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

JOSEPH KELLY
TREASURER AND TAX COLLECTOR

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August 4, 2015

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-F August 4, 2015

Patrick Ogawa
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

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

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

Dear Supervisors:

ISSUANCE AND SALE OF
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
2015 LEASE REVENUE REFUNDING BONDS, SERIES B AND SERIES C
(ALL DISTRICTS) (4 VOTES)

SUBJECT

The Treasurer and Tax Collector (the "Treasurer") is requesting authorization to issue the Los Angeles County Public Works Financing Authority 2015 Lease Revenue Refunding Bonds, Series B and Series C (the "2015 Refunding Bonds"), in an aggregate principal amount not to exceed $250 million. Proceeds from the sale of the 2015 Refunding Bonds will be utilized to refund three series of outstanding lease revenue bonds issued previously by the Los Angeles County Public Works Financing Authority (the "Authority").

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing all necessary actions related to the issuance and sale of the 2015 Refunding Bonds in an aggregate principal amount not to exceed $250 million for the purpose of refunding three series of outstanding lease revenue bonds and achieving significant debt service savings for the County.

IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY:

Adopt the Resolution authorizing all necessary actions related to the issuance and sale of the 2015 Refunding Bonds in an aggregate principal amount not to exceed $250 million for the purpose of refunding three series of outstanding lease revenue bonds and achieving significant debt service savings for the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The approval of the above recommendations will authorize the issuance of the 2015 Refunding Bonds and the execution and delivery of all related documents. The proceeds from the sale of the 2015 Refunding Bonds will be utilized to fully refund the following three series of outstanding lease revenue bonds: the 2005 Calabasas Landfill Project Lease Revenue Bonds (the "Calabasas Bonds") in the amount of $21,550,000; the 2005 Master Refunding Project Lease Revenue Refunding Bonds (the "2005 Bonds") in the amount of $134,760,000; and the 2006 Master Refunding Project Lease Revenue Refunding Bonds, Series B (the "2006 Bonds"), in the amount of $82,280,000. The issuance of the 2015 Refunding Bonds will result in significant savings in debt service costs, as described in further detail below.

The Treasurer intends to issue the 2015 Refunding Bonds in two separate series, including a tax-exempt component (the "2015 Series B Refunding Bonds), and a federally taxable component (the "2015 Series C Refunding Bonds"). The proceeds from the sale of the 2015 Series B Refunding Bonds will be used to refund the Calabasas Bonds and the 2005 Bonds. The proceeds from the sale of the 2015 Series C Refunding Bonds will be used to refund the 2006 Bonds.

The Treasurer has evaluated three options for refunding the 2006 Bonds, which are non-callable and cannot be refunded on a tax-exempt basis until June 1, 2016. The three options include: (1) issuing current-delivery taxable bonds; (2) issuing forward delivery tax-exempt bonds to close on June 1, 2016; or (3) waiting until June 1, 2016 to issue current-delivery tax-exempt bonds. Given the recent volatility in the municipal bond market and the uncertainty regarding future interest rates, combined with the significant challenges with selling nine-month forward delivery tax-exempt bonds (Option 2), we have determined that issuing the 2015 Series C Refunding Bonds on a current-delivery taxable basis is the prudent course of action to capture substantial debt service savings and minimize the County's risk exposure to higher interest rates and market volatility (Option 3).

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This action supports Strategic Plan Goal #1: Operational Effectiveness/Fiscal Sustainability by refunding outstanding bond obligations and providing cost-effective financing for the County's capital facilities.

FISCAL IMPACT/FINANCING

Based on current market conditions, the County expects to issue the 2015 Refunding Bonds in an aggregate par amount of approximately $215 million and generate an additional $19 million of proceeds through bond issuance premium. The estimated bond proceeds of $234 million will be supplemented with proceeds from existing debt service reserve funds for the 2005 Bond and 2006 Bonds (Prior Bonds) in the aggregate amount of $27 million to provide sufficient funding to redeem the $238,590,000 outstanding par amount of the Prior Bonds, and to fund a debt service reserve fund and pay the costs of issuance related to the 2015 Refunding Bonds.

The Resolutions being presented to your Board require the Bonds to be issued at a true interest cost not to exceed 5.0 percent. Given the current interest rate environment, it is expected that actual borrowing costs will be significantly lower and should result in a true interest cost to the County of less than 4.0 percent. The Treasurer will structure the 2015 Refunding Bonds to achieve the maximum level of debt service savings based on market conditions at the time of pricing, which is currently scheduled for the second week of August 2015. Based on current market conditions and the County's strong credit profile, the 2015 Refunding Bonds are expected to generate total net present value savings of approximately $20.7 million and gross debt service savings of more than $40 million. The net present value savings are summarized in the table below:

2015 Refunding Bonds	Prior Obligations	2015 Refunding PAR Amount	Projected Net Present Value Savings	% Savings of Refunding Bonds
2015B (Tax-Exempt)	Calabasas Bonds	$ 18,715,000	$ 2,220,020	11.86%
	2005 Bonds	111,090,000	7,400,976	6.66%
2015C (Federally Taxable)	2006 Bonds	85,305,000	11,099,610	13.01%
	Total	**$ 215,110,000**	**$ 20,720,606**	**9.63%**

The payment of debt service on the 2015 Refunding Bonds will be funded by a combination of revenues from the County General Fund and the Courthouse Construction Fund (CCF). The debt service obligation associated with the refunding of the Calabasas Bonds is expected to be paid by the General Fund. With respect to the refunding of the 2005 Bonds and 2006 Bonds, the remaining debt obligations relate primarily to the construction of County courthouses. The debt service for the 2015 Refunding Bonds related to these series of Prior Bonds will therefore be paid by revenues from both the General Fund and the CCF.

The 2015 Refunding Bonds will be structured in such a manner that will maximize the use of CCF revenues and limit the fiscal impact to the County General Fund. The estimated savings generated by the 2015 Refunding Bonds, as described in the table above, reflects the total savings of the refunding transaction for both funding sources. The actual allocation of savings between the General Fund and the CCF will be determined by the final structure of the Bonds and the future availability of CCF revenues. To the extent that future CCF revenues are insufficient to cover the refunding debt service associated with the 2005 Bonds and 2006 Bonds, the General Fund will be responsible for the payment of any debt service shortfall. Given the current revenue pattern associated with the CCF, the 2015 Refunding Bonds are expected to reduce the General Fund commitment to courthouse debt service by approximately $35 million over the life of the refunding bonds. This savings estimate is driven both by the lower interest rates to be achieved in the current market, as well as the Treasurer's decision to shorten the final maturity on the 2015 Series C Refunding Bonds and amortize the higher-cost taxable bonds on the short-end of the yield curve. By moving the taxable bonds early, the Treasurer will issue only tax-exempt bonds in the longer maturities and therefore take advantage of the lower rates being offered for tax-exempt debt.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The 2015 Refunding Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 et seq. of the California Government Code. The County intends to issue and sell the 2015 Refunding Bonds through the Authority using a standard lease revenue structure. In this structure, the County leases the pledged assets to the Authority through a lease agreement, and the Authority leases the same pledged assets back to the

County through a sublease agreement. The 2015 Refunding Bonds will be secured by annual base rental payments from the County to the Authority, which are subject to annual appropriation by your Board.

The County will issue the 2015 Refunding Bonds pursuant to a Master Indenture established in February 2015 in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), Series 2015 (the "2015 Lease Revenue Bonds"). The Authority and the County will amend each of the Master Indenture, Master Site Lease and Master Sublease in order to issue additional bonds pursuant to this structure. The amendments to the Master Site Lease and Master Sublease will allow the County to pledge additional real property assets as security for the repayment of the 2015 Lease Revenue Bonds and the 2015 Refunding Bonds.

The Prior Bonds to be refunded were originally issued by the County in order to finance a variety of capital improvement projects, including five courthouses, four hospital facilities, Sheriff and Probation department facilities, and one County-owned landfill. In addition, these bonds were secured by a lease structure that pledged many of these same assets as collateral. For purposes of the 2015 Refunding Bonds, only three of these prior assets are being carried forward into the new Master Lease. Specifically, the three assets are the Michael D. Antonovich Courthouse, LAX Courthouse, and Chatsworth Courthouse. These properties will be in addition to the following five properties that will be leased in support of the 2015 Lease Revenue Bonds and 2015 Refunding Bonds:

- Civic Center Heating and Refrigeration Plant (currently in Master Lease)
- Internal Services Department Headquarters (currently in Master Lease)
- Manhattan Beach Library (currently in Master Lease)
- Zev Yaroslavsky Family Support Center (financed with the 2015 Lease Revenue Bonds)
- Lost Hills Sheriff Station (unrelated property added to the Master Lease)

By adding only three assets from the Prior Bonds to the current Master Lease structure, the County will be able to release twelve real estate assets that are currently pledged as collateral for the Calabasas Bonds and the 2005 Bonds. These assets are identified below and, with the exception of the two courthouses, will now be available to the County as potential collateral for future lease revenue bond financings:

- Calabasas Landfill
- Alhambra Courthouse
- Burbank Courthouse
- Ameron Sheriff Headquarters
- Emergency Operations Center
- Harbor/UCLA Medical Center – Primary Care & Diagnostic Center
- Martin Luther King Medical Center - Modular Building (Pediatric Trauma)
- Rancho Los Amigos Medical Center – Inpatient Building (Unit A)
- Rancho Los Amigos Medical Center – Parking Structure
- Rancho Los Amigos Medical Center – Master Plan II (Utilities)
- San Fernando Valley Juvenile Hall
- LAC/USC Medical Center – Marengo Street Parking Garage

To execute the issuance and sale of the 2015 Refunding Bonds, the Treasurer is recommending that the bonds be sold to the capital markets on a negotiated basis. Based on the results of a competitive solicitation process, Goldman, Sachs & Co. was selected as the senior managing underwriter and Morgan Stanley & Co. LLC as the co-senior manager for this transaction. Backstrom, McCarley Berry & Co. LLC, Keybanc Capital Markets, Inc. and Raymond James & Associates, Inc. were appointed as co-managers for this financing. Public Resources Advisory Group has been selected as the financial advisor, and Norton Rose Fulbright US LLP and Orrick, Herrington & Sutcliffe LLP will serve as bond counsel and underwriters' counsel, respectively.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

