,000)
Total Projected Budget Gap	$ -

Unavoidable Cost Increases

The primary drivers of unavoidable cost increases are directly related to salaries and employee benefits. For the first time since August 2008 for safety employees, and January 2009 for the remaining employees, the County approved salary increases. Over the previous five-year period, employee labor groups actively partnered with the County by agreeing to zero salary increases, which played a critical role in enabling the County to emerge from the economic downturn in a stable financial condition. The Board of Supervisors has approved 6% salary increases with nearly all of its collective bargaining units, which are reflected in the higher expenditures for employee salaries in the 2013-14 Final Adopted Budget, and the 2014-15 Recommended Budget. In addition to employee salaries, The County is also experiencing significant cost increases for employee health insurance premiums.

The increase in the County's retirement contribution rates is primarily due to the actuarial investment losses sustained by LACERA in Fiscal Year 2008-09, and the reductions in the assumed investment rates of return The impact of the actuarial investment losses sustained in Fiscal Year 2008-09 will be fully recognized and accounted for by the end of Fiscal Year 2014-15. As a result, the County anticipates that annual expenditures for retirement costs will be more stable in the future.

Program Changes

Outlined below are some of the significant program changes that are financed with locally generated revenues.

- **Citizen's Commission on Jail Violence (CCJV)** – Provides the second year of funding ($36.5 million) to implement the CCJV recommendations. This appropriation, coupled with funding provided in Fiscal Year 2013-14, brings the total ongoing funding amount for the CCJV implementation to $56.5 million.

- **Cadre of Administrative Reserve Personnel (CARP)** – Eliminates the CARP program by providing $18.0 million to the Sheriff's Department for the second year of a two-year funding plan.

- **In-Home Supportive Services (IHSS) Program** – Increases funding for the IHSS program by $12.8 million based upon State law that requires counties to provide a 3.5 percent inflation increase to the counties maintenance of effort base amount.

- **Inpatient Bed Cost Increases** – Reflects a $6.3 million increase for the Department of Mental Health (DMH) as a result of a cost-of-living adjustments (COLA) for both State hospital beds (6 percent COLA) and Institutions for Mental Diseases (IMD) beds (4.7 percent COLA). DMH contracts for these beds from private providers and the State, which provides critical care for individuals who mental health services, and helps to alleviate overcrowding of emergency rooms and hospital inpatient beds throughout the County.

Revenue Increases

As a result of improving economic conditions, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2014-15.

The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. In the preliminary forecast for Fiscal Year 2014-15, the Assessor is projecting a 4.06% increase in assessed valuation. The projected increase in assessed valuation reflects the continuing recovery of the residential housing market, but is somewhat constrained by the recent period of low inflation. The Assessor is expected to release the 2014-15 tax roll by August 2014. The projected growth in assessed valuation corresponds to a $184.9 million increase in property tax revenue in the 2014-15 Recommended Budget. In addition to the projected growth in property tax revenue, the County has included an ongoing $40.0 million revenue increase from the property tax residual in Fiscal Year 2014-15 as a result of the rating agency dissolution.

Based on current trends, and a survey of local economic forecasts, the County has assumed a 4.0% growth factor in its overall sales tax projection for the 2014-15 Recommended Budget. Based on the 4% growth rate, the County is projecting a $52.4 million in Proposition 172 Sales Tax and Realignment Sales Tax in Fiscal Year 2014-15.

The increase in property tax and sales tax revenue is partially offset by a $13.2 million reduction in recording fee revenue, as the Registrar-Recorder/County Clerk is experiencing a significant drop in a variety of recording filings.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including two Multi-Service Ambulatory Care Centers, six comprehensive health centers, 11 health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,000 physician residents annually.

As a safety net provider, the County is the provider of last resort for millions of medically indigent County residents. Historically, the cost of providing health services has exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which has resulted in an ongoing structural deficit for DHS. By developing new revenue sources, implementing efficiencies and hiring freezes, and using one-time reserve funds, DHS has been able to cover its prior years structural deficits. DHS currently projects a budgetary surplus of $11.5 million for 2013-14 and a balanced budget for 2014-15.

The improvement in the DHS fiscal outlook from prior years is largely due to the approval by the Centers for Medicare and Medicaid Services ("CMS") of a five-year Section 1115 Hospital Financing Waiver (the "Waiver") for public hospitals in California, which became effective November 1, 2010. The Waiver provides funding to partially finance uncompensated care and also provides a new funding source for system improvements at public hospitals through the Delivery System Reform Incentive Pool ("DSRIP"). Since the DSRIP revenue is performance-based, DHS has been focusing its efforts on developing and implementing the structural and operational changes necessary to meet specific goals and outcomes in order to maximize this funding source.

In FY 2013-14, DHS expects to recognize $477.7 million in DSRIP revenue with a related intergovernmental transfer of $238.8 million. A mandated semi-annual report was submitted to the State in March 2014 for which DHS expects to receive a DSRIP payment in April 2014. The next semi-annual report is due to the State in September 2014. DHS expects to achieve most of the required performance goals, with the corresponding revenue expected to be received in late 2014.

In addition, the Waiver permits the federal government to waive certain Medicaid (referred to as Medi-Cal in California) statutory requirements and allows California to receive Federal matching funds for Medi-Cal services that would otherwise not be eligible for Federal funding. Federal health care reform provided the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The Waiver's Medi-Cal Coverage Expansion ("MCE") program, known as Healthy Way LA ("HWLA") in Los Angeles County, provided for early enrollment, prior to January 2014, for many uninsured DHS patients, thereby improving DHS' payer mix and providing additional revenue. As of December 31, 2013, there were over 300,000 patients enrolled in HWLA. On January 1, 2014, the Patient Protection and Affordable Care Act (ACA) became effective and HWLA enrollees were automatically transitioned to coverage under the ACA's MCE program. The MCE program provides Medi-Cal coverage for citizens or legal residents, and uninsured adults (ages 19-64) with incomes at or below 138% of the Federal poverty level. The MCE program is expected to significantly improve DHS' payer mix as previously uninsured patients transition to Medi-Cal coverage. The County has included $223.2 million of additional revenue related to the ACA in the 2014-15 Recommended Budget.

Based on the implementation of the ACA and the expected reduction in the numbers of uninsured patients, the State proposed a restructuring of its relationship to the counties in terms of its funding of health care and human services programs that has been in place since the 1991-92 Realignment Program. Negotiations between the State and the counties regarding the State's proposed reductions in 1991-92 Realignment Program funding occurred and ultimately resulted in the enactment of AB 85 (amended by SB 98). This legislation details the methodology that will be used to determine the amount of realignment that will be "redirected" from the Realignment Health Subaccount to the Family Support Subaccount. The County was able to negotiate its own agreement with the State and a formula that is different than the rest of the counties. The County's unique formula takes into account the entire Department of Health Services and includes cost caps, revenue requirements, specific sharing ratios, and a County maintenance of effort. A mathematical formula will be used to determine whether there are "excess" funds available for "redirection" of realignment back to the State. The amount of realignment redirection will be reconciled to the formula two years after the close of Fiscal Year 2013-14. If there are "excess" funds resulting from the formula calculation, the sharing ratio for FY 2013-14 is 70% State and 30% County. For FY 2014-15 and forward, the sharing ratio is 80% State and 20% County. The 2013-14 Final Adopted Budget included an $88.6 million reduction in State funding from the 1991-92 Realignment Program. This number will be reconciled to actual results two years after the close of Fiscal Year 2014-15. DHS is currently working with the State to determine the amount of the realignment reduction for Fiscal Year 2014-15.

General Fund Contributions and Advances

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County. These funds are commonly referred to as the Hospital Funds (the "Hospital Funds"). The County's General Fund provides financial contributions and cash advances to each of the Hospital Funds. The contributions are direct cash support and are not subject to repayment. The General Fund makes cash advances to the Hospital Funds to provide for the net cash flow requirements of the hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in a manner designed to provide the Hospital Funds with a minimal daily cash position of approximately $10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. The County Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of June 30, 2013, the balance of General Fund cash advances to the Hospital Funds was approximately $739.0 million. DHS expects this amount to increase as a result of two key factors that are occurring simultaneously; the reduction in realignment funding, and the substantial increase in the amount of services that have to be claimed on a patient-specific basis instead of through the realignment block grant, which has resulted in delays to cash receipts caused by a significant increase in pending Medi-Cal accounts and increased overall billing volume. Once the initial surge of new Medi-Cal applications is processed, DHS' cash receipts are expected return to a more timely and predictable pattern.

Another factor to note is the State's implementation of the ACA's Hospital Presumptive Eligibility ("HPE") program, which is a simplified, streamlined Medi-Cal application process that determines eligibility quickly and provides immediate, temporary Medi-Cal coverage to eligible patients. Because of the simplified nature of the HPE process, once it is fully operational, payments to DHS are expected to occur at a much faster pace and produce significant increases in DHS' cash flow.

In addition to the funding sources described above, the County's General Fund has also advanced cash to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. The State has recently completed the audit for Fiscal Year 2009-10. The State has indicated their intent to accelerate the audit process to achieve the goal of being only one-year in arrears in relation to the current fiscal year. As of June 30, 2013, the overall receivable balance was $195.9 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable, since it is not currently available to fund the County's budgetary requirements.

Martin Luther King Jr. Hospital

The County-operated Martin Luther King, Jr. Hospital (the "MLK Hospital") was closed in 2007 and converted to a Multi-Service Ambulatory Care Center. Since then, the County and the University of California (the "UC") established an independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. A seven-member MLK Hospital Board of Directors was appointed by the County and the UC in August 2010 to oversee the new 501(c)(3) private, non-profit MLK Hospital. The new MLK Hospital will serve as a safety-net community hospital providing services to a high volume of Medi-Cal and uninsured patients from the surrounding community. Construction of the new MLK Hospital facility achieved substantial completion in October 2013. The new hospital is expected to open in mid- 2015.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. While the County's share of the State settlement was expected to average approximately $100.0 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County 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. Arbitration hearings are currently being held to resolve the issues causing the payment adjustments and protests that began in 2003. The precise amount of payment adjustments to the MSA and the future availability of withheld payments are unknown at this time.

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, the annual TSRs are subject to numerous adjustments, offsets and recalculation. In April 2014, the County received $64.1 million in TSRs from the participating manufacturers, and an additional $22.4 million from the escrow account created to hold disputed payments related to Non-Participating Manufacturer (NPM) adjustments under the MSA. A settlement was reached in March 2013 with certain MSA participants (including California) to resolve the status of the disputed payments from 2003 to 2012, which also includes a new method for calculating future NPM adjustments. Both payments to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. As of June 30, 2013, the County has received approximately $1.471 billion in TSRs and accrued interest, with approximately $1.379 billion of the collected proceeds disbursed, and $92.7 million remaining in reserves and available for future appropriations. 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 will help to improve the operational efficiency of the health system

BUDGET TABLES

The 2014-15 Recommended Budget is supported by $4.382 billion in property taxes, $4.236 billion in federal funding, $5.402 billion in State funding, $0.053 billion in cancelled obligated fund balance, $1.202 billion in fund balance and $4.996 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 2014-15 Recommended Budget with the 2014-15 Recommended Budget.

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

Fund	Final 2010-11	Final 2011-12	Final 2012-13	Final 2013-14	Recommended 2014-15
General Fund	$ 16,380,905	$ 16,229,826	$ 16,750,817	$ 17,206,258	$ 17,214,652
Hospital Enterprise Fund	2,127,184	2,268,712	2,592,117	2,803,170	3,055,965
Total General County Budget	$ 18,508,089	$ 18,498,538	$ 19,342,934	$ 20,009,428	$ 20,270,617

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

	Final 2010-11	Final 2011-12	Final 2012-13	Final 2013-14	Recommended 2014-15
Requirements					
Social Services	$ 5,707,144	$ 5,539,798	$ 5,572,820	$ 5,846,911	$ 6,022,132
Health	5,424,321	5,600,822	5,952,459	6,208,232	6,301,956
Justice	4,745,700	4,697,762	4,985,441	5,146,062	5,322,723
Other	2,630,924	2,660,156	2,832,214	2,808,223	2,623,806
Total	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**
Revenue Sources					
Property Taxes	$ 3,676,161	$ 3,750,746	$ 3,814,906	$ 4,177,683	$ 4,381,993
State Assistance	4,528,710	4,670,351	5,168,427	5,024,219	5,402,240
Federal Assistance	4,868,199	4,712,400	5,008,928	4,342,123	4,235,928
Other	5,435,019	5,365,041	5,350,673	6,465,403	6,250,456
Total	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**