Upon approval of the attached Resolutions, it is requested that the Acting Executive Officer of the Board return two originally executed copies to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

JOSEPH KELLY
Treasurer and Tax Collector

JK:DB:JP:pab
Pb/brdltr/2015PWFA080415

Attachments

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

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY BY THE COUNTY OF A FIRST AMENDMENT TO MASTER SITE LEASE, A FIRST AMENDMENT TO MASTER SUBLEASE, A FIRST SUPPLEMENTAL INDENTURE, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE CERTIFICATE IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (MASTER REFUNDING PROJECT), 2015 SERIES B (TAX-EXEMPT) AND LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (MASTER REFUNDING PROJECT), 2015 SERIES C (FEDERALLY TAXABLE), APPROVING THE ISSUANCE OF SUCH BONDS IN THE AGGREGATE PRINCIPAL AMOUNTS OF NOT TO EXCEED $250,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, in order to finance certain public improvement projects, equipment and furnishings at the "Calabassas Landfill," the Los Angeles County Public Works Financing Authority (the "Authority") issued its Lease Revenue Bonds (Calabassas Landfill Project), Series 2005 (the "2005 Bonds"); and

WHEREAS, in order to finance and refinance certain capital improvements, including certain improvements to the Alhambra Courthouse Expansion Facility, Burbank Courthouse Addition, Sheriff's Department Headquarters, Emergency Operations Center, Harbor/UCLA Primary Care and Diagnostic Center, Rancho Los Amigos Inpatient Care Unit, Rancho Los Amigos Parking Structure, Rancho Los Amigos Central Heating and Cooling Plant, Martin Luther King, Jr. Trauma and Diagnostic Center, Martin Luther King, Jr. Central Plant, San Fernando Valley Juvenile Hall, Marengo Street Parking Structure, Los Angeles County Superior Court-Airport Branch, West San Fernando Valley Courthouse and Harbor-UCLA Medical Center Emergency Power Generating Facility, the Authority issued its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005A Bonds"); and

WHEREAS, in order to refinance the Antelope Valley Courthouse project, the Authority issued its Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the "2006B Bonds"); and

WHEREAS, the Authority has previously issued its Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "2015A Bonds"), pursuant to a Master Indenture, dated as of February 1, 2015 (the "Master Indenture"), by and among the Authority, the County of Los Angeles (the "County") and Zions First National Bank, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the 2015A Bonds, the County leased certain real property owned by the County (the "Property") to the Authority pursuant to a Master

Site Lease (the “Master Site Lease”), and subleased the Property back from the Authority pursuant to a Master Sublease (the “Master Sublease”); and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2015A Bonds, the County, the Authority and the Trustee may by execution of a supplemental indenture, without the consent of the Owners of the 2015A Bonds, provide for the issuance of Additional Bonds, payable from Lease Revenues (as defined in the Master Indenture); and

WHEREAS, the Master Site Lease provides that the Master Site Lease may be amended only in accordance with the provisions of the Master Sublease; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the Authority and the County thereunder may be amended at any time by an amendment thereof which shall become binding upon execution by the Authority and the County, without the written consents of any Owners of the 2015A Bonds, in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County desire to enter into a First Amendment to Master Site Lease (the “First Site Lease Amendment”) in order to amend the Master Site Lease so as to add certain real property to the existing Property, consisting of the Antelope Valley Courthouse, Los Angeles County Superior Court – Airport Branch, West San Fernando Valley Courthouse, Zev Yaroslavsky Family Support Center and the Lost Hills Sheriff Station (the “Additional Property”), and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Site Lease as so amended is referred to as the “Site Lease”); and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County also desire to enter into a First Amendment to Master Sublease (the “First Sublease Amendment”) in order to amend the Master Sublease so as to add the Additional Property to the existing Property, to increase the amount of base rental payments payable thereunder and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Sublease as so amended is referred to as the “Sublease”); and

WHEREAS, the County and the Authority have determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refund the 2005 Bonds and the 2005A Bonds through the issuance of Additional Bonds, designated “Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt)” (the “2015B Bonds”) and to provide funds necessary to refund the 2006B Bonds through the issuance of Additional Bonds, designated “Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)” (the “2015C Bonds”); and

WHEREAS, the Authority and the County desire that the Trustee, the Authority and the County enter into a First Supplemental Indenture (the "First Supplemental Indenture") in order to provide for the issuance of the 2015B Bonds and the 2015C Bonds and to expressly provide that all rights to receive the Base Rental Payments, including the increased amounts thereof provided for in the First Sublease Amendment, have been assigned without recourse by the Authority to the Trustee; and

WHEREAS, the 2015B Bonds and the 2015C Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code; and

WHEREAS, Goldman, Sachs & Co., on behalf of itself and on behalf of Morgan Stanley & Co. LLC and such other co-underwriters as may be selected by the Treasurer and Tax Collector of the County and the Treasurer of the Authority prior to the sale of the 2015B Bonds and the 2015C Bonds (collectively, the "Underwriter"), has submitted to the Authority and the County a proposal to purchase the 2015B Bonds and the 2015C Bonds in the form of a Bond Purchase Agreement (the "Bond Purchase Agreement"); and

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the 2015B Bonds and the 2015C Bonds has been prepared; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the 2015B Bonds and the 2015C Bonds, the underwriters thereof must have reasonably determined that the County has undertaken in a written agreement or contract for the benefit of the holders of the Series 2015B Bonds and the 2015C Bonds to provide disclosure of certain financial information and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the County desires to execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and

WHEREAS, the Board of Supervisors has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Supervisors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

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

Section 1. All of the recitals herein contained are true and correct and the Board of Supervisors so finds.

Section 2. The form of the First Site Lease Amendment, on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Mayor of the Board of Supervisors, and such other member of the Board of Supervisors as the Mayor may designate, the Treasurer and Tax Collector of the County or deputy or assistant thereof, and such other officers of the County as the Treasurer and Tax Collector of the County may designate (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the First Site Lease Amendment in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the First Sublease Amendment, on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the First Sublease Amendment in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the Base Rental Payments relating to the 2015B Bonds and the 2015C Bonds shall not exceed $250,000,000, and the true interest cost applicable to the interest components of the Base Rental Payments relating to the 2015B Bonds and the 2015C Bonds shall not exceed five percent (5%), per annum.

Section 4. The form of First Supplemental Indenture, on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the First Supplemental Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal amount of the 2015B Bonds and the 2015C Bonds shall not exceed $250,000,000, the final maturity date of the 2015B Bonds and the 2015C Bonds shall be no later than December 1, 2033, and the true interest cost applicable to the 2015B Bonds and the 2015C Bonds shall not exceed five percent (5%), per annum.

Section 5. The form of the Bond Purchase Agreement, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the 2015B Bonds and the 2015C Bonds shall not exceed (0.6%) of the aggregate principal amount.

Section 6. The form of Preliminary Official Statement, on file with the Executive Officer-Clerk, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the 2015B Bonds and the 2015C Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 7. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the 2015B Bonds and the 2015C Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The form of Continuing Disclosure Certificate, on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

Section 9. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, obtaining additional title insurance with respect to the Property and entering into an agreement to indemnify and hold the insurance company providing the same harmless with respect to encumbrances recorded against the Property between the last title continuation as set forth in such agreement and the recording of the documents (or notice thereof) herein approved.

Section 10. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to for the Authority to issue the 2015C Bonds as forward delivery bonds (i.e. where the delivery date of the 2015C Bonds is scheduled to be no earlier than June 3, 2016), including, without limitation, the modification of the name of the 2015C Bonds to reflect federal tax exemption, the preparation, execution and delivery of any additional amendments to the Master Site Lease and the Master Sublease, any additional supplement to the Master Indenture, any additional continuing disclosure certificate, bond purchase agreement or preliminary official statement substantially similar to the form documents being approved by the Board of Directors pursuant to this Resolution.

Section 11. All actions heretofore taken by the officers, employees and agents of the County with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 12. This Resolution shall take effect from and after its date of adoption.

The foregoing Resolution was on the 4th day of August, 2015, 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 district agencies and authorities for which the Board so act.

COUNTY OF LOS ANGELES
CALIFORNIA

PATRICK OGAWA, Acting Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles

By:______________________
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
Interim County Counsel

By:______________________
Principal Deputy County Counsel

RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A FIRST AMENDMENT TO MASTER SITE LEASE, A FIRST AMENDMENT TO MASTER SUBLEASE, A FIRST SUPPLEMENTAL INDENTURE, AN ESCROW AGREEMENT AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (MASTER REFUNDING PROJECT), 2015 SERIES B (TAX-EXEMPT) AND LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (MASTER REFUNDING PROJECT), 2015 SERIES C (FEDERALLY TAXABLE), AUTHORIZING THE ISSUANCE OF SUCH BONDS IN THE AGGREGATE PRINCIPAL AMOUNTS OF NOT TO EXCEED $250,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, in order to finance certain public improvement projects, equipment and furnishings at the "Calabassas Landfill," the Los Angeles County Public Works Financing Authority (the "Authority") issued its Lease Revenue Bonds (Calabassas Landfill Project), Series 2005 (the "2005 Bonds"); and

WHEREAS, in order to finance and refinance certain capital improvements, including certain improvements to the Alhambra Courthouse Expansion Facility, Burbank Courthouse Addition, Sheriff's Department Headquarters, Emergency Operations Center, Harbor/UCLA Primary Care and Diagnostic Center, Rancho Los Amigos Inpatient Care Unit, Rancho Los Amigos Parking Structure, Rancho Los Amigos Central Heating and Cooling Plant, Martin Luther King, Jr. Trauma and Diagnostic Center, Martin Luther King, Jr. Central Plant, San Fernando Valley Juvenile Hall, Marengo Street Parking Structure, Los Angeles County Superior Court-Airport Branch, West San Fernando Valley Courthouse and Harbor-UCLA Medical Center Emergency Power Generating Facility, the Authority issued its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005A Bonds"); and

WHEREAS, in order to refinance the Antelope Valley Courthouse project, the Authority issued its Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the "2006B Bonds"); and

WHEREAS, the Authority has previously issued its Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "2015A Bonds"), pursuant to a Master Indenture, dated as of February 1, 2015 (the "Master Indenture"), by and among the Authority, the County of Los Angeles (the "County") and Zions First National Bank, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the 2015A Bonds, the County leased certain real property owned by the County (the "Property") to the Authority pursuant to a Master

Site Lease (the “Master Site Lease”), and subleased the Property back from the Authority pursuant to a Master Sublease (the “Master Sublease”); and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2015A Bonds, the County, the Authority and the Trustee may by execution of a supplemental indenture, without the consent of the Owners of the 2015A Bonds, provide for the issuance of Additional Bonds; and

WHEREAS, the Master Site Lease provides that the Master Site Lease may be amended only in accordance with the provisions of the Master Sublease; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the Authority and the County thereunder may be amended at any time by an amendment thereof which shall become binding upon execution by the Authority and the County, without the written consents of any Owners of the 2015A Bonds, in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County desire to enter into a First Amendment to Master Site Lease (the “First Site Lease Amendment”) in order to amend the Master Site Lease so as to add certain real property to the existing Property, consisting of the Antelope Valley Courthouse, Los Angeles County Superior Court – Airport Branch, West San Fernando Valley Courthouse, Zev Yaroslavsky Family Support Center and the Lost Hills Sheriff Station (the “Additional Property”), and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Site Lease as so amended is referred to as the “Site Lease”); and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County also desire to enter into a First Amendment to Master Sublease (the “First Sublease Amendment”) in order to amend the Master Sublease so as to add the Additional Property to the existing Property, to increase the amount of base rental payments payable thereunder and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Sublease as so amended is referred to as the “Sublease”); and

WHEREAS, the County and the Authority have determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refund the 2005 Bonds and the 2005A Bonds through the issuance of Additional Bonds, designated “Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt)” (the “2015B Bonds”) and to provide funds necessary to refund the 2006B Bonds through the issuance of Additional Bonds, designated “Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)” (the “2015C Bonds”); and

WHEREAS, the Authority and the County desire that the Trustee, the Authority and the County enter into a First Supplemental Indenture (the “First Supplemental Indenture”) in order to provide for the issuance of the 2015B Bonds and the 2015C Bonds and to expressly provide that all rights to receive the base rental payments, including the increased amounts thereof provided for in the First Sublease Amendment, have been assigned without recourse by the Authority to the Trustee; and

WHEREAS, the 2015B Bonds and the 2015C Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code; and

WHEREAS, the Board of Directors of the Authority (the "Board of Directors") has determined that securing the timely payment of the principal of and interest on the 2015B Bonds and the 2015C Bonds by obtaining a [municipal bond insurance policy and/or a reserve surety policy or bond with respect thereto could be economically advantageous to the Authority]; and

WHEREAS, Goldman, Sachs & Co., on behalf of itself and on behalf of Morgan Stanley & Co. LLC and such other co-underwriters as may be selected by the Treasurer and Tax Collector of the County and the Treasurer of the Authority prior to the sale of the 2015B Bonds and the 2015C Bonds (collectively, the "Underwriter"), has submitted to the Authority and the County a proposal to purchase the 2015B Bonds and the 2015C Bonds in the form of a Bond Purchase Agreement (the "Bond Purchase Agreement"); and

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the 2015B Bonds and the 2015C Bonds has been prepared; and

WHEREAS, a form of the Escrow Agreement (the "Escrow Agreement") has been prepared; and

WHEREAS, the Board of Directors has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Directors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Los Angeles County Public Works Financing Authority, as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors so finds.

Section 2. The form of the First Site Lease Amendment, on file with the Secretary of the Authority, is hereby approved, and the Chairman of the Board of Directors of the Authority, and such other member of the Board of Directors as the Chairman may designate, the Treasurer of the Authority or deputy or assistant thereof, and such other officers of the Authority as the Treasurer of the Authority may designate (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the First Site Lease Amendment in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the First Sublease Amendment, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the First Sublease Amendment in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal components of the base rental payments relating to the 2015B Bonds and the 2015C Bonds shall not exceed $250,000,000, and the true interest cost applicable to the interest components of the base rental payments relating to the 2015B Bonds and the 2015C Bonds shall not exceed five percent (5%), per annum.

Section 4. The issuance of not to exceed $250,000,000 aggregate principal amount of the 2015B and 2015C Bonds, bearing interest at the rates and maturing on the dates as specified in the First Supplemental Indenture, as finally executed, is hereby authorized and approved. The form of First Supplemental Indenture, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the First Supplemental Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the final maturity date of the 2015B Bonds and the 2015C Bonds shall be no later than December 1, 2033, and the true interest cost applicable to the 2015B Bonds and the 2015C Bonds shall not exceed five percent (5%), per annum.

Section 5. The form of the Bond Purchase Agreement, submitted to and on file with the Secretary of the Board of Directors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriter's discount for the sale of the 2015B Bonds and the 2015C Bonds shall not exceed (0.6%) of the aggregate principal amount.

Section 6. The form of Preliminary Official Statement, on file with the Secretary of the Authority, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the 2015B Bonds and the 2015C Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by such Rule).

Section 7. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the 2015B Bonds and the 2015C Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The form of Escrow Agreement, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Escrow Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, applying for, and negotiating the terms of, municipal bond insurance and/or a reserve surety policy or bond (and any contract or mutual insurance agreement for such insurance or surety) for all or a portion of the 2015B Bonds and the 2015C Bonds if such insurance or surety is determined to be in the best interests of the Authority. Furthermore, the Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to issue the 2015C Bonds as forward delivery bonds (i.e. where the delivery date of the 2015C Bonds is scheduled to be no earlier than June 3, 2016), including, without limitation, the modification of the name of the 2015C Bonds to reflect federal tax exemption, the preparation, execution and delivery of any additional amendments to the Master Site Lease and the Master Sublease, any additional supplement to the Master Indenture, any additional escrow agreement, bond purchase agreement or preliminary official statement substantially similar to the form documents being approved by the Board of Directors pursuant to this Resolution.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 11. This Resolution shall take effect from and after its date of adoption.

The foregoing Resolution was on the 4th day of August, 2015, adopted by the Board of Directors of the Los Angeles County Public Works Financing Authority.

PATRICK OGAWA, Acting Secretary of the Board of Directors of the Los Angeles County Public Works Financing Authority

By:______________________
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
Interim County Counsel

By:______________________
Principal Deputy County Counsel

48466851.4

TO BE RECORDED AND WHEN RECORDED RETURN TO:
Norton Rose Fulbright US LLP
555 S. Flower Street, 41st Floor
Los Angeles, CA 90071
Attention: Danny Kim, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

FIRST AMENDMENT TO MASTER SITE LEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of ___________ 1, 2015

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**FIRST AMENDMENT TO
MASTER SITE LEASE**

THIS FIRST AMENDMENT TO MASTER SITE LEASE (this "First Amendment") executed and entered into as of **__________** 1, 2015, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority").

RECITALS

WHEREAS, in order to finance certain public improvement projects, equipment and furnishings at the "Calabassas Landfill," the Authority issued its Lease Revenue Bonds (Calabassas Landfill Project), Series 2005 (the "2005 Bonds"); and

WHEREAS, in order to finance and refinance certain capital improvements, including certain improvements to the Alhambra Courthouse Expansion Facility, Burbank Courthouse Addition, Sheriff's Department Headquarters, Emergency Operations Center, Harbor/UCLA Primary Care and Diagnostic Center, Rancho Los Amigos Inpatient Care Unit, Rancho Los Amigos Parking Structure, Rancho Los Amigos Central Heating and Cooling Plant, Martin Luther King, Jr. Trauma and Diagnostic Center, Martin Luther King, Jr. Central Plant, San Fernando Valley Juvenile Hall, Marengo Street Parking Structure, Los Angeles County Superior Court-Airport Branch, West San Fernando Valley Courthouse and Harbor-UCLA Medical Center Emergency Power Generating Facility, the Authority issued its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005A Bonds"); and

WHEREAS, in order to refinance the Antelope Valley Courthouse project, the Authority issued its Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the "2006B Bonds"); and

WHEREAS, the Authority has previously issued its Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "2015A Bonds"), pursuant to a Master Indenture, dated as of February 1, 2015 (the "Master Indenture"), by and among the Authority, the County and Zions First National Bank, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the 2015A Bonds, the County leased certain real property owned by the County (the "Property") to the Authority pursuant to a Master Site Lease (the "Master Site Lease"), and subleased the Property back from the Authority pursuant to a Master Sublease (the "Master Sublease"); and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2015A Bonds, the County, the Authority and the Trustee may by execution of a supplemental indenture, without the consent of the Owners of the 2015A Bonds, provide for the issuance of Additional Bonds; and

WHEREAS, the Master Site Lease provides that the Master Site Lease may be amended only in accordance with the provisions of the Master Sublease; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the Authority and the County thereunder may be amended at any time by an amendment thereof which shall become binding upon execution by the Authority and the County, without the written consents of any Owners of the 2015A Bonds, in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County desire to enter into this First Amendment in order to amend the Master Site Lease so as to add certain real property to the existing Property and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Site Lease as so amended is referred to as the "Site Lease"); and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County also desire to enter into a First Amendment to Master Sublease (the "First Sublease Amendment") in order to amend the Master Sublease so as to add certain real property to the existing Property, to increase the amount of base rental payments payable thereunder and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Sublease as so amended is referred to as the "Sublease"); and

WHEREAS, the County and the Authority have determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refund the 2005 Bonds and the 2005A Bonds through the issuance of Additional Bonds, designated "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt)" (the "2015B Bonds") and to provide funds necessary to refund the 2006B Bonds through the issuance of Additional Bonds, designated "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)" (the "2015C Bonds"); and

WHEREAS, the Authority and the County desire that the Trustee, the Authority and the County enter into a First Supplemental Indenture (the "First Supplemental Indenture") in order to provide for the issuance of the 2015B Bonds and the 2015C Bonds and to expressly provide that all rights to receive the base rental payments, including the increased amounts thereof provided for in the First Sublease Amendment, have been assigned without recourse by the Authority to the Trustee; and

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

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

PART 1

PARTICULAR AMENDMENTS

Part 1.1 Amendments to Section 2.02. Section 2.02 of the Master Site Lease is hereby amended to include the following paragraph immediately following the first paragraph thereof:

> The Authority shall pay to the County as and for rental of the Property hereunder, an additional sum of not to exceed $_________ (the "Additional Site Lease Payment"). The Additional Site Lease Payment shall be paid from the proceeds of the 2015B Bonds and the 2015C Bonds; provided, however, that in the event the available proceeds of the 2015B Bonds and the 2015C Bonds are not sufficient to enable the Authority to pay such amount in full, the remaining amount of the Additional Site lease payment shall be reduced to an amount equal to the amount of such available proceeds.