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

	Final 2010-11	Final 2011-12	Final 2012-13	Final 2013-14	Recommended 2014-15
Financing Requirements					
Salaries & Employee Benefits	$ 9,004,826	$ 8,895,017	$ 9,322,969	$ 9,671,291	$ 10,191,861
Services & Supplies	6,530,982	6,706,121	6,869,576	7,138,148	6,903,698
Other Charges	3,503,195	3,621,050	3,734,605	3,901,664	4,008,854
Capital Assets	1,077,873	890,217	1,025,119	982,969	872,884
Other Financing Uses	704,520	640,310	615,357	619,569	317,270
Residual Equity Transfers Out	-	-	-	-	-
Interbudget Transfers[1]	(1,452,816)	(1,419,532)	(1,476,794)	(1,417,786)	(1,110,572)
Gross Appropriation	$ 19,368,580	$ 19,333,183	$ 20,090,832	$ 20,895,855	$ 21,183,995
Less: Intrafund Transfers	946,497	975,236	942,276	944,775	960,613
Net Appropriation	$ 18,422,083	$ 18,357,947	$ 19,148,556	$ 19,951,080	$ 20,223,382
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	-	-	10,000	35,033	
Committed Fund Balance	86,006	140,591	184,378	23,315	47,235
Total Financing Requirements	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**
Available Financing					
Fund Balance	$ 1,628,644	$ 1,601,571	$ 1,565,502	$ 1,497,581	$ 1,202,184
Cancel Provision for Obligated Fund Balance	409,097	271,027	208,484	239,852	52,644
Property Taxes: Regular Roll	3,654,517	3,709,801	3,778,085	4,123,069	4,310,800
Supplemental Roll	21,644	40,945	36,821	54,614	71,193
Revenue	12,794,187	12,875,194	13,754,042	14,094,312	14,633,796
Total Available Financing	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**

[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 $1.1 billion in 2014-15, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF FINAL ADOPTED 2013-14 TO RECOMMENDED BUDGET 2014-15
Net Appropriation: By Function
(In thousands)

Function	2013-14 Final Budget (1)	2014-15 Recommended Budget (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 917,814.0	$ 971,309.0	$ 53,495.0	5.83%
General Services	738,562.0	558,754.0	(179,808.0)	-24.35%
Public Buildings	917,843.0	831,529.0	(86,314.0)	-9.40%
Total General	$ 2,574,219.0	$ 2,361,592.0	$ (212,627.0)	-8.26%
Public Protection				
Justice	$ 4,839,809.0	$ 5,010,838.0	$ 171,029.0	3.53%
Other Public Protection	212,399.0	203,504.0	(8,895.0)	-4.19%
Total Public Protection	$ 5,052,208.0	$ 5,214,342.0	$ 162,134.0	3.21%
Health and Sanitation	6,180,079.0	6,301,803.0	121,724.0	1.97%
Public Assistance	5,778,005.0	5,982,657.0	204,652.0	3.54%
Recreation and Cultural Services	299,659.0	295,294.0	(4,365.0)	-1.46%
Insurance and Loss Reserve	66,910.0	67,694.0	784.0	1.17%
Provision for Obligated Fund Balance	58,348.0	47,235.0	(11,113.0)	-19.05%
Total Requirements	**$ 20,009,428.0**	**$ 20,270,617.0**	**$ 261,189.0**	**1.31%**
AVAILABLE FUNDS				
Property Taxes	$ 4,177,683.0	$ 4,381,993.0	$ 204,310.0	4.89%
Fund Balance	1,497,581.0	1,202,184.0	(295,397.0)	-19.72%
Cancelled Prior-Year Reserves	239,852.0	52,644.0	(187,208.0)	-78.05%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 326,663.0	$ 326,663.0	$ -	0.00%
Homeowners' Exemption	20,500.0	20,500.0	-	0.00%
Public Assistance Subventions	770,941.0	1,069,559.0	298,618.0	38.73%
Other Public Assistance	1,585,028.0	1,654,697.0	69,669.0	4.40%
Public Protection	1,180,886.0	1,214,650.0	33,764.0	2.86%
Health and Mental Health	945,854.0	963,662.0	17,808.0	1.88%
Capital Projects	134,930.0	131,718.0	(3,212.0)	-2.38%
Other State Revenues	59,417.0	20,791.0	(38,626.0)	-65.01%
Total State Revenues	$ 5,024,219.0	$ 5,402,240.0	$ 378,021.0	7.52%
Federal Revenues				
Public Assistance Subventions	$ 2,484,305.0	$ 2,379,456.0	$ (104,849.0)	-4.22%
Other Public Assistance	234,518.0	225,797.0	(8,721.0)	-3.72%
Public Protection	222,740.0	222,473.0	(267.0)	-0.12%
Health and Mental Health	1,347,470.0	1,362,307.0	14,837.0	1.10%
Capital Projects	6,786.0	1,779.0	(5,007.0)	-73.78%
Other Federal Revenues	46,304.0	44,116.0	(2,188.0)	-4.73%
Total Federal Revenues	$ 4,342,123.0	$ 4,235,928.0	$ (106,195.0)	-2.45%
Other Governmental Agencies	57,195.0	57,006.0	(189.0)	-0.33%
Total Intergovenmental Revenues	$ 9,423,537.0	$ 9,695,174.0	$ 271,637.0	
Fines, Forfeitures and Penalties	214,092.0	216,156.0	2,064.0	0.96%
Licenses, Permits and Franchises	43,740.0	48,258.0	4,518.0	10.33%
Charges for Services	3,131,670.0	3,693,013.0	561,343.0	17.92%
Other Taxes	193,457.0	204,346.0	10,889.0	5.63%
Use of Money and Property	126,061.0	127,151.0	1,090.0	0.86%
Miscellaneous Revenues	517,922.0	384,473.0	(133,449.0)	-25.77%
Operating Contribution from General Fund	443,833.0	265,225.0	(178,608.0)	-40.24%
Total Available Funds	**$ 20,009,428.0**	**$ 20,270,617.0**	**$ 261,189.0**	**1.31%**

(1) Reflects the 2013-14 Final Adopted General County Budget approved by the Board of Supervisors on October 8, 2013
(2) Reflects the 2014-15 Recommended General County Budget approved by the Board of Supervisors on April 14, 2014

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2013-14 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	$ 917,814.0	$ -	$ 917,814.0
General Services	738,562.0	-	738,562.0
Public Buildings	917,843.0	-	917,843.0
Total General	$ 2,574,219.0	$ -	$ 2,574,219.0
Public Protection			
Justice	$ 4,839,809.0	$ -	$ 4,839,809.0
Other Public Protection	212,399.0	-	212,399.0
Total Public Protection	$ 5,052,208.0	$ -	$ 5,052,208.0
Health and Sanitation	$ 3,376,909.0	$ 2,803,170.0	$ 6,180,079.0
Public Assistance	5,778,005.0	-	5,778,005.0
Recreation and Cultural Services	299,659.0	-	299,659.0
Insurance and Loss Reserve	66,910.0	-	66,910.0
Provision for Obligated Fund Balance	58,348.0	-	58,348.0
Total Requirements	**$ 17,206,258.0**	**$ 2,803,170.0**	**$ 20,009,428.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,177,683.0	$ -	$ 4,177,683.0
Fund Balance	1,497,581.0	-	1,497,581.0
Cancel Provision for Obligated Fund Balance	115,192.0	124,660.0	239,852.0
	-		
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 326,663.0	$ -	$ 326,663.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	770,941.0	-	770,941.0
Other Public Assistance	1,585,028.0	-	1,585,028.0
Public Protection	1,180,886.0	-	1,180,886.0
Health and Mental Health	896,343.0	49,511.0	945,854.0
Capital Projects	134,930.0	-	134,930.0
Other State Revenues	59,417.0	-	59,417.0
Total State Revenues	4,974,708.0	49,511.0	5,024,219.0
Federal Revenues			
Public Assistance Subventions	$ 2,484,305.0	$ -	$ 2,484,305.0
Other Public Assistance	234,518.0	-	234,518.0
Public Protection	222,740.0	-	222,740.0
Health and Mental Health	872,956.0	474,514.0	1,347,470.0
Capital Projects	6,786.0	-	6,786.0
Other Federal Revenues	46,304.0	-	46,304.0
Total Federal Revenues	$ 3,867,609.0	$ 474,514.0	$ 4,342,123.0
Other Governmental Agencies	57,195.0	-	57,195.0
Total Intergovenmental Revenues	$ 8,899,512.0	$ 524,025.0	$ 9,423,537.0
Fines, Forfeitures and Penalties	214,088.0	4.0	214,092.0
Licenses, Permits and Franchises	43,614.0	126.0	43,740.0
Charges for Services	1,760,398.0	1,371,272.0	3,131,670.0
Other Taxes	193,457.0	-	193,457.0
Use of Money and Property	125,888.0	173.0	126,061.0
Miscellaneous Revenues	178,845.0	339,077.0	517,922.0
Operating Contribution from General Fund	-	443,833.0	443,833.0
Total Available Funds	**$ 17,206,258.0**	**$ 2,803,170.0**	**$ 20,009,428.0**

(1) Reflects the 2013-14 Final Adopted General County Budget approved by the Board of Supervisors on October 8, 2013

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2014-15 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	$ 971,309.0	$ -	$ 971,309.0
General Services	558,754.0	-	558,754.0
Public Buildings	831,529.0	-	831,529.0
Total General	$ 2,361,592.0	$ -	$ 2,361,592.0
Public Protection			
Justice	$ 5,010,838.0	$ -	$ 5,010,838.0
Other Public Protection	203,504.0	-	203,504.0
Total Public Protection	$ 5,214,342.0	$ -	$ 5,214,342.0
Health and Sanitation	$ 3,245,838.0	$ 3,055,965.0	$ 6,301,803.0
Public Assistance	5,982,657.0	-	5,982,657.0
Recreation and Cultural Services	295,294.0	-	295,294.0
Insurance and Loss Reserve	67,694.0	-	67,694.0
Provision for Obligated Fund Balance	47,235.0	-	47,235.0
Total Requirements	**$ 17,214,652.0**	**$ 3,055,965.0**	**$ 20,270,617.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,381,993.0	$ -	$ 4,381,993.0
Fund Balance	1,202,184.0	-	1,202,184.0
Cancel Provision for Obligated Fund Balance	52,644.0	-	52,644.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 326,663.0	$ -	$ 326,663.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,069,559.0	-	1,069,559.0
Other Public Assistance	1,654,697.0	-	1,654,697.0
Public Protection	1,214,650.0	-	1,214,650.0
Health and Mental Health	915,054.0	48,608.0	963,662.0
Capital Projects	131,718.0	-	131,718.0
Other State Revenues	20,791.0	-	20,791.0
Total State Revenues	5,353,632.0	48,608.0	5,402,240.0
Federal Revenues			
Public Assistance Subventions	$ 2,354,021.0	$ 25,435.0	$ 2,379,456.0
Other Public Assistance	225,797.0	-	225,797.0
Public Protection	222,473.0	-	222,473.0
Health and Mental Health	893,788.0	468,519.0	1,362,307.0
Capital Projects	1,779.0	-	1,779.0
Other Federal Revenues	44,116.0	-	44,116.0
Total Federal Revenues	$ 3,741,974.0	$ 493,954.0	$ 4,235,928.0
Other Governmental Agencies	57,006.0	-	57,006.0
Total Intergovenmental Revenues	$ 9,152,612.0	$ 542,562.0	$ 9,695,174.0
Fines, Forfeitures and Penalties	216,123.0	33.0	216,156.0
Licenses, Permits and Franchises	48,132.0	126.0	48,258.0
Charges for Services	1,677,146.0	2,015,867.0	3,693,013.0
Other Taxes	204,346.0	-	204,346.0
Use of Money and Property	127,066.0	85.0	127,151.0
Miscellaneous Revenues	152,406.0	232,067.0	384,473.0
Operating Contribution from General Fund	-	265,225.0	265,225.0
Total Available Funds	**$ 17,214,652.0**	**$ 3,055,965.0**	**$ 20,270,617.0**

(1) Reflects the 2014-15 Recommended General County Budget approved by the Board of Supervisors on April 14, 2014

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

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

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

PAYMENT DATES AND LIENS

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

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

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2013-14 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 $35,203,145,464 which constitutes only 3.24% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2013-14
Southern California Edison Co.	$74,565,811
Douglas Emmett Residential	41,037,496
Participants in Long Beach Unit	23,186,738
Chevron USA Inc./Texaco/Unocal	22,866,100
Tishman Speyer/Archstone Smith/ASN	21,275,582
EQR/ERP Limited	21,260,449
AT&T/Pacific Bell Telephone Co.	20,986,486
Southern California Gas Co.	19,079,862
Verizon/MCI Communications Serv. Inc.	18,569,825
Exxon/Mobil Corp.	18,331,191
BP West Coast/Atlantic Richfield Co.	18,132,474
Prologis/AMB/Catellus	18,105,871
Universal Studios LLC	17,034,562
Phillips 66	16,628,000
Maguire Properties	14,698,465
Tesoro Refining and Marketing Co.	13,712,396
Plains Exporation and Production Co.	13,428,930
Beacon Oil Co./Ultramar/Valero Energy Corp.	11,970,376
CBS Inc./Paramount Pictures Corp.	10,897,711
Anheuser Busch Inc.	10,666,347
	$426,434,672

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 from Fiscal Years 2009-10 through 2013-14.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2009-10 THROUGH 2013-14

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 %
2009-10	1,013,549,301,342	2,449,393,435	2,370,955,825	96.80%
2010-11	997,502,481,662	2,423,866,268	2,369,935,057	97.77%
2011-12	1,013,260,968,402	2,471,700,694	2,423,125,703	98.03%
2012-13	1,035,518,346,306	2,534,711,363	2,495,317,019	98.45%
2013-14	1,085,743,685,894	2,660,124,213 (3)	2,618,780,710 (3)	98.45%

(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 based on FY 2013-14 collections.