Part 1.2 Amendments to Exhibit A. Exhibit A of the Master Site Lease is hereby replaced with Exhibit A of this First Amendment.

PART 2

MISCELLANEOUS

Part 2.1 Effect of First Amendment. This First Amendment and all of the terms and provisions herein contained shall form part of the Master Site Lease as fully and with the same effect as if all such terms and provisions had been set forth in the Master Site Lease. The Master Site Lease is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Amendment and the terms of the Master Site Lease (as in effect on the day prior to the effective date of this First Amendment), the terms of this First Amendment shall prevail.

Part 2.2 Execution in Counterparts. This First Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Part 2.3 Effective Date. This First Amendment shall become effective upon the Series 2015B/C Closing Date.

IN WITNESS WHEREOF, the County and the Authority have caused this First Amendment to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

COUNTY OF LOS ANGELES

By: ________________________________
Joseph Kelly,
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ________________________________
Joseph Kelly,
Treasurer

EXHIBIT A

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Los Angeles, State of California, described as follows, and any improvements thereto:

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Government Code, this is to certify that the interest in the real property conveyed by the Master Site Lease, dated as of February 1, 2015, by and between the County of Los Angeles, a political subdivision of the State of California (the "County") and the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), as amended and supplemented by the First Amendment to Master Site Lease, dated as of _________ 1, 2015, by and between the County and the Authority, from the County to the Authority, is hereby accepted by the undersigned on behalf of the Authority pursuant to authority conferred by resolution of the Board of Directors of the Authority adopted on ___________, 2015, and the Authority consents to recordation thereof by its duly authorized officer.

Dated: ____________, 2015

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ________________________________
Joseph Kelly, Treasurer

TO BE RECORDED AND WHEN RECORDED RETURN TO:
Norton Rose Fulbright US LLP
555 S. Flower Street, 41st Floor
Los Angeles, CA 90071
Attention: Danny Kim, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11921 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

FIRST AMENDMENT TO MASTER SUBLEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of ___________ 1, 2015

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FIRST AMENDMENT TO MASTER SUBLEASE

THIS FIRST AMENDMENT TO MASTER SUBLEASE (this "First Amendment") executed and entered into as of ___________ 1, 2015, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority").

RECITALS

WHEREAS, in order to finance certain public improvement projects, equipment and furnishings at the "Calabassas Landfill," the Authority issued its Lease Revenue Bonds (Calabassas Landfill Project), Series 2005 (the "2005 Bonds"); and

WHEREAS, in order to finance and refinance certain capital improvements, including certain improvements to the Alhambra Courthouse Expansion Facility, Burbank Courthouse Addition, Sheriff's Department Headquarters, Emergency Operations Center, Harbor/UCLA Primary Care and Diagnostic Center, Rancho Los Amigos Inpatient Care Unit, Rancho Los Amigos Parking Structure, Rancho Los Amigos Central Heating and Cooling Plant, Martin Luther King, Jr. Trauma and Diagnostic Center, Martin Luther King, Jr. Central Plant, San Fernando Valley Juvenile Hall, Marengo Street Parking Structure, Los Angeles County Superior Court-Airport Branch, West San Fernando Valley Courthouse and Harbor-UCLA Medical Center Emergency Power Generating Facility, the Authority issued its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005A Bonds"); and

WHEREAS, in order to refinance the Antelope Valley Courthouse project, the Authority issued its Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the "2006B Bonds"); and

WHEREAS, the Authority has previously issued its Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "2015A Bonds"), pursuant to a Master Indenture, dated as of February 1, 2015 (the "Master Indenture"), by and among the Authority, the County and Zions First National Bank, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the 2015A Bonds, the County leased certain real property owned by the County (the "Property") to the Authority pursuant to a Master Site Lease (the "Master Site Lease"), and subleased the Property back from the Authority pursuant to a Master Sublease (the "Master Sublease"); and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2015A Bonds, the County, the Authority and the Trustee may by execution of a supplemental indenture, without the consent of the Owners of the 2015A Bonds, provide for the issuance of Additional Bonds, payable from Lease Revenues (as defined in the Master Indenture); and

WHEREAS, the Master Site Lease provides that the Master Site Lease may be amended only in accordance with the provisions of the Master Sublease; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the Authority and the County thereunder may be amended at any time by an amendment thereof which shall become binding upon execution by the Authority and the County, without the written consents of any Owners of the 2015A Bonds, in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County desire to enter into a First Amendment to Master Site Lease (the "First Site Lease Amendment") in order to amend the Master Site Lease so as to add certain real property to the existing Property and to make certain modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Site Lease as so amended is referred to as the "Site Lease"); and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County also desire to enter into this First Amendment in order to amend the Master Sublease so as to add certain real property to the existing Property, to increase the amount of base rental payments payable thereunder and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Sublease as so amended is referred to as the "Sublease"); and

WHEREAS, the County and the Authority have determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refund the 2005 Bonds and the 2005A Bonds through the issuance of Additional Bonds, designated "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt)" (the "2015B Bonds") and to provide funds necessary to refund the 2006B Bonds through the issuance of Additional Bonds, designated "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)" (the "2015C Bonds"), both series of bonds payable from Lease Revenues; and

WHEREAS, the Authority and the County desire that the Trustee, the Authority and the County enter into a First Supplemental Indenture (the "First Supplemental Indenture") in order to provide for the issuance of the 2015B Bonds and the 2015C Bonds and to expressly provide that all rights to receive the base rental payments, including the increased amounts thereof provided for in this First Amendment, have been assigned without recourse by the Authority to the Trustee; and

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

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

PART 1

PARTICULAR AMENDMENTS

Part 1.1 Amendments to Section 1.01. (a) Section 1.01 of the Master Sublease is hereby amended by modifying the following terms:

> **"Closing Date"** means, as appropriate to the context, the Series 2015A Closing Date, the Series 2015B/C Closing Date and/or the closing date(s) for any series of Additional Bonds.

(b) Section 1.01 of the Master Sublease is hereby amended by adding thereto the following definitions:

> **"Series 2015A Closing Date"** means the date upon which the Series 2015 Bonds are delivered to the Original Purchaser thereof, being February 4, 2015.
>
> **"Series 2015B/C Closing Date"** means the date upon which the Series 2015B Bonds and the Series 2015C Bonds are delivered to the Series 2015B/C Bonds Original Purchaser thereof, being ____________, 2015.
>
> **"Series 2015B Bonds"** means the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series B (Tax-Exempt), issued under the Indenture.
>
> **"Series 2015C Bonds"** means the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series C (Federally Taxable), issued under the Indenture.
>
> **"Series 2015B/C Bonds Original Purchaser"** means Goldman, Sachs & Co., on behalf of itself and on behalf of Morgan Stanley & Co. LLC, ___________, ___________ and __________, the original purchasers of the Series 2015B Bonds and the Series 2015C Bonds from the Authority.

Part 1.2 Amendments to Section 3.01(b). (a) Section 3.01(b) of the Master Sublease is hereby amended in full to read as follows:

> (b) *Base Rental Payments.* Subject to the provisions of Section 3.06 hereof, the County shall, on each Base Rental Deposit Date, pay to the Authority a Base Rental Payment in an amount equal to the principal of, and interest on, the Bonds, including the Series 2015 Bonds, the Series 2015B Bonds and the Series 2015C Bonds, due and payable on the next succeeding Principal Payment Date or Interest Payment Date, as applicable, including any such principal due and payable by reason of mandatory sinking fund redemption of the Bonds; provided, however, that the amount of such Base Rental Payment shall be reduced by the amount, if any, available in the Payment Fund, the Principal Account or the Interest Account on such Base Rental Deposit Date to pay such principal of, or interest on, the Bonds.

Part 1.3 **<u>Amendments to Section 6.02(a)</u>.** (a) Section 6.02(a) of the Master Sublease is hereby amended in full to read as follows:

> (a) The County shall have the right to cause the Bonds to be redeemed pursuant to, and in accordance with the provisions of, Section 3.02 or Sections 11.05(a) or 12.05(a) of the Indenture by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and giving notice of the County's exercise of such right as provided in subsection (b) of this Section.

Part 1.4 **<u>Amendments to Exhibit A</u>.** Exhibit A of the Master Sublease is hereby replaced with Exhibit A of this First Amendment.

PART 2

MISCELLANEOUS

Part 2.1 **<u>Effect of First Amendment</u>.** This First Amendment and all of the terms and provisions herein contained shall form part of the Master Sublease as fully and with the same effect as if all such terms and provisions had been set forth in the Master Sublease. The Master Sublease is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Amendment and the terms of the Master Sublease (as in effect on the day prior to the effective date of this First Amendment), the terms of this First Amendment shall prevail.

Part 2.2 **<u>Execution in Counterparts</u>.** This First Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Part 2.3 **<u>Effective Date</u>.** This First Amendment shall become effective upon the Series 2015B/C Closing Date.

IN WITNESS WHEREOF, the Authority and the County have caused this First Amendment to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ___________________________________
Joseph Kelly,
Treasurer

COUNTY OF LOS ANGELES

By: ___________________________________
Joseph Kelly,
Treasurer and Tax Collector

EXHIBIT A

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Los Angeles, State of California, described as follows, and any improvements thereto:

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Government Code, this is to certify that the interest in the real property conveyed by the Master Sublease, dated as of February 1, 2015, by and between the County of Los Angeles, a political subdivision of the State of California (the "County") and the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), as amended and supplemented by the First Amendment to Master Sublease, dated as of __________ 1, 2015, by and between the County and the Authority, from the Authority to the County, is hereby accepted by the undersigned on behalf of the County pursuant to authority conferred by resolution of the Board of Supervisors of the County adopted on ____________, 2015, and the County consents to recordation thereof by its duly authorized officer.