REDEVELOPMENT AGENCIES

Pursuant to ABX1 26 (the "Redevelopment Dissolution Act"), all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 bars redevelopment agencies from engaging in new business, provides for their eventual wind down and dissolution, and requires that successor agencies be created to take over from the former agencies. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million. A more detailed discussion of the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2007-08 through 2012-13.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2009-10 THROUGH 2013-14

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2009-10	140,955,357,917	1,266,067,367
2010-11	136,964,953,487	1,208,208,191
2011-12	137,243,985,288	1,187,749,842
2012-13	141,074,221,344	1,189,455,554
2013-14	149,910,987,097	995,288,952 (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) Total CRA Tax Allocations from November 2013 through April 2014.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenue 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.

2013-14 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 14, 2013, the County issued the 2013-14 TRANs with an aggregate principal amount of $1 billion in two separate series: $300.0 million due February 28, 2014 and $700.0 million due June 30, 2014. The 2013-14 TRANs are general obligations of the County attributable to the 2013-14 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 2013-14 for the purpose of repaying the 2013-14 TRANs on their respective maturity dates. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2013-14 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2013	$367,911,111
January, 2014	300,000,000
February, 2014	100,000,000
March, 2014	50,000,000
April, 2014	200,000,000
Total	$1,017,911,111

* Includes $1 billion of 2013-14 TRANs principal and 2.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2009-10.

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

	2009-10	2010-11	2011-12	2012-13	Estimated 2013-14
Property Taxes	$3,768,220	$3,733,822	$3,725,324	$4,276,875	$4,175,053
Other Taxes	154,228	137,907	172,703	167,054	179,090
Licenses, Permits and Franchises	46,825	56,799	58,642	61,268	64,950
Fines, Forfeitures and Penalties	254,428	242,904	218,380	226,737	225,034
Investment and Rental Income	133,640	123,582	111,506	107,105	99,451
State In-Lieu Taxes	424,760	401,679	366,352	335,310	336,360
State Homeowner Exemptions	21,966	21,616	21,505	21,101	20,948
Charges for Current Services	1,673,098	1,574,709	1,678,238	1,546,370	1,544,695
Other Revenue*	192,973	465,163	392,137	552,414	518,122
TOTAL UNRESTRICTED RECEIPTS	$6,670,138	$6,758,181	$6,744,787	$7,294,234	$7,163,703

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office
* Includes Tobacco Settlement Revenue

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. If the County determines that it is necessary to utilize interfund borrowing, then such borrowing may not occur after the last Monday in April of each fiscal year and must be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

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

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

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

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

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

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

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2012-13 and Fiscal Year 2013-14.

General Fund Cash Flow Statements

The Fiscal Year 2012-13 and Fiscal Year 2013-14 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2012-13, the County had an ending General Fund cash balance of $893 million. In Fiscal Year 2013-14, the County is estimating an ending cash balance in the General Fund of $609 million.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 2014, 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	$8.815
Schools and Community Colleges	12.309
Independent Public Agencies	2.351
Total	$23.475

Of these entities, the discretionary participants accounted for 10.02% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2013, reaffirmed the following criteria and order of priority for selecting investments:

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

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2014, the book value of the Treasury Pool as of March 31, 2014 was approximately $23.475 billion and the corresponding market value was approximately $23.318 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances on a daily basis. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of March 31,2014:

Type of Investment	**% of Pool**
U.S. Government and Agency Obligations	52.45
Certificates of Deposit	17.38
Commercial Paper	28.96
Bankers Acceptances	0.00
Municipal Obligations	0.21
Corporate Notes & Deposit Notes	1.00
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2014, approximately 38.57% of the investments mature within 60 days, with an average of 683 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well-established practice of market research and due diligence. The Treasury Pool did not experience a single investment loss as a result of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County Investment Officer has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages.

FINANCIAL STATEMENTS-GAAP BASIS

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

The basic financial statements for the Fiscal Year ended June 30, 2013, 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 budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2012-13 Final Adopted Budget included an available (unreserved and undesignated) General Fund balance of $1,565,502,000 as of June 30, 2012.

The 2012-13 Final Adopted Budget uses the fund balance language of the County Budget Act, which has not yet been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

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

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances are recorded as other financing uses at the time they are established, and the County recognizes them as a use of budgetary fund balance. Nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary accounting 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 of accounting, revenues are not recognized until the qualifying expenditures are incurred.

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

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and were 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 11 to the 2012-13 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period as of the fiscal year end. Under the GAAP basis of accounting, property tax revenues are recognized only to the extent that they are collectible within 60 days.

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

- In conjunction with the implementation of GASB Statement No. 45, the County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the GAAP basis, such expenditures are adjusted to recognize the OPEB Agency assets at fiscal year end.

The table below provides a reconciliation of the General Fund's June 30, 2013 fund balance (unreserved and undesignated) on a budgetary and GAAP basis.

The tables on the following pages summarize the audited balance sheets for the General Fund since 2008-09 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, 2013 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,497,581
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	148,100
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	127,360
Accrual of liabilities for accrued compendated absences not required by GAAP	58,636
Change in revenue accruals related to encumbrances	(25,829)
Deferral of property tax receivables	(73,874)
Deferral of sale of tobacco settlement revenue	(245,987)
Change in fair value of Investments	(22,017)
Reserve for "Rainy Day" Fund	197,012
Unassigned Fund Balance - GAAP Basis	$1,660,982

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2009, 2010, 2011 2012 and 2013.
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
ASSETS					
Pooled Cash and Investments	$1,841,579	$1,689,490	$2,151,267	$2,010,858	$1,637,765
Other Investments	6,099	5,839	16,589	11,109	5,676
Taxes Receivable	301,269	246,288	210,914	186,830	171,919
Other Receivables	1,907,656	1,808,478	1,763,649	1,586,097	1,777,034
Due from Other Funds	326,379	436,441	356,860	407,604	391,605
Advances to Other Funds	825,017	1,018,161	1,063,061	703,512	754,376
Inventories	46,486	44,279	54,145	51,616	47,375
Total Assets	$5,254,485	$5,248,976	$5,616,485	$4,957,626	$4,785,750
LIABILITIES					
Accounts Payable	$247,337	$266,916	$286,597	$354,119	$321,509
Accrued Payroll	504,374	286,407	289,546	303,615	309,926
Other Payables	121,665	454,244	1,039,126	525,438	89,852
Due to Other Funds	495,105	501,705	464,170	390,153	461,480
Deferred Revenue	343,386	346,829	382,897	346,488	302,656
Advances Payable	361,964	382,476	411,508	379,847	404,975
Third-Party Payor Liability	13,836	14,588	20,198	16,015	15,702
Total Liabilities	$2,087,667	$2,253,165	$2,894,042	$2,315,675	$1,906,100
EQUITY					
Fund Balance (Deficit)					
Reserved	$539,851	$784,428			
Unreserved					
Designated	971,579	618,899			
Undesignated	1,655,388	1,592,484			
Total Unreserved	2,626,967	2,211,383		-	-
Nonspendable			259,127	$259,597	$253,836
Restricted			35,377	55,115	59,786
Committed				332,255	528,865
Assigned			763,038	405,285	376,181
Unassigned			1,664,901	1,589,699	1,660,982
Total Equity	3,166,818	2,995,811	2,722,443	2,641,951	2,879,650
Total Liabilities and Equity	$5,254,485	$5,248,976	$5,616,485	$4,957,626	$4,785,750

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2009, 2010, 2011, 2012 and 2013.
*The County implemented GASB Statement 54 "Fund Balance Reporting and Government Fund Type Definitions" in FY 2010-11. The governmental fund balances are reported in the new required GASB 54 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2008-09 THROUGH 2012-13 (in thousands of $)

	2008-09	2009-10	2010-11	2011-12	2012-13
REVENUES:					
Taxes	$3,970,566	$3,864,654	$3,843,366	$3,980,409	$4,267,858
Licenses, Permits & Franchises	54,877	49,079	56,656	57,144	61,412
Fines, Forfeitures and Penalties	264,375	258,842	244,787	217,972	222,226
Use of Money and Property	183,772	124,049	130,140	103,029	89,841
Aid from Other Government	7,211,150	7,337,716	7,506,492	7,632,814	8,182,687
Charges for Services	1,654,173	1,659,224	1,641,399	1,700,540	1,565,937
Miscellaneous Revenues	198,837	191,878	145,414	134,071	216,977
TOTAL	$13,537,750	$13,485,442	$13,568,254	$13,825,979	$14,606,938
EXPENDITURES					
General	$946,008	$859,319	$883,854	$983,077	$979,989
Public Protection	4,420,786	4,412,935	4,401,985	4,538,075	4,694,982
Health and Sanitation	2,480,693	2,421,615	2,476,524	2,689,192	2,779,870
Public Assistance	4,796,019	5,025,312	5,217,560	5,108,516	5,247,031
Recreation and Cultural Services	242,999	247,094	263,046	255,818	272,835
Debt Service	247,248	271,378	278,477	24,602	30,816
Capital Outlay	772	2,115	32,598	20,106	8,065
Total	$13,134,525	$13,239,768	$13,554,044	$13,619,386	$14,013,588
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$403,225	$245,674	$14,210	$206,593	$593,350
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($612,505)	($419,756)	($340,128)	($306,002)	($359,171)
Sales of Capital Assets	886	960	9,027	3,789	740
Capital Leases	772	2,115	43,523	15,128	2,780
OTHER FINANCING SOURCES (USES)-Net	($610,847)	($416,681)	($287,578)	($287,085)	($355,651)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	($207,622)	($171,007)	($273,368)	($80,492)	$237,699
Beginning Fund Balance	3,374,440	3,166,818	2,995,811	2,722,443	2,641,951
Residual Equity Transfers from (to) Other Funds-Net	0	0	0	0	0
Ending Fund Balance	$3,166,818	$2,995,811	$2,722,443	$2,641,951	$2,879,650

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2009, 2010, 2011, 2012 and 2013.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2012-13: 12 MONTHS ACTUAL
2013-14: 9 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2012-13
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012
PROPERTY TAX GROUP						
Tax Collector Trust Fund	75,748	38,711	38,476	354,248	1,079,173	2,192,736
Auditor Unapportioned Property Tax	626,076	173,546	81,291	134,373	803,356	1,640,406
Unsecured Property Tax	134,579	47,432	130,094	155,442	113,881	69,629
Miscellaneous Fees & Taxes	8,213	19,785	32,294	16,413	10,350	10,368
State Redemption Fund	27,819	57,470	63,680	60,239	45,099	36,089
Education Revenue Augmentation	16,766	9,346	0	0	5,048	111,700
State Reimbursement Fund	0	0	0	0	476	9,976
Sales Tax Replacement Fund	4,747	21,974	30,725	30,725	30,799	64,470
Vehicle License Fee Replacement Fund	28,895	133,759	187,029	187,029	187,480	392,443
Property Tax Rebate Fund	1,970	468	4,569	4,507	4,655	3,814
Utility User Tax Trust Fund	1,041	1,294	4,457	9,662	13,036	15,277
Subtotal	$ 925,854	$ 503,785	$ 572,615	$ 952,638	$ 2,293,353	$ 4,546,908
VARIOUS TRUST GROUP						
Departmental Trust Fund	443,818	468,722	437,481	519,801	468,715	455,094
Payroll Revolving Fund	55,057	41,640	47,243	43,394	39,269	53,609
Asset Development Fund	41,429	41,437	41,448	41,460	41,475	41,482
Productivity Investment Fund	5,346	5,287	4,125	3,371	3,384	3,372
Motor Vehicle Capital Outlays	991	991	991	1,004	1,116	1,116
Civic Center Parking	142	68	96	233	277	191
Reporters Salary Fund	401	86	335	441	266	527
Cable TV Franchise Fund	11,203	10,818	11,385	11,463	11,388	11,862
Megaflex Long-Term Disability	18,465	18,346	18,312	18,170	18,114	18,003
Megaflex Long-Term Disability & Health	6,818	6,882	6,967	7,040	7,128	7,201
Megaflex Short-Term Disability	30,645	30,922	31,342	31,595	31,877	32,208
Subtotal	$ 614,315	$ 625,199	$ 599,725	$ 677,972	$ 623,009	$ 624,665
HOSPITAL GROUP						
Harbor-UCLA Medical Center	(1,478)	(4,065)	2,414	(1,045)	7,867	204
Olive View-UCLA Medical Center	(4,437)	(1,917)	3,363	2,004	723	(1,780)
LAC+USC Medical Center	(10,090)	(709)	7,014	2,973	6,660	3,907
MLK Ambulatory Care Center	558	513	514	514	514	514
Rancho Los Amigos Rehab Center	612	531	1,298	529	1,179	436
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (14,835)	$ (5,647)	$ 14,603	$ 4,975	$ 16,943	$ 3,281
GRAND TOTAL	**$ 1,525,334**	**$ 1,123,337**	**$ 1,186,943**	**$ 1,635,585**	**$ 2,933,305**	**$ 5,174,854**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	
						PROPERTY TAX GROUP
795,003	444,307	629,180	2,275,972	598,309	128,267	**Tax Collector Trust Fund**
873,382	549,077	347,905	857,322	717,737	178,138	**Auditor Unapportioned Property Tax**
55,760	55,250	51,687	41,022	56,222	80,069	**Unsecured Property Tax**
9,001	8,991	8,652	8,743	9,496	8,854	**Miscellaneous Fees & Taxes**
31,896	31,524	22,985	25,827	21,535	21,145	**State Redemption Fund**
62,789	33,152	3,249	240,129	76,774	57,627	**Education Revenue Augmentation**
19,035	1,214	1,214	2,326	21,175	8,803	**State Reimbursement Fund**
88,981	21,185	38,506	42,991	74,228	0	**Sales Tax Replacement Fund**
596,579	250,598	356,034	383,334	557,783	0	**Vehicle License Fee Replacement Fund**
1,751	663	1,393	2,685	276	3,090	**Property Tax Rebate Fund**
10,630	4,929	9,766	3,045	5,011	10,558	**Utility User Tax Trust Fund**
$ 2,544,807	$ 1,400,890	$ 1,470,571	$ 3,883,396	$ 2,138,546	$ 496,551	**Subtotal**
						VARIOUS TRUST GROUP
440,580	433,269	446,496	451,573	471,080	447,509	**Departmental Trust Fund**
44,392	44,346	51,007	52,247	49,500	54,614	**Payroll Revolving Fund**
41,491	41,497	41,511	41,609	41,647	41,981	**Asset Development Fund**
4,724	4,792	4,688	4,414	4,192	3,925	**Productivity Investment Fund**
1,116	1,095	1,032	1,000	935	925	**Motor Vehicle Capital Outlays**
216	210	63	302	199	133	**Civic Center Parking**
584	449	555	644	344	357	**Reporters Salary Fund**
12,051	11,765	12,315	12,330	12,070	12,699	**Cable TV Franchise Fund**
17,949	17,900	17,782	17,696	17,565	17,464	**Megaflex Long-Term Disability**
7,280	7,333	7,419	7,480	7,563	7,626	**Megaflex Long-Term Disability & Health**
32,468	32,666	32,986	33,321	33,769	34,145	**Megaflex Short-Term Disability**
$ 602,851	$ 595,322	$ 615,854	$ 622,616	$ 638,864	$ 621,378	**Subtotal**
						HOSPITAL GROUP
929	(413)	193	(990)	559	2,448	**Harbor-UCLA Medical Center**
669	74	(1,190)	(1,622)	(898)	1,503	**Olive View-UCLA Medical Center**
(401)	1,338	3,660	(158)	4,104	4,729	**LAC + USC Medical Center**
483	456	456	460	462	459	**MLK Ambulatory Care Center**
923	150	1,453	506	254	653	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 2,603	$ 1,605	$ 4,572	$ (1,804)	$ 4,481	$ 9,792	**Subtotal**
$ 3,150,261	**$ 1,997,817**	**$ 2,090,997**	**$ 4,504,208**	**$ 2,781,891**	**$ 1,127,721**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2013-14
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
PROPERTY TAX GROUP						
Tax Collector Trust Fund	70,645	39,983	40,064	418,772	1,416,894	3,546,677
Auditor Unapportioned Property Tax	227,749	89,650	125,432	178,880	785,225	753,554
Unsecured Property Tax	135,333	146,664	104,309	135,277	115,069	61,452
Miscellaneous Fees & Taxes	8,180	22,222	40,519	21,010	12,354	9,685
State Redemption Fund	28,427	41,374	44,302	62,015	51,378	31,378
Education Revenue Augmentation	4,964	24,866	14,130	0	3,468	352,968
State Reimbursement Fund	0	0	0	0	1,850	9,685
Sales Tax Replacement Fund	840	5,314	16,433	18,812	19,092	20,909
Vehicle License Fee Replacement Fund	5,114	32,345	100,030	114,513	116,215	127,277
Property Tax Rebate Fund	1,325	6,794	5,048	582	1,402	(693)
Utility User Tax Trust Fund	6,508	2,550	4,311	6,570	9,762	16,637
Subtotal	$ 489,085	$ 411,762	$ 494,578	$ 956,431	$ 2,532,709	$ 4,929,529
VARIOUS TRUST GROUP						
Departmental Trust Fund	453,037	501,361	486,764	479,212	484,387	460,742
Payroll Revolving Fund	50,725	48,613	58,909	51,023	46,862	63,231
Asset Development Fund	42,236	42,080	42,101	42,217	42,319	42,374
Productivity Investment Fund	3,532	3,525	3,516	4,921	6,303	6,266
Motor Vehicle Capital Outlays	910	910	1,002	1,035	1,035	1,028
Civic Center Parking	103	(6)	174	140	82	68
Reporters Salary Fund	278	488	401	462	372	524
Cable TV Franchise Fund	12,426	11,304	11,719	11,856	11,771	12,262
Megaflex Long-Term Disability	17,291	17,178	16,999	16,809	16,637	16,440
Megaflex Long-Term Disability & Health	7,693	7,740	7,814	7,887	7,955	8,037
Megaflex Short-Term Disability	34,493	34,798	35,165	35,366	35,658	36,109
Subtotal	$ 622,724	$ 667,991	$ 664,564	$ 650,928	$ 653,381	$ 647,081
HOSPITAL GROUP						
Harbor-UCLA Medical Center	(437)	2,473	787	6,595	(1,432)	713
Olive View-UCLA Medical Center	2,798	739	691	7,227	(442)	791
LAC+USC Medical Center	(19,765)	2,077	1,612	10,466	820	2,236
MLK Ambulatory Care Center	452	454	454	454	454	454
Rancho Los Amigos Rehab Center	(3,915)	(481)	472	5,292	26	1,441
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (20,867)	$ 5,262	$ 4,016	$ 30,034	$ (574)	$ 5,635
GRAND TOTAL	**$ 1,090,942**	**$ 1,085,015**	**$ 1,163,158**	**$ 1,637,393**	**$ 3,185,516**	**$ 5,582,245**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2014	February 2014	March 2014	Estimate April 2014	Estimate May 2014	Estimate June 2014	
						PROPERTY TAX GROUP
764,399	448,356	619,297	2,341,975	897,292	164,829	**Tax Collector Trust Fund**
1,010,774	755,277	605,574	882,184	631,667	551,053	**Auditor Unapportioned Property Tax**
54,018	51,531	49,196	41,022	86,649	117,399	**Unsecured Property Tax**
9,700	8,958	8,709	8,743	8,844	8,527	**Miscellaneous Fees & Taxes**
25,862	29,801	22,127	25,827	31,728	23,139	**State Redemption Fund**
337,070	102,465	90,314	240,129	0	1,497	**Education Revenue Augmentation**
17,462	1,180	1,180	2,326	26,803	10,312	**State Reimbursement Fund**
38,237	2,589	16,001	42,991	115,000	0	**Sales Tax Replacement Fund**
295,110	123,211	198,050	394,451	526,021	3,444	**Vehicle License Fee Replacement Fund**
403	1,354	1,030	2,685	(33,593)	(18,123)	**Property Tax Rebate Fund**
21,889	7,222	10,216	3,045	36,148	10,964	**Utility User Tax Trust Fund**
$ 2,574,924	$ 1,531,944	$ 1,621,694	$ 3,985,378	$ 2,326,559	$ 873,041	**Subtotal**
						VARIOUS TRUST GROUP
476,175	456,370	559,710	451,573	423,642	419,434	**Departmental Trust Fund**
51,228	53,760	58,033	53,031	59,703	49,577	**Payroll Revolving Fund**
42,391	42,423	42,816	41,609	39,257	39,331	**Asset Development Fund**
6,194	5,848	5,632	4,414	7,447	7,116	**Productivity Investment Fund**
971	958	958	1,000	2,349	2,350	**Motor Vehicle Capital Outlays**
253	239	73	302	46	391	**Civic Center Parking**
451	461	393	644	487	1,009	**Reporters Salary Fund**
12,314	12,078	12,597	12,330	8,895	9,287	**Cable TV Franchise Fund**
16,363	16,310	16,152	17,696	19,674	19,597	**Megaflex Long-Term Disability**
8,109	8,123	8,192	7,480	4,852	4,933	**Megaflex Long-Term Disability & Health**
36,325	36,663	37,097	33,321	23,553	23,959	**Megaflex Short-Term Disability**
$ 650,774	$ 633,233	$ 741,653	$ 623,400	$ 589,906	$ 576,984	**Subtotal**
						HOSPITAL GROUP
1,149	(1,366)	(1,796)	1,000	1,000	1,000	**Harbor-UCLA Medical Center**
1,940	323	1,622	1,000	1,000	1,000	**Olive View-UCLA Medical Center**
(3,802)	1,479	(4,937)	1,000	1,000	1,000	**LAC + USC Medical Center**
454	455	456	1,000	1,000	1,000	**MLK Ambulatory Care Center**
333	(1,656)	492	1,000	1,000	1,000	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 74	$ (765)	$ (4,163)	$ 5,000	$ 5,000	$ 5,000	**Subtotal**
$ 3,225,772	**$ 2,164,412**	**$ 2,359,184**	**$ 4,613,778**	**$ 2,921,465**	**$ 1,455,025**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2012-13: 12 MONTHS ACTUAL
2013-14: 9 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2012-13
(in thousands of $)

	July 2012	August 2012	September 2012	October 2012	November 2012
BEGINNING BALANCE	$ 817,362	$ 1,346,913	$ 830,197	$ 332,888	$ 39,289
RECEIPTS					
Property Taxes	$ 190,785	$ 95,686	$ 12	0	$ 42,108
Other Taxes	8,228	15,403	9,268	5,414	18,923
Licenses, Permits & Franchises	1,614	7,628	2,532	3,740	2,527
Fines, Forfeitures & Penalties	33,107	23,045	11,583	12,622	18,662
Investment and Rental Income	7,953	9,061	7,741	7,954	10,397
Motor Vehicle (VLF) Realignment	19,025	31,760	38,218	27,008	27,103
Sales Taxes - Proposition 172	60,808	51,528	48,556	49,713	60,100
Sales Taxes -1991 Program Realignment	56,732	0	49,401	127,196	57,950
Other Intergovernmental Revenue	106,417	131,944	69,445	68,696	128,408
Charges for Current Services	82,543	233,645	56,676	104,986	114,350
Other Revenue & Tobacco Settlement	57,010	55,917	10,764	29,252	10,429
Transfers & Reimbursements	8,309	68	64	26,593	11,830
Hospital Loan Repayment**	0	28,908	64,866	273,913	20,407
Welfare Advances	235,975	266,594	347,883	379,759	386,926
Other Financing Sources/MHSA	87,363	(320)	10,952	26,184	11,976
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	1,100,000	0	0	0	0
Total Receipts	$ 2,055,869	$ 950,867	$ 727,961	$ 1,143,030	$ 922,096
DISBURSEMENTS					
Welfare Warrants	$ 182,126	$ 207,257	$ 229,790	$ 239,949	$ 222,748
Salaries	395,392	391,636	385,900	384,581	389,151
Employee Benefits	221,487	226,339	155,838	167,247	157,155
Vendor Payments	526,935	417,409	284,267	374,618	266,027
Loans to Hospitals**	0	10,509	56,344	169,433	160,617
Hospital Subsidy Payments	178,016	184,087	109,316	21,305	15,313
Transfer Payments	22,362	30,346	3,815	79,496	18,262
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,526,318	$ 1,467,583	$ 1,225,270	$ 1,436,629	$ 1,229,273
ENDING BALANCE	**$ 1,346,913**	**$ 830,197**	**$ 332,888**	**$ 39,289**	**$ (267,888)**
Borrowable Resources(Avg. Balance)	$ 1,525,334	$ 1,123,337	$ 1,186,943	$ 1,635,585	$ 2,933,305
Total Cash Available	$ 2,872,247	$ 1,953,534	$ 1,519,831	$ 1,674,874	$ 2,665,417