Dated: _____________, 2015

COUNTY OF LOS ANGELES

By: ____
Joseph Kelly, Treasurer and Tax Collector

FIRST SUPPLEMENTAL INDENTURE

by and among

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

COUNTY OF LOS ANGELES

and

ZIONS FIRST NATIONAL BANK

Dated as of __________ 1, 2015

Relating to

Los Angeles County Public Works Financing Authority
Lease Revenue Refunding Bonds
(Master Refunding Project),
2015 Series B (Tax-Exempt)/2015 Series C (Federally Taxable)

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture"), is made and entered into as of **_______** 1, 2015, by and among the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California (the "Authority"), the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and ZIONS FIRST NATIONAL BANK, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee").

W I T N E S S E T H:

WHEREAS, in order to finance certain public improvement projects, equipment and furnishings at the "Calabassas Landfill," the Authority issued its Lease Revenue Bonds (Calabassas Landfill Project), Series 2005 (the "2005 Bonds"); and

WHEREAS, in order to finance and refinance certain capital improvements, including certain improvements to the Alhambra Courthouse Expansion Facility, Burbank Courthouse Addition, Sheriff's Department Headquarters, Emergency Operations Center, Harbor/UCLA Primary Care and Diagnostic Center, Rancho Los Amigos Inpatient Care Unit, Rancho Los Amigos Parking Structure, Rancho Los Amigos Central Heating and Cooling Plant, Martin Luther King, Jr. Trauma and Diagnostic Center, Martin Luther King, Jr. Central Plant, San Fernando Valley Juvenile Hall, Marengo Street Parking Structure, Los Angeles County Superior Court-Airport Branch, West San Fernando Valley Courthouse and Harbor-UCLA Medical Center Emergency Power Generating Facility, the Authority issued its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A (the "2005A Bonds"); and

WHEREAS, in order to refinance the Antelope Valley Courthouse project, the Authority issued its Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B (the "2006B Bonds"); and

WHEREAS, the Authority has previously issued its Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "2015A Bonds"), pursuant to a Master Indenture, dated as of February 1, 2015 (the "Master Indenture"), by and among the Authority, the County and the Trustee; and

WHEREAS, in connection with the issuance of the 2015A Bonds, the County leased certain real property owned by the County (the "Property") to the Authority pursuant to a Master Site Lease (the "Master Site Lease"), and subleased the Property back from the Authority pursuant to a Master Sublease (the "Master Sublease"); and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2015A Bonds, the County, the Authority and the Trustee may by execution of a supplemental indenture, without the consent of the Owners of the 2015A Bonds, provide for the issuance of Additional Bonds, payable from Lease Revenues (as defined in the Master Indenture); and

WHEREAS, the Master Site Lease provides that the Master Site Lease may be amended only in accordance with the provisions of the Master Sublease; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the Authority and the County thereunder may be amended at any time by an amendment thereof which shall become binding upon execution by the Authority and the County, without the written consents of any Owners of the 2015A Bonds, in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County desire to enter into a First Amendment to Master Site Lease (the "First Site Lease Amendment") in order to amend the Master Site Lease so as to add certain real property to the existing Property and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Site Lease as so amended is referred to as the "Site Lease"); and

WHEREAS, in order to accomplish the refunding of the 2005 Bonds, the 2005A Bonds and the 2006B Bonds, the Authority and the County also desire to enter into a First Amendment to Master Sublease (the "First Sublease Amendment") in order to amend the Master Sublease so as to add certain real property to the existing Property, to increase the amount of base rental payments payable thereunder and to make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture (the Master Sublease as so amended is referred to as the "Sublease"); and

WHEREAS, the County and the Authority have determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refund the 2005 Bonds and the 2005A Bonds through the issuance of Additional Bonds, designated "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt)" (the "Series 2015B Bonds") and to provide funds necessary to refund the 2006B Bonds through the issuance of Additional Bonds, designated "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)" (the "Series 2015C Bonds"); and

WHEREAS, the Trustee, the Authority and the County are entering into this First Supplemental Indenture in order to provide for the issuance of the Series 2015B Bonds and the Series 2015C and to expressly provide that all rights to receive the base rental payments, including the increased amounts thereof provided for in the First Sublease Amendment, have been assigned without recourse by the Authority to the Trustee; and

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

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties do hereby agree as follows:

PART 1

PARTICULAR AMENDMENTS

Part 1.1. <u>Amendments to Section 1.01</u>. (a) Section 1.01 of the Master Indenture is hereby amended by modifying the following terms:

> **"Closing Date"** means, as appropriate to the context, the Series 2015A Closing Date, the Series 2015B/C Closing Date and/or the closing date(s) for any series of Additional Bonds.
>
> **"Interest Payment Date"** means, (a) with respect to the Series 2015 Bonds, each June 1 and December 1, commencing December 1, 2015, and (b) with respect to the Series 2015B Bonds and the Series 2015C Bonds, each June 1 and December 1, commencing __________ 1, 201___.
>
> **"Original Purchaser"** means (a) with respect to the Series 2015 Bonds, Barclays Capital Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC, Siebert Brandford Shank & Co., L.L.C. and Edward Jones, the original purchasers of the Series 2015 Bonds from the Authority, and (b) with respect to the Series 2015B Bonds and the Series 2015C Bonds, Goldman, Sachs & Co., on behalf of itself and on behalf of Morgan Stanley & Co. LLC, ________, _________ and _________, the original purchasers of the Series 2015B Bonds and the Series 2015C Bonds from the Authority.

(b) Section 1.01 of the Master Indenture is hereby amended by adding thereto the following definitions:

> **"Continuing Disclosure Certificate (Series 2015B/C Bonds)"** means the Continuing Disclosure Certificate, dated as of __________, 2015, executed by the County, as originally executed and as it may be amended from time to time in accordance with the terms thereof.
>
> **"Escrow Agent"** means U.S. Bank National Association, acting as escrow agent under the Escrow Agreement.
>
> **"Escrow Agreement"** means the Escrow Agreement, dated as of ______ 1, 2015, by and between the Authority and the Escrow Agent, relating to the refunding of the Authority's Lease Revenue Bonds (Calabasas Landfill Project), Series 2005, Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A and Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B.
>
> **"Participating Underwriter (Series 2015B/C Bonds)"** has the meaning ascribed thereto in the Continuing Disclosure Certificate (Series 2015B/C Bonds).

"Series 2015A Closing Date" means the date upon which the Series 2015 Bonds are delivered to the Original Purchaser thereof, being February 4, 2015.

"Series 2015B Bonds" means the Los Angeles County Public Works Public Financing Authority (Master Refunding Project) 2015 Series B (Tax-Exempt), issued under the Indenture.

"Series 2015B/C Closing Date" means the date upon which the Series 2015B Bonds and the Series 2015C Bonds are delivered to the Original Purchaser thereof, being ___________, 2015.

"Series 2015C Bonds" means the Los Angeles County Public Works Public Financing Authority (Master Refunding Project) 2015 Series C (Federally Taxable), issued under the Indenture.

"**Tax Certificate (Series 2015B Bonds)**" means the Tax Certificate executed by the Authority and the County at the time of issuance of the Series 2015B Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

Part 1.2. Amendment to Section 4.01. Section 4.01 of the Master Indenture is hereby amended and supplemented amending the second paragraph thereof to read as follows:

In order to secure the pledge of the Lease Revenues contained in this Section, the Authority hereby sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease (as amended by the First Amendment to Master Site Lease) and the Sublease (as amended by the First Amendment to Master Sublease), including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Sublease in the event of a default by the County thereunder; provided, however, that the Authority shall retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Sublease. The Trustee hereby accepts said assignment for the benefit of the Owners, subject to the provisions of this Indenture.

PART 2

ADDITION OF ARTICLE XI

Part 2.1. Addition of Article XI. The Master Indenture is hereby amended and supplemented by adding thereto an additional Article as follows:

ARTICLE XI

SERIES 2015B BONDS

Section. 11.01 Issuance of Series 2015B Bonds. The Authority may, at any time, execute the Series 2015B Bonds, in the aggregate principal amount of $___________, for issuance hereunder and deliver the same to the Trustee. The Trustee shall authenticate the Series 2015B Bonds and deliver the Series 2015B Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section. 11.02 Terms of Series 2015B Bonds; Interest Computation. (a) The Series 2015B Bonds shall be designated the "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series B (Tax-Exempt)." The aggregate principal amount of Series 2015B Bonds that may be issued and Outstanding under this Indenture shall not exceed $____________, except as may be otherwise provided in Section 2.11 hereof.

(b) The Series 2015B Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2015B Bond shall have more than one maturity date. The Series 2015B Bonds shall be dated the Series 2015B Closing Date, shall be issued in the aggregate principal amount of $________, shall mature on December 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

Maturity Date (December 1)	Principal Amount	Interest Rate

(c) Interest on the Series 2015B Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2015B Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2015B Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series 2015B Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2015B Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest shall be paid by wire or check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2015B Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

(d) The principal and premium, if any, of the Series 2015B Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2015B Bonds shall be subject to redemption as provided in Section 11.05.

(f) The Series 2015B Bonds shall initially be issued as Book-Entry Bonds.

Section. 11.03 <u>Form of Series 2015B Bonds</u>. The Series 2015B Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section. 11.04 <u>Deposit of Proceeds of Series 2015B Bonds</u>. On the Series 2015B Closing Date, the proceeds received from the sale of the Series 2015B Bonds shall be deposited by the Trustee in the following respective funds, as directed by a Written Request of the County:

(1) The Trustee shall deposit in the Costs of Issuance Fund the amount of $_________, which the Trustee shall reopen and reestablish in connection with the issuance of the Series 2015B Bonds. On the date that is six months after the Series 2015B/C Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to the Project Fund, and upon such transfer the Costs of Issuance Fund shall be closed.

(2) The Trustee shall deposit in the Reserve Fund the amount of $_________, which, together with the other amounts on deposit therein, is an amount equal to the Reserve Requirement.

(3) The Trustee shall transfer the amount of $___________ to the Escrow Agent for deposit in the 2005 Escrow Fund established under the Escrow Agreement.