** The net change in the outstanding Hospital Loan Balance is a decrease of $48.85 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	Total 2012-13
$ (267,888)	$ 378,664	$ 291,248	$ 270,061	$ (302,319)	$ 208,117	$ 806,070	
$ 1,021,812	$ 985,321	$ 210,944	$ 8,169	$ 695,798	$ 892,869	$ 133,371	$ 4,276,875
11,815	31,508	8,334	10,925	22,569	9,090	15,577	167,054
2,071	3,160	9,090	10,771	9,208	4,487	4,440	61,268
11,376	11,700	25,211	13,183	17,433	36,688	12,127	226,737
9,938	9,963	8,260	8,366	8,589	7,335	11,548	107,105
27,069	24,562	32,608	26,311	31,519	28,632	21,495	335,310
48,606	47,417	73,779	44,001	45,474	61,972	49,653	641,607
50,876	49,641	77,894	48,765	48,017	65,428	52,422	684,322
353,801	295,257	156,658	166,388	366,733	240,564	203,422	2,287,733
139,002	169,561	88,974	106,040	187,630	106,087	156,876	1,546,370
21,384	48,772	27,905	32,558	129,874	55,284	73,265	552,414
42,973	5,598	9,309	19,247	(95)	13,242	18,185	155,323
225,272	63,655	307,754	0	490,875	162,986	240,037	1,878,673
295,155	324,654	314,398	297,939	300,683	370,776	356,156	3,876,898
48,382	44,582	32,719	25,226	35,591	30,888	34,946	388,489
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,100,000
$ 2,309,532	$ 2,115,351	$ 1,383,837	$ 817,889	$ 2,389,898	$ 2,086,328	$ 1,383,520	$ 18,286,178
$ 216,000	$ 188,607	$ 184,623	$ 241,571	$ 211,739	$ 211,852	$ 247,061	$ 2,583,323
397,851	402,459	393,662	377,947	388,896	375,629	380,795	4,663,899
138,792	491,450	246,070	205,339	237,308	238,350	192,605	2,677,980
324,475	382,967	288,728	312,564	330,759	384,036	330,655	4,223,440
177,089	317,388	178,919	154,054	406,340	212,608	84,222	1,927,523
1,828	0	0	0	8,224	0	0	518,089
4,167	89,896	3,022	43,794	76,196	65,900	61,477	498,733
402,778	330,000	110,000	55,000	220,000	0	0	1,117,778
0	0	0	0	0	0	0	0
$ 1,662,980	$ 2,202,767	$ 1,405,024	$ 1,390,269	$ 1,879,462	$ 1,488,375	$ 1,296,815	$ 18,210,765
$ 378,664	**$ 291,248**	**$ 270,061**	**$ (302,319)**	**$ 208,117**	**$ 806,070**	**$ 892,775**	
5,174,854	$ 3,150,261	$ 1,997,817	$ 2,090,997	$ 4,504,208	$ 2,781,891	$ 1,127,721	
$ 5,553,518	$ 3,441,509	$ 2,267,878	$ 1,788,678	$ 4,712,325	$ 3,587,961	$ 2,020,496	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2013-14
(in thousands of $)

	July 2013	August 2013	September 2013	October 2013	November 2013
BEGINNING BALANCE	$ 892,775	$ 1,194,935	$ 844,344	$ 177,920	$ 43,694
RECEIPTS					
Property Taxes	$ 42,705	$ 94,531	$ -	$ 1,388	$ 44,241
Other Taxes	24,634	18,209	10,430	14,530	14,301
Licenses, Permits & Franchises	2,798	6,990	2,470	4,437	2,570
Fines, Forfeitures & Penalties	27,025	20,777	11,076	12,229	19,020
Investment and Rental Income	12,178	10,686	8,866	9,142	6,577
Motor Vehicle (VLF) Realignment	0	32,485	43,606	31,384	47,412
Sales Taxes - Proposition 172	60,221	55,156	47,519	56,790	61,134
Sales Taxes - 1991 Program Realignment	63,415	12,899	50,408	59,249	121,794
Other Intergovernmental Revenue	116,189	218,021	166,129	220,412	154,995
Charges for Current Services	96,918	212,745	45,880	159,706	114,498
Other Revenue & Tobacco Settlement	79,743	51,601	24,459	53,587	26,076
Transfers & Reimbursements	11,555	467	1,836	22,934	18,282
Hospital Loan Repayment**	0	102,151	28,709	414,368	265,572
Welfare Advances	329,984	222,520	459,965	506,583	291,480
Other Financing Sources/MHSA	27,204	43,212	474	15,929	60,185
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	1,000,000	0	0	0	0
Total Receipts	$ 1,894,569	$ 1,102,450	$ 901,827	$ 1,582,668	$ 1,248,137
DISBURSEMENTS					
Welfare Warrants	$ 185,465	$ 245,877	$ 188,577	$ 219,486	$ 211,736
Salaries	397,338	390,413	385,469	384,592	388,683
Employee Benefits	230,931	238,344	201,020	246,389	244,276
Vendor Payments	526,994	316,558	349,165	372,656	295,313
Loans to Hospitals**	0	0	297,730	403,058	315,506
Hospital Subsidy Payments	201,867	211,864	140,245	9,216	(162,342)
Transfer Payments	49,814	49,985	6,045	81,497	15,475
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,592,409	$ 1,453,041	$ 1,568,251	$ 1,716,894	$ 1,308,647
ENDING BALANCE	**$ 1,194,935**	**$ 844,344**	**$ 177,920**	**$ 43,694**	**$ (16,816)**
Borrowable Resources (Avg. Balance)	$ 1,090,942	$ 1,085,015	$ 1,163,158	$ 1,637,393	$ 3,185,516
Total Cash Available	$ 2,285,877	$ 1,929,359	$ 1,341,078	$ 1,681,087	$ 3,168,700

** The net change in the outstanding Hospital Loan Balance is a decrease of $334.85 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2013	January 2014	February 2014	March 2014	Estimated April 2014	Estimated May 2014	Estimated June 2014	Total 2013-14
$ (16,816)	$ 358,844	$ 797,772	$ 689,240	$ (6,076)	$ 184,256	$ 805,263	
$ 1,044,377	$ 1,004,008	$ 194,235	$ 11,826	$ 714,322	$ 917,271	$ 106,150	$ 4,175,053
10,198	11,049	31,542	8,054	15,702	8,508	11,933	179,090
3,951	2,632	10,112	5,885	11,162	5,951	5,992	64,950
11,257	11,177	27,640	16,801	18,375	34,697	14,960	225,034
6,492	10,207	8,205	6,617	6,690	6,889	6,902	99,451
24,809	25,311	27,297	30,629	27,986	22,087	23,354	336,360
51,498	50,915	73,037	48,393	44,634	55,746	47,855	652,898
55,879	45,938	66,923	37,739	54,748	70,843	64,384	704,219
266,245	225,840	189,730	170,266	147,865	242,723	179,096	2,297,511
129,125	142,290	121,664	124,423	97,952	160,204	139,290	1,544,695
24,191	36,672	36,434	29,574	96,787	31,802	27,195	518,122
43,363	3,475	9,465	8,533	7,727	9,023	20,154	156,815
139,496	333,068	137,663	-	520,548	126,742	109,281	2,177,598
421,891	366,885	362,837	274,824	223,571	302,452	311,140	4,074,132
1,579	38,430	45,916	-	46,400	39,737	44,793	363,858
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,000,000
$ 2,234,351	$ 2,307,897	$ 1,342,700	$ 773,564	$ 2,034,469	$ 2,034,676	$ 1,112,479	$ 18,569,788
$ 213,680	$ 215,706	$ 212,626	$ 219,445	$ 211,385	$ 227,552	$ 216,284	$ 2,567,819
398,620	410,549	404,087	402,616	401,242	401,989	394,838	4,760,436
230,595	258,833	252,651	273,150	294,444	262,566	201,072	2,934,271
434,934	357,425	294,949	359,942	342,241	317,080	309,237	4,276,494
274,611	247,142	182,493	158,827	313,574	135,480	184,033	2,512,453
(68,627)	(92)	0	0	0	0	0	332,131
8,988	79,406	2,405	4,900	81,251	69,002	3,575	452,343
365,890	300,000	102,021	50,000	200,000	0	0	1,017,911
0	0	0	0	0	0	0	0
$ 1,858,691	$ 1,868,969	$ 1,451,232	$ 1,468,880	$ 1,844,137	$ 1,413,669	$ 1,309,038	$ 18,853,858
$ 358,844	**$ 797,772**	**$ 689,240**	**$ (6,076)**	**$ 184,256**	**$ 805,263**	**$ 608,705**	
5,582,245	$ 3,225,772	$ 2,164,412	$ 2,359,184	$ 4,613,778	$ 2,921,464	$ 1,455,025	
$ 5,941,089	$ 4,023,544	$ 2,853,652	$ 2,353,108	$ 4,798,034	$ 3,726,727	$ 2,063,730	

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, 2013, approximately $1.622 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $485 million of the outstanding debt. Revenues from special districts, special funds and Hospital Enterprise Funds secure the remaining $1.137 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2013-14.

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

2013-14 Payments

Funding Source	2013-14 Payment
Total 2013-14 Payment Obligations	$163,661,451
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	63,028,144
Courthouse Construction Funds	27,324,194
Special Districts/Special Funds	5,218,114
Net 2013-14 General Fund Obligations	$68,090,999

Source: Los Angeles County Auditor-Controller

The principal amount of the County's outstanding intermediate and long-term debt obligations decreased to $1.554 billion as of May 1, 2014, which includes debt issuance and repayment activity in Fiscal Year 2013-14. An additional $700 million in TRANs, $49.0 million in Bond Anticipation Notes, and $393.0 million in tax-exempt commercial paper and direct placement revolving notes were also outstanding as of May 1, 2014. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2014 (in thousands)

Type of Obligation		Outstanding Principal
Total County		
Short-Term Obligations:		
Tax and Revenue Anticipation Notes	$	700,000.0
Bond Anticipation Notes		49,000.0
Tax-Exempt Commercial Paper		393,000.0
Intermediate & Long-Term Obligations		1,553,975.0
Total Outstanding Principal	$	2,695,975.0

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

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

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

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

Pursuant to a resolution adopted by the Board of Supervisors on May 14, 2013, the County issued $1.0 billion of 2013-14 TRANs on July 1, 2013, with two tranches: $300.0 million due February 28, 2014 and $700.0 million due June 30, 2014. The 2013-14 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2013-14, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2013-14 Tax and Revenue Anticipation Notes" of this Appendix A. Deposit obligations to the Repayment Fund for the 2013-14 TRANs has been satisfied.

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, 2014, $49.0 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 July 1, 2014.

Lease Revenue Note Program

In April 2013, the County restructured and expanded its Lease Revenue Commercial Paper Program. Under the new Lease Revenue Note Program (the "Note Program"), the County increased the maximum authorized principal amount from $400 million to $600 million. The short-term lease revenue notes issued through the Note Program will continue to finance construction costs on various capital projects throughout the County. The Note Program consists of three Irrevocable, Direct-Pay Letters of Credit ("LOC") in the aggregate principal amount of $450 million issued by JP Morgan (Series A - $150 million), U.S. Bank (Series B - $100 million) and Wells Fargo (Series C - $200 million); and a Direct Placement Revolving Credit Facility with Bank of America (Series D - $150 million). The Note Program will continue to be secured by a lease-revenue financing structure between LAC-CAL and the County, and the same portfolio of twenty-five County-owned properties pledged as collateral to secure the credit facilities. The four credit agreements, which are scheduled to terminate on April 18, 2016, provide credit enhancement and liquidity facilities to support the issuance of tax-exempt, taxable and 501c(3) eligible commercial paper and short-term direct placement revolving notes. As of May 1, 2014, $393 million of tax-exempt commercial paper and direct placement revolving notes are outstanding. The Note Program provides the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which will eventually be refinanced with the issuance of long-term bonds upon completion.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2013, approximately $1.6 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 2013-14 Final Adopted Budget contains sufficient appropriations to fund the County's payment obligations in Fiscal Year 2013-14. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Property Tax Roll") increased from 0.127% in Fiscal Year 2012-13 to 0.144% in Fiscal Year 2013-14. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Property Tax Roll over the past ten years.

COUNTY OF LOS ANGELES
OUTSTANDING DEBT TO ASSESSED VALUATION AS OF JULY 1

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2004-05	2,785,149,946	749,156,125,470	0.372%
2005-06	2,387,949,433	823,746,755,234	0.290%
2006-07	1,786,504,365	913,572,838,291	0.196%
2007-08	1,441,826,104	997,789,741,224	0.145%
2008-09	1,180,113,183	1,067,594,451,410	0.111%
2009-10	972,937,056	1,062,174,404,954	0.092%
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%

Source: Los Angeles County Assessor and Auditor-Controller

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (the "TSRs") paid by the tobacco companies participating in the Master Settlement Agreement. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

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 $260.0 million as of May 1, 2014 due to repayment activity in Fiscal Year 2013-14.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2013

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, 2014

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2013

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2013-14	68,090,998	63,028,144	27,324,194	5,218,114	163,661,451
2014-15	70,021,480	65,957,535	26,513,038	4,916,449	167,408,502
2015-16	53,942,057	68,342,886	25,635,249	5,450,204	153,370,396
2016-17	43,951,208	57,364,871	21,865,780	5,518,936	128,700,795
2017-18	40,644,871	50,461,957	16,975,475	5,589,701	113,672,004
2018-19	41,455,314	50,467,524	16,976,475	5,661,666	114,560,979
2019-20	42,286,836	50,471,921	16,965,725	5,738,989	115,463,470
2020-21	42,225,703	50,429,239	16,957,350	5,811,030	115,423,321
2021-22	43,128,172	50,423,184	16,954,300	5,891,477	116,397,133
2022-23	44,068,146	50,420,052	16,951,625	1,964,679	113,404,502
2023-24	21,336,851	50,410,165	16,943,875	1,964,399	90,655,290
2024-25	21,329,246	50,403,888	16,933,500	1,964,880	90,631,514
2025-26	21,324,622	50,395,048	16,929,000	1,964,679	90,613,349
2026-27	21,319,857	50,391,691	16,918,875	1,965,037	90,595,460
2027-28	21,231,392	50,383,353	16,906,750	1,964,948	90,486,442
2028-29	20,926,862	50,371,753	16,905,750	1,964,757	90,169,122
2029-30	20,706,986	50,364,260	16,893,613	1,964,791	89,929,649
2030-31	20,699,541	50,345,701	9,432,600	1,964,040	82,441,882
2031-32	20,692,657	50,341,280	9,431,488	1,964,600	82,430,025
2032-33	20,686,831	50,331,926	6,918,000	1,964,522	79,901,279
2033-34	20,678,510	50,315,721	6,918,750	1,964,130	79,877,110
2034-35	20,671,547	50,309,705	-	1,964,544	72,945,796
2035-36	20,663,546	50,294,766	-	1,964,230	72,922,543
2036-37	20,654,663	50,283,745	-	1,964,430	72,902,838
2037-38	20,647,344	50,278,866	-	1,965,008	72,891,219
2038-39	20,637,744	50,259,691	-	1,964,508	72,861,944
2039-40	20,630,169	50,246,289	-	1,964,284	72,840,743
2040-41	20,621,310	50,237,761	-	1,964,726	72,823,797
2041-42	-	19,945,100	-	1,964,300	21,909,400
2042-43	-	19,948,218	-	1,964,607	21,912,825
Total	$ 865,274,464	$ 1,503,226,238	$ 354,251,413	$ 91,052,666	$ 2,813,804,779

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2013

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2013-14	484,873,320	841,724,907	239,074,099	56,470,000	1,622,142,327
2014-15	447,567,848	821,829,997	223,014,357	54,297,828	1,546,710,029
2015-16	407,533,243	793,696,326	207,011,017	51,919,931	1,460,160,517
2016-17	383,051,657	761,775,789	191,140,940	48,892,308	1,384,860,693
2017-18	368,611,095	739,556,802	178,385,000	45,668,167	1,332,221,064
2018-19	357,889,063	723,352,176	170,020,000	42,241,165	1,293,502,404
2019-20	346,866,443	706,347,922	161,225,000	38,597,265	1,253,036,630
2020-21	335,526,942	688,476,303	151,990,000	34,717,435	1,210,710,679
2021-22	316,534,023	669,817,455	142,290,000	30,570,777	1,159,212,255
2022-23	287,603,559	650,368,047	132,110,000	26,135,498	1,096,217,104
2023-24	256,372,302	630,069,623	121,425,000	25,404,357	1,033,271,281
2024-25	246,679,815	608,863,906	110,200,000	24,636,008	990,379,729
2025-26	236,566,357	586,643,269	98,410,000	23,827,763	945,447,389
2026-27	225,981,235	563,319,690	86,020,000	22,978,277	898,299,202
2027-28	214,900,089	538,830,160	73,005,000	22,084,859	848,820,108
2028-29	203,377,909	513,114,829	59,335,000	21,145,717	796,973,455
2029-30	191,606,152	486,115,239	44,965,000	20,158,609	742,845,000
2030-31	179,476,720	457,762,435	29,895,000	19,120,845	686,255,000
2031-32	166,749,828	427,999,539	21,735,000	18,030,633	634,515,000
2032-33	153,395,098	396,740,964	13,170,000	16,883,939	580,190,000
2033-34	139,380,124	363,916,356	6,750,000	15,678,519	525,725,000
2034-35	124,674,529	329,453,785	-	14,411,686	468,540,000
2035-36	109,235,780	293,295,333	-	13,083,887	415,615,000
2036-37	93,021,347	255,401,290	-	11,697,363	360,120,000
2037-38	75,992,750	215,683,273	-	10,248,977	301,925,000
2038-39	58,166,190	174,133,219	-	8,735,591	241,035,000
2039-40	39,576,097	130,747,077	-	7,151,826	177,475,000
2040-41	20,198,169	85,416,324	-	5,490,508	111,105,000
2041-42	-	38,047,845	-	3,747,155	41,795,000
2042-43	-	19,481,371	-	1,918,629	21,400,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2013

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 13,830,000	$ 13,830,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,060,121			$ 1,060,121	
Sheriffs Training Academy	875,155	875,155			
San Fernando Court	1,465,824			1,465,824	
Total 2002 Lease Rev Bonds Ser B	$ 3,401,100	$ 875,155	$ 0	$ 2,525,945	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 769,641	$ 769,641			
Alhambra Courthouse	580,471			$ 580,471	
Burbank Courthouse	758,838			758,838	
Ameron Building (Sheriff Headquarters)	2,499,772	2,499,772			
Biscailuz Center	224,699	224,699			
Emergency Operations Center	1,958,551	1,958,551			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,484,907		$ 1,484,907		
Martin Luther King Medical Center - Trauma Center	6,208,619		6,208,619		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	102,987		102,987		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,383,663		4,383,663		
Rancho Los Amigos Medical Center - Parking Structure	1,637,827		1,637,827		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	688,139		688,139		
San Fernando Valley Juvenile Hall	971,631	971,631			
LAC/USC Medical Center Marengo Street Parking Garage	2,592,333		2,592,333		
LAX Area Courthouse	6,916,272			6,916,272	
San Fernando Valley Courthouse (Chatsworth)	5,486,174			5,486,174	
Total 2005 Lease Rev Refg Bonds Ser A	$ 37,264,525	$ 6,424,293	$ 17,098,477	$ 13,741,756	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,347,721				$ 3,347,721
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,191,313			$ 1,191,313	
Lynwood Regional Justice Center	10,395,525	$ 10,395,525			
Men's Central Jail - Twin Towers	9,807,275	9,807,275			
Van Nuys Courthouse	2,945,850			2,945,850	
Total 2006 Lease Rev Refg Bonds Ser A	$ 24,339,963	$ 20,202,800	$ 0	$ 4,137,163	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,919,331			$ 6,919,331	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 183,412	$ 183,412			
Patriotic Hall Renovation	296,178	296,178			
Olive View Medical Center ER/TB Unit	341,274		$ 341,274		
Olive View Medical Center Seismic	140,591		140,591		
Harbor/UCLA Surgery/ Emergency	2,138,582		2,138,582		
Harbor/UCLA Seismic Retrofit	329,778		329,778		
Hall of Justice Rehabilitation	1,529,022	1,529,022			
Total 2010 Multiple Capital Projects I, Series A	$ 4,958,837	$ 2,008,612	$ 2,950,226	$ 0	$ 0
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,166,023	$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Olive View Medical Center ER/TB Unit	2,169,611		$ 2,169,611		
Olive View Medical Center Seismic	893,795		893,795		
Harbor/UCLA Surgery/ Emergency	13,595,795		13,595,795		
Harbor/UCLA Seismic Retrofit	2,096,529		2,096,529		
Hall of Justice Rehabilitation	9,720,589	9,720,589			
Total 2010 Multiple Capital Projects I, Series B	$ 31,525,258	$ 12,769,528	$ 18,755,731	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 1,598,681	$ 1,598,681			
2012 Refg COPs: Disney Parking Project	$ 2,533,750	$ 2,533,750			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,418,306		$ 8,418,306		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,247,825		10,247,825		
Martin Luther King Jr. Data Center	325,459		325,459		
Fire Station 128	282,741				$ 282,741
Fire Station 132	457,303				457,303
Fire Station 150	709,311				709,311
Fire Station 156	421,038				421,038
Total 2012 Multiple Capital Projects II, Series 2012	$ 20,861,984	$ 0	$ 18,991,591	$ 0	$ 1,870,393
Total Long-Term Obligations	$ 150,581,151	$ 60,242,818	$ 57,796,024	$ 27,324,194	$ 5,218,114
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 13,080,300	$ 7,848,180	$ 5,232,120		
Total Intermediate-Term Obligations	$ 13,080,300	$ 7,848,180	$ 5,232,120	$ 0	$ 0
Total Obligations	$ 163,661,451	$ 68,090,998	$ 63,028,144	$ 27,324,194	$ 5,218,114

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, 2013

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 23,842,515	$ 23,842,515			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 3,760,656			$ 3,760,656	
Sheriffs Training Academy	3,104,508	$ 3,104,508			
San Fernando Court	5,199,837			5,199,837	
Total 2002 Lease Rev Bonds Ser B	$ 12,065,000	$ 3,104,508	$ 0	$ 8,960,492	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 1,683,495	$ 1,683,495			
Alhambra Courthouse	1,490,217			$ 1,490,217	
Burbank Courthouse	2,755,450			2,755,450	
Ameron Building (Sheriff Headquarters)	3,846,005	3,846,005			
Biscailuz Center	341,733	341,733			
Emergency Operations Center	3,663,967	3,663,967			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	3,590,438		$ 3,590,438		
Martin Luther King Medical Center - Trauma Center	19,849,497		19,849,497		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	207,264		207,264		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	12,402,901		12,402,901		
Rancho Los Amigos Medical Center - Parking Structure	4,629,544		4,629,544		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	1,365,968		1,365,968		
San Fernando Valley Juvenile Hall	2,403,654	2,403,654			
LAC/USC Medical Center Marengo Street Parking Garage	7,331,926		7,331,926		
LAX Area Courthouse	68,948,745			68,948,745	
San Fernando Valley Courthouse (Chatsworth)	54,604,195			54,604,195	
Total 2005 Lease Rev Refg Bonds Ser A	$ 189,115,000	$ 11,938,855	$ 49,377,538	$ 127,798,607	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 26,040,000				$ 26,040,000
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 4,005,000			$ 4,005,000	
Lynwood Regional Justice Center	22,565,000	$ 22,565,000			
Men's Central Jail - Twin Towers	21,350,000	21,350,000			
Van Nuys Courthouse	7,860,000			7,860,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 55,780,000	$ 43,915,000	$ 0	$ 11,865,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 90,450,000			$ 90,450,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,805,955	$ 3,805,955			
Patriotic Hall Renovation	6,145,932	6,145,932			
Olive View Medical Center ER/TB Unit	7,081,718		$ 7,081,718		
Olive View Medical Center Seismic	2,917,390		2,917,390		
Harbor/UCLA Surgery/ Emergency	44,377,348		44,377,348		
Harbor/UCLA Seismic Retrofit	6,843,176		6,843,176		
Hall of Justice Rehabilitation	31,728,482	31,728,482			
Total 2010 Multiple Capital Projects I, Series A	$ 102,900,000	$ 41,680,368	$ 61,219,632	$ 0	$ 0
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Olive View Medical Center ER/TB Unit	47,349,441		$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 278,681,262	$ 409,323,738	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 11,799,812	$ 11,799,812			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 136,960,000		$ 136,960,000		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	166,725,000		166,725,000		
Martin Luther King Jr. Data Center	5,295,000		5,295,000		
Fire Station 128	4,600,000				$ 4,600,000
Fire Station 132	7,440,000				7,440,000
Fire Station 150	11,540,000				11,540,000
Fire Station 156	6,850,000				6,850,000
Total 2012 Multiple Capital Projects II, Series 2012	$ 339,410,000	$ 0	$ 308,980,000	$ 0	$ 30,430,000
Total Long-Term Obligations	$ 1,590,082,327	$ 465,637,320	$ 828,900,907	$ 239,074,099	$ 56,470,000
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 32,060,000	$ 19,236,000	$ 12,824,000		
Total Intermediate-Term Obligations	$ 32,060,000	$ 19,236,000	$ 12,824,000	$ 0	$ 0
Total Obligations	$ 1,622,142,327	$ 484,873,320	$ 841,724,907	$ 239,074,099	$ 56,470,000

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, 2014

Title	Outstanding Principal	Total Future Payments		2013-14 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 20,437,430	$ 108,015,000		$ 0
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	9,305,000	10,443,200		279,150
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	160,345,000	218,894,550		3,908,378
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	26,040,000	32,081,786		2,756,361
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	33,450,000	34,646,544		0
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	87,820,000	138,370,391		0
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	102,900,000	118,704,794		0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,262,075,452	(1)	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	10,317,599	10,959,550	(1)	0
2012 Refg COPs: Disney Parking Project	50,675,000	70,965,500		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	339,330,000	630,291,250		0
Total Long-Term Obligations	$ 1,528,625,029	$ 2,635,448,016		$ 6,943,888
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 25,350,000	$ 27,324,025		$ 5,684,825
Total Intermediate-Term Obligations	$ 25,350,000	$ 27,324,025		$ 5,684,825
Total Obligations	$ 1,553,975,029	$ 2,662,772,041		$ 12,628,713

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2014
Full Cash Value (2013-14): $1,002,929,749,280 (after deducting $150,188,266,124 redevelopment incremental valuation; including unitary utility valuation)