Section. 11.05 <u>Redemption of Series 2015B Bonds</u>. The Series 2015B Bonds shall be subject to redemption as follows:

(a) *Optional Redemption.* The Series 2015B Bonds maturing on or before December 1, 20___, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2015B Bonds maturing on or after December 1, 20____, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after _____________

1, 20____, in whole or in part, in Authorized Denominations, from (i) amounts received from the County in connection with the County's exercise of its right pursuant to Section 6.02 of the Sublease to cause Bonds to be optionally redeemed, or (ii) any other source of available funds, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

(b) *Mandatory Sinking Fund Redemption.* The Series 2015B Bonds maturing December 1, 20___ shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20___, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (December 1)	Principal Amount to be Redeemed

If some but not all of the Series 2015B Bonds maturing on December 1, 20__ are redeemed pursuant to Section 3.01 hereof, the principal amount of Series 2015B Bonds maturing on December 1, 20___ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2015B Bonds maturing on December 1, 20___ so redeemed pursuant to Section 3.01 hereof, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Series 2015B Bonds maturing on December 1, 20___ are redeemed pursuant to Section 11.05(a) hereof, the principal amount of Series 2015B Bonds maturing on December 1, 20___ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2015B Bonds maturing on December 1, 20___ so redeemed pursuant to Section 11.05(a) hereof, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the County in a Written Certificate of the County.

(c) *Selection.* If some but not all of the Series 2015B Bonds are redeemed pursuant to Section 11.05(a) hereof, the Trustee shall select the Series 2015B Bonds to be redeemed as directed in a Written Certificate of the County.

Section. 11.06 Tax Covenants. (a) Neither the Authority nor the County will take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2015B Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority and the County will comply with the requirements of the Tax Certificate (Series 2015B Bonds), which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2015B Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an Opinion of Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2015B Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate (Series 2015B Bonds), and the covenants hereunder shall be deemed to be modified to that extent.

Section. 11.07 <u>Rebate Fund</u>. (a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate (Series 2015B Bonds). All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate (Series 2015B Bonds)), for payment to the United States of America. Notwithstanding defeasance of the Series 2015B Bonds pursuant to Article IX hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund with respect to the Series 2015B Bonds shall be governed exclusively by this Section and by the Tax Certificate (Series 2015B Bonds) (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate (Series 2015B Bonds). The Trustee may conclusively rely upon the Authority's determinations, calculations and certifications required by the Tax Certificate (Series 2015B Bonds). The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority's calculations.

(b) Any funds remaining in the Rebate Fund with respect to the Series 2015B Bonds after payment in full of all of the Series 2015B Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the County, be withdrawn by the Trustee and remitted to the County.

Section. 11.08 <u>Continuing Disclosure</u>. The County shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate (Series 2015B/C Bonds). Notwithstanding any other provision of this Indenture, failure of the County to comply with the Continuing Disclosure Certificate (Series 2015B/C Bonds) shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter (Series 2015B/C Bonds) or the holders of at least 25% of the aggregate principal evidenced by Outstanding Series 2015B Bonds, and upon indemnification of the Trustee to its reasonable satisfaction, shall) or any holder or beneficial owner of the Series 2015B Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

[RESERVE FUND PROVISIONS TO COME]

PART 3

ADDITION OF ARTICLE XII

Part 3.1. Addition of Article XII. The Master Indenture is hereby amended and supplemented by adding thereto an additional Article as follows:

ARTICLE XII

SERIES 2015C BONDS

Section. 12.01 Issuance of Series 2015C Bonds. The Authority may, at any time, execute the Series 2015C Bonds, in the aggregate principal amount of $___________, for issuance hereunder and deliver the same to the Trustee. The Trustee shall authenticate the Series 2015C Bonds and deliver the Series 2015C Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Section. 12.02 Terms of Series 2015C Bonds; Interest Computation. (a) The Series 2015C Bonds shall be designated the "Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series C (Federally Taxable)." The aggregate principal amount of Series 2015C Bonds that may be issued and Outstanding under this Indenture shall not exceed $____________, except as may be otherwise provided in Section 2.11 hereof.

(b) The Series 2015C Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2015C Bond shall have more than one maturity date. The Series 2015C Bonds shall be dated the Series 2015C Closing Date, shall be issued in the aggregate principal amount of $________, shall mature on December 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

Maturity Date (December 1)	Principal Amount	Interest Rate

(c) Interest on the Series 2015C Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2015C Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Series 2015C Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the dated date thereof, or (iii) interest on any Series 2015C Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2015C Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest shall be paid by wire or check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2015C Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

(d) The principal and premium, if any, of the Series 2015C Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2015C Bonds shall be subject to redemption as provided in Section 12.05.

(f) The Series 2015C Bonds shall initially be issued as Book-Entry Bonds.

Section. 12.03 **Form of Series 2015C Bonds.** The Series 2015C Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section. 12.04 **Deposit of Proceeds of Series 2015C Bonds.** On the Series 2015C Closing Date, the proceeds received from the sale of the Series 2015C Bonds shall be deposited by the Trustee in the following respective funds, as directed by a Written Request of the County:

(1) The Trustee shall deposit in the Costs of Issuance Fund the amount of $_________, which the Trustee shall reopen and reestablish in connection with the issuance of the Series 2015C Bonds. On the date that is six months after the Series 2015B/C Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to the Project Fund, and upon such transfer the Costs of Issuance Fund shall be closed.

(2) The Trustee shall deposit in the Reserve Fund the amount of $_________, which, together with the other amounts on deposit therein, is an amount equal to the Reserve Requirement.

(3) The Trustee shall transfer the amount of $___________ to the Escrow Agent for deposit in the 2006 Escrow Fund established under the Escrow Agreement.

Section. 12.05 Redemption of Series 2015C Bonds. The Series 2015C Bonds shall be subject to redemption as follows:

(a) *Optional Redemption.* The Series 2015C Bonds maturing on and after December 1, 20__ are subject to redemption, in whole or in part and if in part, with maturities to be designated by the County (and *pro rata* within a maturity), on any date prior to their maturity at a redemption price equal to the greater of (i) the issue price of the Series 2015C Bonds set forth on the inside cover pages of the Official Statement dated ________, 2015 for the Series 2015C Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal of and interest on the Series 2015C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2015C Bonds to be redeemed, discounted to the date on which the Series 2015C Bonds to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Comparable Treasury Yield (defined below) plus __ basis points; plus, in each case, accrued interest on the Series 2015C Bonds to be redeemed to the redemption date.

The term "Comparable Treasury Issue" means the Treasury Department security selected by the Independent Banking Institution as having a maturity comparable to the remaining term to maturity of the Series 2015C Bonds being redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2015C Bonds being redeemed.

The term "Comparable Treasury Price" means, with respect to any date on which a Series 2015C Bond or portion thereof is being redeemed, either (i) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (ii) if the Independent Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations shall be the average, as determined by the Independent Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amounts) quoted in writing to the Independent Banking Institution, at 5:00 p.m., New York City time, on the third Business Day preceding the date fixed for redemption.

The term "Comparable Treasury Yield" means the yield which represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15(519) Selected Interest Rates" under the heading "Treasury Constant Maturities", or any successor publication selected by the Independent Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded Treasury Department securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2015C

Bond being redeemed. The Comparable Treasury Yield shall be determined as of the third Business Day immediately preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for Treasury Department securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2015C Bond being redeemed, then the Comparable Treasury Yield shall be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield shall be calculated by interpolation on a straight-line basis, between the weekly average yields on the Treasury Department securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Series 2015C Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the Series 2015C Bond being redeemed. Any weekly average yields calculated by interpolation shall be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for Treasury Department securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield shall be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price as of the date fixed for redemption.

The term "Independent Banking Institution" means an investment banking institution of national standing which is a primary United States government securities dealer in the United States designated by the County (which may be one of the Original Purchaser, as defined below). If the County fails to appoint an Independent Banking Institution at least 45 days prior to the date fixed for redemption, or if the Independent Banking Institution appointed by the County is unwilling or unable to determine the Comparable Treasury Yield, the Comparable Treasury Yield shall be determined by an Independent Banking Institution designated by the Trustee.

The term "Original Purchaser" means the Participating Underwriter (Series 2015B/C Bonds).

The term "Reference Treasury Dealer" means a primary United States Government securities dealer in the United States appointed by the County and reasonably acceptable to the Independent Banking Institution (which may be the Original Purchaser). If the County fails to select the Reference Treasury Dealers within a reasonable period of time, the Trustee will select the Reference Treasury Dealers in consultation with the County.

(b) *Mandatory Sinking Fund Redemption.* The Series 2015C Bonds maturing December 1, 20___ shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20___, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (December 1)	Principal Amount to be Redeemed

If some but not all of the Series 2015C Bonds maturing on December 1, 20__ are redeemed pursuant to Section 3.01 hereof, the principal amount of Series 2015C Bonds maturing on December 1, 20___ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2015C Bonds maturing on December 1, 20___ so redeemed pursuant to Section 3.01 hereof, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Series 2015C Bonds maturing on December 1, 20___ are redeemed pursuant to Section 12.05(a) hereof, the principal amount of Series 2015C Bonds maturing on December 1, 20___ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2015C Bonds maturing on December 1, 20___ so redeemed pursuant to Section 12.05(a) hereof, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the County in a Written Certificate of the County..

(c) *Selection.* If some but not all of the Series 2015C Bonds are redeemed pursuant to Section 12.05(a) hereof, the Trustee shall select the Series 2015C Bonds to be redeemed as directed in a Written Certificate of the County.

Section. 12.06 Continuing Disclosure. The County shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate (Series 2015B/C Bonds). Notwithstanding any other provision of this Indenture, failure of the County to comply with the Continuing Disclosure Certificate (Series 2015B/C Bonds) shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter (Series 2015B/C Bonds) or the holders of at least 25% of the aggregate principal evidenced by Outstanding Series 2015C Bonds, and upon indemnification of the Trustee to its reasonable satisfaction, shall) or any holder or beneficial owner of the Series 2015C Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

[RESERVE FUND PROVISIONS TO COME]

PART 4

MISCELLANEOUS

Part 4.1. Effect of First Supplemental Indenture. This First Supplemental Indenture and all of the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Supplemental Indenture and the terms of the Indenture (as in effect on the day prior to the effective date of this First Supplemental Indenture), the terms of this First Supplemental Indenture shall prevail.

Part 4.2. Execution in Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Part 4.3. Governing Law. This First Supplemental Indenture shall be construed and governed in accordance with the laws of the State of California.

Part 4.4. Effective Date. This First Supplemental Indenture shall become effective upon Series 2015B/C Closing Date.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

ZIONS FIRST NATIONAL BANK, as Trustee

By: ___________________________________
Authorized Officer

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ___________________________________
Joseph Kelly,
Treasurer

COUNTY OF LOS ANGELES

By: ___________________________________
Joseph Kelly,
Treasurer and Tax Collector

EXHIBIT A

FORM OF SERIES 2015B/C BOND

No. $____________

**LOS ANGELES PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BOND
(MASTER REFUNDING PROJECT) [2015 SERIES B (TAX-EXEMPT)]
[2015 SERIES C (FEDERALLY TAXABLE)]**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
%	December 1, 20__	________, 2015	________

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____________________________ DOLLARS

The Los Angeles County Public Works Financing Authority (the "Authority"), for value received, hereby promises to pay, solely from the Lease Revenues as provided in the Indenture (as hereinafter defined) or amounts in certain funds and accounts held under the Indenture, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof payable semiannually on June 1 and December 1 in each year, commencing __________ 1, 201__ (the "Interest Payment Dates"), until payment of such Principal Amount in full. This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a business day, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to ___________ 15, 201__, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or duly provided for). The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption at the Office of the Trustee (as hereinafter defined). Interest hereon is payable by wire or check of Zions First National Bank, as Trustee (the "Trustee"), mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date. "Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority by the Trustee in writing.

This Bond is one of a series of a duly authorized issue of bonds issued for the purpose of financing the construction of certain public facilities (the "Project"), and is one of the series of bonds designated ["Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series B (Tax-Exempt)" (the "Series 2015B Bonds") in the aggregate principal amount of $__________][["Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series C (Federally Taxable)" (the "Series 2015C Bonds")]. The Series 2015B/C Bonds are issued pursuant to the Master Indenture, dated as of February 1, 2015, by and among the Authority, the County of Los Angeles (the "County") and the Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of _________ 1, 2015, by and among the Authority, the County and the Trustee (collectively, the "Indenture"), and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Series 2015B/C Bonds are on a parity with the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "Series 2015A Bonds") and [REFERENCE 2015B OR 2015C BONDS AS APPLICABLE], issued in the aggregate original principal amount of $153,215,000, previously executed pursuant to the terms of the Indenture. Pursuant to and as more particularly provided in the Indenture, additional bonds ("Additional Bonds") may be issued by the Authority secured by a lien on a parity with the lien securing the Series 2015A Bonds and the Series 2015B/C Bonds. The Series 2015A Bonds, the Series 2015B Bonds and the Series 2015C Bonds and any Additional Bonds are collectively referred to as the "Bonds". The Indenture is entered into, and this Bond is issued under, the Marks-Roos Local Bond Pooling Act of 1985 (the "Act") and the laws of the State of California. Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

Reference is hereby made to the Indenture and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Bonds, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights, duties and immunities of the Trustee, for the rights and remedies of the Owners of the Bonds with respect thereto and for the other agreements, conditions, covenants and terms upon which the Bonds are issued thereunder, to all of which provisions the Registered Owner by acceptance hereof, assents and agrees.

The Bonds are special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds. The Lease Revenues consist of all Base Rental Payments payable by the County pursuant to the Master Sublease, dated as of February 1, 2015, by and between the County, as lessee, and the Authority, as lessor, as amended and supplemented by the First Amendment to Master Sublease, dated as of ________ 1, 2015, by and between the County, as lessee, and the Authority, as lessor (collectively, the "Sublease"), including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Lease Default Event. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged to the payment of the principal of and interest on the Bonds as provided therein, and the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. Said pledge constitutes a first lien on such assets. In order to secure such pledge of the Lease Revenues, the Authority has sold assigned and transferred to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease and the Sublease, including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Sublease in the event of a default by the County thereunder; provided, however, that the Authority has retained the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Sublease.

The Series 2015B/C Bonds are authorized to be issued in the form of fully registered bonds in denominations of $5,000 or any integral multiple thereof ("Authorized Denominations").

The Series 2015B/C Bonds are subject to extraordinary and optional redemption at the times, in the manner, at the redemption prices and upon notice as specified in the Indenture.

Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended or supplemented by the parties thereto.

The Indenture contains provisions permitting the Authority to make provision for the payment of interest on, and the principal and premium, if any, of any of the Bond so that such Bonds shall no longer be deemed to be outstanding under the terms of the Indenture.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed in its name and on its behalf by the facsimile signatures of its Chairman and Secretary, all as of the Dated Date identified above.

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ________________________________
Chairman

Attest:

____
Secretary

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2015B/C Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date:____________________

ZIONS FIRST NATIONAL BANK

By: ________________________________
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto ________________________________ whose address and social security or other tax identifying number is ____________________, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) ____________________________ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: ___________

Signature Guaranteed:

____

Note: Signature(s) must be guaranteed by an eligible guarantor.

____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

$__________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds

$__________	**$__________**
(Master Refunding Project), 2015 Series B	**(Master Refunding Project), 2015 Series C**
(Tax-Exempt)	**(Federally Taxable)**

BOND PURCHASE AGREEMENT

________, 2015

Los Angeles County Public Works Financing Authority
Los Angeles, California

Board of Supervisors
County of Los Angeles, California
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Goldman, Sachs & Co., as Representative (the "Representative") on behalf of itself and the other underwriters set forth on <u>Exhibit A</u> hereto (the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Los Angeles County Public Works Financing Authority (the "Authority") and the County of Los Angeles (the "County"), a political subdivision of the State of California (the "State"), which, upon acceptance of this offer by the Authority and the County, will be binding upon the Authority, the County and the Underwriters. This offer made is subject to receipt by the Underwriters of the documents referred to in Section 9 hereof and to acceptance by the Authority and the County by execution and delivery of this Bond Purchase Agreement to the Underwriters at or prior to 8:00 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Authority and the County at any time prior to the acceptance hereof by the Authority and the County. Capitalized terms in this Bond Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indenture.

1. <u>Purchase and Sale</u>. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree to purchase from the Authority to offer to the public, and the Authority hereby agrees to cause, Zions First National Bank, as Trustee ("the Trustee"), to deliver to the Underwriters for such purpose, all (but not less than all), in the manner provided herein, of the Authority's (a) $________ aggregate principal amount of Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds"), and (b) $________ aggregate principal amount of Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable) (the "Series 2015C Bonds" and, together with the Series 2015B Bonds, the "Series 2015 Refunding Bonds"). The Series 2015 Refunding Bonds are being issued pursuant to the Master Indenture, dated as of February 1, 2015 (the "Original Indenture"), by and among the County, the Authority and the Trustee, as amended and supplemented by

the First Supplemental Indenture, dated as of _________ 1, 2015, by and among the County, the Authority and the Trustee (the Original Indenture, as so amended and supplemented, the "Indenture").

The Series 2015 Refunding Bonds shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The Series 2015 Refunding Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and shall be computed at the interest rates, all as shown in Exhibit B. Interest on the Series 2015 Refunding Bonds will be payable semiannually each June 1 and December 1, commencing on _________ 1, 2015. The Series 2015 Refunding Bonds shall otherwise be as described in the Official Statement (as defined herein) with respect to the Series 2015 Refunding Bonds, dated ________, 2015 (as further defined below), and be subject to redemption as provided therein.

The aggregate purchase price of the Series 2015 Refunding Bonds shall be $__________ representing the aggregate principal amount of the Series 2015 Refunding Bonds, [plus/less] net original [premium/discount] of $__________, less underwriters' discount of $______ with respect to the Series 2015B Bonds and underwriter's discount of $________ with respect to the Series 2015C Bonds for an aggregate underwriter's discount of $_______ with respect to all Series 2015 Refunding Bonds.

The Authority and the County acknowledge and agree that: (a) the purchase and sale of the Series 2015 Refunding Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between (i) the Authority and the County and (ii) the Underwriters; (b) the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Bond Purchase Agreement, and are not acting as the agents or fiduciaries or Municipal Advisors (as defined in Section 15B of the Securities and Exchange Act of 1934) of the Authority or the County and their advisors in connection with the matters contemplated by this Bond Purchase Agreement; (c) the Underwriters have financial and other interests that differ from those of the Authority and the County; and (d) in connection with the purchase and sale of the Series 2015 Refunding Bonds, the Authority and the County have consulted their own financial and other advisors to the extent they have deemed appropriate. The Authority and the County also acknowledge that they previously received from each of the Underwriters a letter regarding Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Disclosures, and that they have provided to the Underwriters acknowledgements of such letters.

2. The Series 2015 Refunding Bonds. The Series 2015 Refunding Bonds shall be issued in accordance with Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code (the "Act"), the Indenture, a Resolution of the Authority approving the issuance of the Series 2015 Refunding Bonds and certain matters relating thereto (the "the Authority Resolution"), and a Resolution of the County approving the issuance of the Series 2015 Refunding Bonds and certain matters relating thereto (the "County Resolution").

The Series 2015 Refunding Bonds are special obligations of the Authority that are secured and payable solely from Lease Revenues (as that term is defined in the Indenture), including Base Rental Payments (as that term is defined in the Indenture) payable by the County pursuant to that certain Master Sublease Agreement, dated as of February 1, 2015 (the "Original Sublease"), by and between the County and the Authority, as amended and supplemented by the First Amendment to Sublease, dated as of _________ 1, 2015, by and between the County and the Authority (the Original Sublease, as so amended and supplemented, the "Sublease"), relating to certain real properties and improvements located thereon (the "Property"), and the other assets pledged thereafter under the Indenture. In connection therewith, the County and the Authority have entered into a Master Site Lease, dated as of February 1, 2015 (the "Original Site Lease"), as amended and supplemented by the First Amendment to Site Lease, dated as of _________ 1, 2015 (the Original Site Lease, as so amended and supplemented, the "Site Lease"), providing for the lease of the Property by the County to the Authority. The Sublease provides for the sublease of the Property from the Authority back to the County. Pursuant to the Original Indenture, the Authority has assigned to the Trustee certain of its rights, title and interest in and to the Original Site Lease and the Original Sublease and will further assign to the Trustee certain of its rights, title and interest in and to the Site Lease and the Sublease, as amended.