	Applicable %		Debt as of 5/1/14	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				
Los Angeles County Flood Control District	100.000 %	$	17,480,000	
Metropolitan Water District	48.548		64,216,867	
Los Angeles Community College District	100.000		3,642,560,000	
Other Community College Districts	Various (1)		2,404,800,489	
Arcadia Unified School District	100.000		165,906,030	
Beverly Hills Unified School District	100.000		212,000,399	
Glendale Unified School District	100.000		158,699,986	
Long Beach Unified School District	100.000		536,547,292	
Los Angeles Unified School District	100.000		10,618,110,000	
Pasadena Unified School District	100.000		360,460,000	
Pomona Unified School District	100.000		202,359,426	
Redondo Beach Unified School District	100.000		205,432,952	
Santa Monica-Malibu Unified School District	100.000		291,068,787	
Torrance Unified School District	100.000		269,613,018	
Other Unified School Districts	Various (1)		2,875,114,367	
High School and School Districts	Various (1)		1,843,704,606	
City of Los Angeles	100.000		991,940,000	
City of Industry	100.000		126,265,000	
Other Cities	100.000		79,085,000	
Palmdale Water District Water Revenue Bonds	100.000		55,742,931	(2)
Palos Verdes Library District	100.000		3,530,000	
Community Facilities Districts	100.000		764,689,023	
Los Angeles County Regional Park & Open Space Assessment District	100.000		113,615,000	
1915 Act and Benefit Assessment Bonds - Estimate	100.000		108,422,262	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	26,111,363,435	
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues			(35,675,475)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			26,075,687,960	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT				
Los Angeles County General Fund Obligations	**100.000 %**	**$**	**1,814,000,030**	
Los Angeles County Office of Education Certificates of Participation	100.000		9,529,882	
Community College District Certificates of Participation	Various (3)		50,047,729	
Baldwin Park Unified School District Certificates of Participation	100.000		40,875,000	
Compton Unified School District Certificates of Participation	100.000		26,675,000	
Los Angeles Unified School District Certificates of Participation	100.000		365,858,657	
Paramount Unified School District Certificates of Participation	100.000		27,375,213	
Other Unified School District Certificates of Participation	Various (3)		140,163,255	
High School and Elementary School District General Fund Obligations	Various (3)		140,798,894	
City of Beverly Hills General Fund Obligations	100.000		188,260,000	
City of Los Angeles General Fund and Judgment Obligations	100.000		1,773,605,479	
City of Long Beach General Fund Obligations	100.000		173,790,000	
City of Long Beach Pension Obligations	100.000		45,675,000	
City of Pasadena General Fund Obligations	100.000		483,196,382	
City of Pasadena Pension Obligations	100.000		133,905,000	
Other Cities' General Fund Obligations	100.000		1,302,465,161	
Los Angeles County Sanitation Districts Financing Authority	100.000		205,563,658	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,921,784,340	
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**			**(5,491,835)**	
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds			(5,052,000)	
Cities' self-supporting bonds			(523,774,229)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,387,466,276	
OVERLAPPING TAX INCREMENT DEBT: (Successor Agency):		$	4,603,503,989	
TOTAL GROSS DIRECT DEBT		$	1,814,000,030	
TOTAL NET DIRECT DEBT		$	1,808,508,195	
TOTAL GROSS OVERLAPPING DEBT		$	35,822,651,734	
TOTAL NET OVERLAPPING DEBT		$	35,258,150,030	
GROSS COMBINED TOTAL DEBT		$	37,636,651,764	(4)
NET COMBINED TOTAL DEBT		$	37,066,658,225	

(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) Palmdale Water District Water Revenue Bonds are partially supported by the 1% ad valorem property tax levy
(3) 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.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2013-14 ASSESSED VALUATION

Total Gross Overlapping Tax and Assessment Debt	2.28 %
Total Net Overlapping Tax and Assessment Debt	2.28 %
Gross Combined Direct Debt ($1,814,000,030)	0.16 %
Net Combined Direct Debt ($1,808,508,195)	0.16 %
Gross Combined Total Debt	3.26 %
Net Combined Total Debt	3.21 %
Ratios to Redevelopment Incremental Valuation ($150,188,266,124):	
Total Overlapping Tax Increment Debt	3.07 %

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 2013 Gross Product of $583.9 billion, Los Angeles County's economy is larger than that of 43 states and all but 20 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. While still working through the effects of a severe recession, the County's economy experienced continued growth in 2013, with an increase of 1.1% in economic output (as measured by Gross Product), a 1.8% increase in personal income and a 2.9% increase in taxable retail sales. The economic recovery is expected to continue in 2014, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 9.8% in 2013, which represents an improvement from its 2012 unemployment rate of 11%. In 2014 and 2015, the job market is expected to show continued improvement, with a projected decline in the unemployment rate to 8.7% and 7.8%, respectively. The significant job losses which occurred during the recession of 2008 and 2009 were partially offset by the positive impact of major public and private construction projects. With over $16 billion in voter-approved general obligation bond measures, historically low interest rates and cost-effective financing programs and incentives provided by the Federal government, local governments and school and community college districts have undertaken major capital construction projects.

The increase in sales tax revenue ensuing from the 2008 voter-approved Measure R provides funding for major highway and transit projects that are currently underway throughout the County. In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach), the expansion of the Bradley International Terminal at the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to an improving job market in the County.

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 360,800 workers employed in this sector in 2013. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked sixth largest among the world's port facilities. The County's technology sector, which employed 186,400 in 2013, has become a large and growing source of highly compensated jobs in the local economy.

Quality of Life

Higher Education

The County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, and the Huntington Library. Construction on the new Broad Museum of Contemporary Art is underway with an expected completion date in late 2014. The 3-story structure is located adjacent to the iconic Walt Disney Concert Hall, and will further strengthen and help establish downtown Los Angeles as a premiere cultural destination on the west coast.

Recreation

With its geographic size, location, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 31 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade and Rose Bowl game, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, BCS College Football National Championship, and the Super Bowl.

Population

The County is the most populous county in the U.S. with over 10 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 26.2% of the total population of California. The demographic profile of the County indicates that 48.2% of the population is Hispanic and 51.8% non-Hispanic. 27.3% of the County's population are White, 14.9% are Asian-Pacific Islander, and 9.3% are African American. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 97 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 76.4% of the adult population has a high school diploma or higher, and 29.5% 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, affected the entire nation and had a significant adverse impact on the local economy. The unemployment rate climbed to 12.6% in 2010, but gradually decreased over the last three years to 9.8% in 2013. In comparison, the average unemployment rates for the State of California and the nation in 2013 were 8.9% and 7.4%, respectively. The employment situation in the County showed signs of improvement in 2013, with estimated total net job growth of 61,600 among the various sectors of the local economy. In 2014, total non-farm employment is projected to grow by 1.6% (61,900 jobs), resulting in a lower unemployment rate of 8.7%. Table F details the non-agricultural employment statistics by sector for the County from 2009 through 2013.

Personal Income

Total personal income grew in the County by an estimated 1.8% in 2013. The 2013 total personal income of $451.1 billion represents an estimated 24.9% of the total personal income generated in California. The Los Angeles Economic Development Corporation ("LAEDC") is projecting continued growth in personal income of 4.5% for 2014 and 4.7% for 2015. Table C provides a summary of the personal income statistics for the County from 2009 through 2013.

Consumer Spending

The County is a national leader in consumer spending. As forecasted by LAEDC, the County experienced a 2.9% increase in taxable retail sales in 2013, with continued growth of 3.8% projected for 2014. The forecasted $101.2 billion of taxable retail sales in the County in 2013 represents over 25.6% of the total retail sales in California. Table D provides a summary of taxable retail sales activity in the County from 2009 through 2013.

Industry

With an estimated annual economic output of $583.9 billion in 2013, the County continues to rank among the world's largest economies. The County's 2013 Gross Product represents approximately 28.1% 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 technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2009 through 2013.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $355.8 billion in 2008. After suffering a decline in growth in 2009, LACD's value of two-way trade has increased over the last several years. From 2010 to 2012, the value of two-way trade at LACD increased by 17% which surpassed the record level attained in 2008. LACD continued this trend in 2013 handling approximately $503.1 billion worth of international trade, which represents a 3.1% increase from 2012. Based on the latest LAEDC projections, international trade is expected to well exceed $510 billion in 2014, with continued growth projected for 2015. The LACD maintained its ranking as the top customs district in the nation for international trade in 2013, with China, Japan, South Korea, Taiwan and Thailand being the top trading partners. The LAEDC has projected an increase of 3% for 2014 in the value of international trade handled through the LACD.

Transportation/Infrastructure

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the sixth busiest airport in the world and third in the United States for passenger traffic. In 2013, LAX served 66.7 million passengers, representing a 4.7% increase from the previous year. The 1.9 million tons of air cargo handled at LAX in 2013, and the corresponding value of $86.9 billion, represents a decrease of 1.9% from 2012 levels. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs. Long Beach Airport just completed the construction of a new 74,000 square feet passenger concourse at a cost of $45 million which is projected to increase the airport's passenger levels over the next few years. Bob Hope Airport is in the planning stage of replacing its passenger concourse with a new state of the art facility. Construction is scheduled to begin on the new concourse in 2016.

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 are the busiest port complex in the U.S. and western hemisphere, and the eighth 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. In 2013, the port complex experienced a 3.4% increase in the volume of cargo from 2012, and is projecting continued growth in 2014 and 2015.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2013, it was ranked as the busiest container port in the United States for the thirteenth consecutive year, and the sixteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 24 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2013, the Port handled over 7.9 million TEUs, which represents a 2.5% decrease in container volume from 2012.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the eighteenth busiest in the world in 2011. The Port of Long Beach covers over 3,200 acres with 10 separate piers, 80 berths, 66 cranes and 22 shipping terminals. In 2013, the port handled over 6.7 million TEUs of container cargo, which represents a increase of 11.7% from 2012.

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 the County. The Fiscal Year 2013-14 operating budget for the MTA is $5.0 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 2013, the Los Angeles region hosted a record high 28.5 million overnight visitors, representing a 2.2% increase from 2012. The newly built hotels in downtown Los Angeles and Hollywood are attracting business as well as leisure travelers to the County. According to the Los Angeles Convention and Visitors Bureau, the Los Angeles region was the third ranked destination for overseas visitors in 2013, with tourists and business travelers spending in excess of $17 billion.

Real Estate and Construction

The County's residential housing market experienced a significant downturn starting in late 2007. The average median price for new and existing homes decreased by nearly 46% from a peak of $532,281 in 2007 to a cyclical low of $290,015 in January 2012. However, the real estate market stabilized in 2012, and began to show signs of a recovery, as the average median home price increased by 17.0% from the first quarter to the fourth quarter of 2012 ($301,239 to $352,544). In 2013, the real estate market experienced continued growth, as the average median home price increased by 22.1% to $430,343 in the fourth quarter of 2013. After a record high of 105,433 in 2009, notices of default recorded decreased by 80% to 20,970 in 2013, and have leveled off at a rate of approximately 1,750 per month over the previous year. Foreclosures, as measured by the number of trustees deeds recorded, decreased by over 82% from a cyclical high of 39,774 in 2008 to 7,248 in 2013. The number of trustees deeds recorded in 2013 represents a 58% decrease from the 17,123 recorded in 2012. The positive foreclosure trend accelerated in 2013, as the number of trustees deeds recorded was only 1,448 in the 4th quarter of 2013. The County's residential real estate market is expected to show continued improvement in 2014.

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained relatively stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2013-14, the County Assessor reported a Net Local Roll of $1.13 trillion, which represents a 7.0% increase from the Net Local Roll of $1.056 trillion in Fiscal Year 2011-12 and 4.7% increase from the Net Local Roll of $1.08 trillion in Fiscal Year 2012-13.

The commercial real estate sector experienced modest improvement in 2013, which is expected to continue in 2014. Construction lending experienced a significant increase of 39% from $4,601 billion in 2012 to $6,379 billion in 2013. Office market vacancy rates were essentially unchanged from 2012 to 2013, with the average vacancy rate increasing slightly from 16.7% to 16.9%, which is still significantly higher than the 9.7% rate in 2007, prior to the severe economic downturn. Industrial market vacancy rates experienced continued improvement in 2013, decreasing from 2.1% in 2012 to 1.9% in 2013, which is slightly higher than the 1.5% vacancy rate in 2007. A Korean conglomerate has broken ground on a new skyscraper in Downtown Los Angeles, which will become the tallest building in the western United States when completed in 2017. The 73-story, 1,100-foot tall structure, which will include a hotel, office space and condos, represents a $1.1 billion private investment in area of the County that is currently experiencing robust growth and development.

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2009	2010	2011	2012	2013
Los Angeles County	$530,021	$543,740	$557,500	$577,500	$583,900
State of California	1,847,044	1,901,072	1,958,900	2,045,700	2,075,500
United States	13,939,000	14,526,500	15,094,000	15,653,370	16,724,300
Los Angeles County as a % of California	28.70%	28.60%	28.46%	28.23%	28.13%

Source: Los Angeles Economic Development Corporation - 2013-14 Economic Forecast and Industry Outlook February 2014

TABLE B: POPULATION LEVELS

	2009	2010	2011	2012	2013
Los Angeles County	9,805,200	9,825,100	9,860,900	9,945,000	10,019,400
State of California	37,077,200	37,309,400	37,570,100	37,826,400	38,204,600
Los Angeles County as a % of California	26.45%	26.33%	26.25%	26.29%	26.23%

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2009	2010	2011	2012	2013
Los Angeles County	$394,900	$404,000	$424,800	$443,100	$451,100
Orange County	145,900	147,200	154,800	161,700	165,100
Riverside and San Bernardino Counties	123,200	126,300	133,800	138,800	141,800
Ventura County	36,000	37,000	39,300	40,800	42,400
State of California	1,536,400	1,579,100	1,683,200	1,768,000	1,810,500
Los Angeles County as a % of California	25.70%	25.58%	25.24%	25.06%	24.92%

Source: Los Angeles Economic Development Corporation - 2013-2014 Mid-Year Economic Forecast and Industry Outlook February 2014

TABLE D: TAXABLE RETAIL SALES IN LOS ANGELES COUNTY (in millions of $)

	2009	2010	2011	2012	2013
Los Angeles County	$78,400	$82,200	$89,300	$98,400	$101,200
State of California	311,200	326,800	355,500	379,000	395,900
Los Angeles County as a % of California	25.19%	25.15%	25.12%	25.96%	25.56%

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE E: UNEMPLOYMENT RATES

	2009	2010	2011	2012	2013
Los Angeles County	11.6%	12.6%	12.3%	11.0%	9.8%
State of California	11.3%	12.4%	11.8%	10.5%	8.9%
United States	9.3%	9.6%	8.9%	8.1%	7.4%

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2009	2010	2011	2012	2013
Government	595.8	579.6	565.5	556.8	550.0
Wholesale & Retail Trade	591.5	588.7	595.9	607.7	610.3
Health Care & Social Assistance	404.6	410.9	419.2	428.2	437.4
Manufacturing	389.2	373.2	366.8	365.7	360.8
Leisure & Hospitality	385.6	384.8	394.6	414.1	433.0
Professional, Scientific & Technical Services	250.2	245.6	255.3	267.0	276.8
Administrative & Support Services	225.3	228.7	232.4	244.1	253.6
Information	191.2	191.5	191.9	190.3	193.9
Transportation & Utilities	151.2	150.6	151.8	154.3	153.9
Finance & Insurance	142.3	137.8	136.8	138.6	140.2
Construction	117.3	104.5	105.0	108.8	116.2
Educational Services	110.1	111.1	114.2	116.1	122.0
Real Estate	73.8	71.7	71.6	71.7	75.4
Management of Enterprises	54.4	53.2	55.3	56.1	57.0
Other	140.8	141.4	142.2	144.8	145.4
Total	3,823.3	3,773.3	3,798.5	3,864.3	3,925.9

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2009	2010	2011	2012	2013
International Air Cargo (Tons)					
Los Angeles International Airport	916.0	1,125.2	1,080.7	1,135.8	1,119.0
As Percentage of Total Air Cargo	50.98%	67.63%	57.80%	57.85%	58.10%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,796.5	1,663.9	1,869.6	1,963.2	1,926.1
Long Beach Airport	35.1	29.0	28.2	27.0	26.9
Bob Hope Airport (Burbank)	42.9	44.4	43.9	47.4	52.9
Total	1,874.5	1,737.2	1,941.8	2,037.6	2,005.8
International Air Passengers					
Los Angeles International Airport	15,100.9	15,936.0	16,731.3	17,152.9	17,852.1
As Percentage of Total Passengers	26.72%	26.98%	27.05%	26.93%	26.78%
Total Air Passengers					
Los Angeles International Airport	56,520.9	59,070.1	61,862.5	63,688.1	66,667.6
Long Beach Airport	1,466.5	1,460.0	1,532.4	1,643.4	1,497.5
Bob Hope Airport (Burbank)	4,588.4	4,461.3	3,942.3	3,725.5	3,844.1
Total	62,575.8	64,991.4	67,337.2	69,057.0	72,009.2
Container Volume (TEUs)					
Port of Los Angeles	6,749.0	7,831.9	7,940.5	8,077.7	7,868.6
Port of Long Beach	5,067.6	6,263.5	6,061.1	6,045.7	6,730.6
Total	11,816.6	14,095.4	14,001.6	14,123.4	14,599.2

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Long Beach 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	2009	2010	2011	2012	2013
Los Angeles, CA	$340,200	$417,100	$467,600	$487,900	$503,100
New York, NY	$288,900	$354,500	$418,000	$412,200	$410,700
Laredo, TX	$145,600	$184,200	$214,500	$237,300	$251,100
Houston, TX	$164,900	$208,400	$263,200	$268,200	$247,100
Detroit, MI	$168,000	$215,100	$239,400	$246,300	$239,100
New Orleans, LA	$142,300	$182,700	$222,700	$230,700	$218,200
Seattle, WA	$119,800	$136,800	$154,800	$167,900	$178,000
Chicago, IL	$112,200	$138,400	$147,900	$154,700	$162,600
Savannah, GA	$86,900	$106,600	$124,900	$131,000	$127,000
San Francisco, CA	$87,000	$107,700	$120,400	$120,200	$124,800

Source: Los Angeles Economic Development Corporation - 2013 International Trade Report

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2009	2010	2011	2012	2013
Los Angeles-Long Beach, CA	167,866	193,591	199,509	201,706	207,241
Tacoma, WA	28,701	27,507	28,428	30,975	31,823
Oakland, CA	27,872	29,475	30,285	30,305	30,907
Seattle, WA	25,070	31,337	29,856	25,549	18,120
Portland, OR	16,348	19,661	19,140	17,948	13,516
Kalama, WA	9,065	11,653	11,570	10,199	9,305
San Diego, CA	3,506	4,074	4,287	4,822	5,168
Port Hueneme	2,998	3,356	4,095	4,520	4,921
Vancouver, WA	5,135	6,110	6,198	4,915	2,001

Source: Los Angeles Economic Development Corporation - 2013 International Trade Report

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2009	2010	2011	2012	2013
Los Angeles-Long Beach, CA	11,817	14,095	14,002	14,124	14,600
New York, NY	4,562	5,292	5,503	5,530	5,467
Savannah, GA	2,357	2,825	2,945	2,966	3,034
Oakland, CA	2,045	2,330	2,343	2,344	2,347
Seattle, WA	1,585	2,140	2,034	1,869	2,224
Norfolk, VA	1,745	1,895	1,918	2,106	1,950
Charleston, SC	1,368	1,280	1,380	921	1,892
Houston, TX	1,797	1,812	1,866	1,786	1,601
Tacoma, WA	1,546	1,455	1,489	1,455	1,593

Source: Los Angeles Economic Development Corporation - 2013 International Trade Report

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2009	2010	2011	2012	2013
1. Construction Lending (in millions)	$ 2,465	$ 2,128	$ 3,258	$ 4,601	$ 6,379
2. Residential Purchase Lending (in millions)	$ 22,111	$ 22,491	$ 20,469	$ 23,675	$ 27,907
3. New & Existing Median Home Prices	$ 321,550	$ 335,363	$ 316,469	$ 330,463	$ 412,096
4. New & Existing Home Sales	81,072	77,313	74,216	83,686	84,034
5. Notices of Default Recorded	105,433	68,603	64,490	49,354	20,970
6. Unsold New Housing (at year-end)	1,629	1,997	1,517	845	561
7. Office Market Vacancy Rates	16.0%	17.0%	17.0%	16.7%	16.9%
8. Industrial Market Vacancy Rates	3.3%	3.2%	2.9%	2.1%	1.9%

Source: Real Estate Research Council of Southern California - 4th Quarter 2013

TABLE L: BUILDING PERMITS AND VALUATIONS

	2009	2010	2011	2012	2013
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,131	2,439	2,370	2,756	3,599
b. Multi-Family	3,522	5,029	8,033	7,950	12,631
Total Residential Building Permits	5,653	7,468	10,403	10,706	16,230
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 798	$ 922	$ 1,032	$ 1,128	$ 1,507
b. Multi-Family	522	811	1,222	1,416	1,921
c. Alterations and Additions	1,073	1,110	1,122	674	1,193
Residential Building Valuations Subtotal	$ 2,393	$ 2,843	$ 3,376	$ 3,218	$ 4,621
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 192	$ 133	$ 156	$ 38	$ 246
b. Retail Buildings	222	263	223	115	385
c. Hotels and Motels	11	28	24	5	145
d. Industrial Buildings	40	56	136	169	128
e. Alterations and Additions	1,658	1,662	1,774	1,095	2,012
f. Other	551	535	806	381	669
Non-Residential Building Valuations Subtotal	$ 2,674	$ 2,677	$ 3,119	$ 1,803	$ 3,585
Total Building Valuations (in millions)	$ 5,067	$ 5,520	$ 6,495	$ 5,021	$ 8,206

Source: Real Estate Research Council of Southern California - 4th Quarter 2013

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2013 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	36,495	174,870
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	16,100	68,000
3	Target Corp.	Retailer	Minneapolis, MN	15,000	361,000
4	University of Southern California	Education-Private University	Los Angeles, CA	14,525	14,525
5	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,746	260,000
6	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
7	Providence Health & Services	Health Care	Renton, WA	10,983	N/A
8	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,663	10,663
9	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,630	340,000
10	Walt Disney Co.	Entertainment	Burbank, CA	10,500	166,000
11	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	10,463	161,173
12	Wells Fargo	Diversified Financial Services	San Francisco, CA	10,100	N/A
13	AT&T Inc.	Telecommunications	Dallas, TX	8,900	245,000
14	UPS	Transportation and Freight	Atlanta, GA	8,845	399,000
15	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,649	8,900
16	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,200	95,000
17	American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	7,960	12,000
18	Edison International	Electric Utility	Rosemead, CA	7,850	16,593
19	Vons	Grocery Retailer	Pleasanton, CA	7,750	25,300
20	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,700	244,300
21	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	7,400	N/A
22	Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	6,793	68,000
23	JP Morgan Chase	Banking and Financial Services	New York, NY	6,300	254,000
24	Dignity Health	Hospitals	San Francisco, CA	6,106	53,347
25	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,000	18,000

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, September 2013

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

SQUIRE SANDERS (US) LLP
555 SOUTH FLOWER STREET, 31ST FLOOR
LOS ANGELES, CA 90071

O+1 213 624 2500
F+1 213 623 4581
SQUIRESANDERS.COM

July 1, 2014

County of Los Angeles
Los Angeles, California

County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Los Angeles (the "County") in connection with the issuance of $[____________] aggregate principal amount of the County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes (the "Notes"), dated the date hereof. The Notes are being issued under Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858 inclusive (the "Act") and pursuant to a resolution adopted by the County on May __, 2014 (the "Resolution") and the Financing Certificate Provided for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes, dated the date hereof (the "Financing Certificate"). In such connection, we have reviewed: the Resolution; the Financing Certificate; a tax certificate of the County with exhibits, dated the date hereof (the "Tax Certificate"); the opinion of counsel to the County; certificates of the County and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or such events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes is concluded with their issuance on this date, and we disclaim any obligation to update this opinion. We have assumed and relied upon, without undertaking to verify, the genuineness of the documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified in such documents and certificates, the correctness of the legal conclusions contained in such opinions, and the due and legal execution of such documents and certificates by and validity thereof against any parties other than the County. Furthermore, we have relied upon the accuracy, which we have not independently verified, of the representations and certifications and have assumed compliance with the covenants of the County in the Financing Certificate, the Tax Certificate and other relevant documents to which it is a party. The accuracy of certain of those representations and certifications, and compliance by the County with certain of their covenants, may be necessary for interest on the Notes to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of such covenants subsequent to issuance of the Notes may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance. The rights and obligations under the Notes and the

Financing Certificate and their enforceability, may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

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

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, 2014 and lawfully available for the payment of the Notes, and the interest thereon, and are secured by a pledge of certain moneys, all as specified in the Resolution and the Financing Certificate.

4. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Notes earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Notes is exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Notes.

Respectfully submitted,

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 County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 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 Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (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 each maturity of the Notes, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. 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 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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 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.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and other payments on 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, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the County's designated agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the County's designated agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the DTC account of the County's designated agent.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

12. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Notes are not subject to redemption prior to maturity.

NONE OF THE COUNTY OR THE UNDERWRITERS 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 REDEMPTION.

$___________
COUNTY OF LOS ANGELES, CALIFORNIA
2014-15 TAX AND REVENUE ANTICIPATION NOTES

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 principal amount of the County's 2014-15 Tax and Revenue Anticipation Notes (the **"Notes"**). The Notes are being issued pursuant to a Resolution adopted by the County on ______, 2014 (the **"Resolution"**), and a Financing Certificate executed by the Treasurer and Tax Collector of the County of Los Angeles (the **"Treasurer"**) on ______, 2014 (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) (the **"Rule"**).

SECTION 2. Definitions. In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 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 initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"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. 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 events described in this clause, such

an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of the 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. <u>Termination of Reporting Obligation</u>. 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(a).

SECTION 5. <u>Dissemination Agent</u>. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

SECTION 6. <u>Amendment; Waiver</u>. 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: _________, 2014

COUNTY OF LOS ANGELES, CALIFORNIA

By: ____________________________________
MARK J. SALADINO
Treasurer and Tax Collector

[Signature Page to Disclosure Certificate for the 2014-15 Tax and Revenue Anticipation Notes]