3. Purpose of the Series 2015 Refunding Bonds. The proceeds of the Series 2015B Bonds will be used (a) to refund the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Calabasas Landfill Project), Series 2005, maturing on June 1 of years [2016 to 2022], inclusive (the "Series 2005 Refunded Bonds"), (b) to refund the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project), Series A, maturing on December 1 of the years [2015 to 2031, inclusive (the "Series 2005A Refunded Bonds"), (c) to fund a portion of the [common reserve account] established under the Indenture, and (d) to pay certain costs of issuance incurred in connection with the issuance of the Series 2015B Bonds. The proceeds of the Series 2015C Bonds will be used (a) to refund the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project), Series B, maturing on September 1 of the years [2016 to 2033], inclusive (the "Series 2006B Refunded Bonds" and, together with the Series 2005 Refunded Bonds and the Series 2005A Refunded Bonds, the "Refunded Bonds"), (b) to fund a portion of the [common reserve account] established under the Indenture, and (c) to pay certain costs of issuance incurred in connection with the issuance of the Series 2015C Bonds. The Authority and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), will enter into an Escrow Agreement, dated as of ________ 1, 2015, relating to the Refunded Bonds (the "Escrow Agreement").

4. Offering. (a) It shall be a condition to the Authority's obligation to sell and issue the Series 2015 Refunding Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for Series 2015 Refunding Bonds that the entire aggregate principal amount of the Series 2015 Refunding Bonds referred to in Section 1 shall be issued by the Authority and purchased, accepted and paid for by the Underwriters at the Closing (as defined herein). The Underwriters agree to make an initial public offering of all of the Series 2015 Refunding Bonds at the public offering prices (or yields) set forth on Exhibit B attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as the Underwriters deem necessary in connection with the marketing of the Series 2015 Refunding Bonds, provided that the Underwriters shall not change the interest rates set forth on Exhibit B. The Series 2015 Refunding Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2015 Refunding Bonds into investment trusts) at prices lower than such initial public offering prices. The County and the Authority hereby authorize the use by the Underwriters of this Bond Purchase Agreement, the Indenture, the Sublease, the Site Lease, the Authority Resolution, the County Resolution, the Continuing Disclosure Certificate, the Escrow Agreement and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Series 2015 Refunding Bonds (each as defined herein and, collectively, the "Legal Documents").

(b) The Underwriters agree as follows:

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

(ii) to comply with rules of the Securities & Exchange Commission and the MSRB which are applicable to the Underwriters governing the offering, sale and delivery of the Series 2015 Refunding Bonds to the ultimate purchasers.

5. Official Statement. Upon the Authority's and the County's acceptance of this offer, the Authority and the County shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement dated __________, 2015 (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement") with respect to the Series 2015 Refunding Bonds, in connection with the public offering and sale of the Series 2015 Refunding Bonds by the Underwriters. The Authority shall deliver the Official Statement to the Underwriters (a) in "designated electronic format" (as defined in Rule G-32 of the Municipal Securities Rulemaking Board) and (b) in printed form in such quantities as the Underwriters shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Representative (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Bond Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Official Statement"), approved for distribution pursuant to the Authority Resolution and the County Resolution. The Authority shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement 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 requirement 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 Series 2015 Refunding Bonds.

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriters as follows:

(a) the County is, and will be on the date of Closing, a political subdivision of the State organized and operating pursuant to the Constitution and laws of the State with the full power and authority to execute and deliver the Legal Documents to be executed by it and to own its properties and to carry on its business as presently conducted;

(b) by official action of the County, prior to or concurrently with the acceptance hereof, the County has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the County and constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) to the best knowledge of the County, the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of the Property or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(e) to the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the County, and except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the payment of Base Rental Payments as required under the Sublease or in any way contesting or affecting the validity or enforceability of the Act or the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or this Bond Purchase Agreement or that could have a material adverse impact upon the ability of the County to enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the County or in any way contesting the existence or powers of the County;

(g) the County will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Series 2015 Refunding Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Series 2015 Refunding Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2015 Refunding Bonds; provided, however, that in no event shall the County be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12")), and the information contained in the Official Statement will be, as of the Closing Date, true and correct in all material respects and such information did not, does not and will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2015 Refunding Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the County will notify the Representative, and, if in the reasonable opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall cooperate with the Authority in preparing and furnishing to the Underwriters (at the expense of the County) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Series 2015 Refunding Bonds, the County will furnish such information with respect to itself as the Representative may from time to time reasonably request; provided, further, as used in this Bond Purchase Agreement, the term "End of the Underwriting Period" for the Series 2015 Refunding Bonds shall mean the earlier of (i) the Closing Date unless the County and the Authority shall have been notified in writing to the contrary by the Representative on or prior to said date or (ii) the date on which the End of the Underwriting Period for the Series 2015 Refunding Bonds has occurred under Rule 15c2-12, provided, however, that the County and the Authority may treat as the End of the Underwriting Period for the Series 2015 Refunding Bonds as the date specified as such in a notice from the Representative stating the date that is the End of the Underwriting Period;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2015 Refunding Bonds, the County will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the County of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Series 2015 Refunding Bonds by the Underwriters;

(l) after the date of Closing, the County will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(m) the County has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12, to provide annual reports or notices of enumerated events specified in such rule;

(n) the financial statements of, and other financial information regarding, the County contained in the Official Statement fairly present the financial position and results of the operations of the

County as of the dates and for the periods therein set forth, and, to the best of the County's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Official Statement;

(o) any certificate signed by an Authorized County Representative and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the County to each of the Underwriters as to the truth of the statements therein made; and

(p) the exceptions set forth in the preliminary title report with respect to the Property, subject to permitted encumbrances, do not, and the exceptions set forth in the policy or policies of title insurance will not, materially impair the value of the Property, the existing facilities thereon or the sites thereof, nor materially impair the County's enjoyment of the same for any purposes for which they are, or may reasonably be expected to be, used.

7. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees with the Underwriters as follows:

(a) the Authority is, and will be on the Closing Date, a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the California Government Code with the full power and authority to issue the Series 2015 Refunding Bonds, execute and deliver the Legal Documents to be executed by it and own its properties and carry on its business as presently conducted;

(b) by official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(d) to the best knowledge of the Authority, the issuance of the Series 2015 Refunding Bonds and the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Series 2015 Refunding Bonds or the Legal Documents executed by the Authority;

(e) to the best knowledge of the Authority, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to issue the Series 2015 Refunding Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the sale, execution or delivery of the Series 2015 Refunding Bonds or the payment of principal and interest on the Series 2015 Refunding Bonds or in any way contesting or affecting the validity or enforceability of the Series 2015 Refunding Bonds, the Legal Documents or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the Authority or this Bond Purchase Agreement or that could have a material adverse impact upon the ability of the Authority to issue the Series 2015 Refunding Bonds or enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the Authority or in any way contesting the existence or powers of the Authority;

(g) the Authority will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Series 2015 Refunding Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Series 2015 Refunding Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Series 2015 Refunding Bonds; provided, however, that in no event shall the Authority be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12), and the information contained in the Official Statement will be, as of the Closing Date, true and correct in all material respects and such information did not, does not and will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2015 Refunding Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Representative, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish to the Underwriters (at the expense of the County) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Series 2015 Refunding Bonds, the Authority will furnish such information with respect to itself as the Representative may from time to time reasonably request;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2015 Refunding Bonds, the Authority will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the by the Underwriters;

(l) after the date of Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters; and

(m) any certificate signed by an Authorized Authority Representative and delivered to the Representative pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the Authority to each of the Underwriters as to the truth of the statements therein made.

8. Closing. At 8:00 a.m., California time, on __________, 2015, or at such other date and time as shall have been mutually agreed upon by the Authority, the County and the Representative, the Authority will issue or cause to be issued to the Representative the Series 2015 Refunding Bonds in definite form duly executed and authenticated by the Trustee in book-entry form through the facilities of The Depository Trust Company, New York, New York ("DTC") as described below, or at such other place upon which the Representative, the Authority and the County may mutually agree, and the other documents hereinafter mentioned shall be delivered at the office of Norton Rose Fulbright US LLP, Los Angeles, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Authority, the County and the Representative. Subject to the terms and conditions hereof, the Representative will accept delivery of the Series 2015 Refunding Bonds and pay the purchase price thereof as set forth herein in federal or other immediately available funds (such delivery of and payment for the Series 2015 Refunding Bonds is herein called the "Closing"). The Series 2015 Refunding Bonds shall be prepared and delivered to the Representative on the date of Closing in the form of one certificate for each maturity of the Series 2015 Refunding Bonds, fully registered in the name of Cede & Co., as nominee of DTC.

9. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority and the County

contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the County of their respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase, accept issuance of, and pay for the Series 2015 Refunding Bonds shall be conditioned upon the performance by the Authority and the County of their obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the Authority and the County contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented after the date thereof except as may have been agreed to in writing by the Representative, there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the County and the Authority shall have performed their obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the Authority and the County relating to the Legal Documents and the Series 2015 Refunding Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Representative;

(d) at the time of Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) at or prior to the time of Closing, the Representative shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative:

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

(ii) a certified copy of the Statement of Facts Roster of Public Agencies Filing of the Authority, together with all amendments thereto;

(iii) executed copies of the Legal Documents;

(iv) the unqualified approving opinion of Norton Rose Fulbright US LLP, Bond Counsel, dated the date of Closing and addressed to the Authority and the County, substantially in the form set forth in Appendix __ to the Official Statement, together with a letter of such counsel, dated the date of Closing and addressed to the Underwriters, to the effect that the foregoing approving legal opinion addressed to the Authority and the County may be relied upon by the Underwriters to the same extent as if such letter were addressed to them;

(v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Underwriters to the effect that:

(A) this Bond Purchase Agreement and the Continuing Disclosure Certificate of the County (the "Continuing Disclosure Certificate") have been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the other party thereto (if any), constitute the valid and binding agreements of the County, enforceable against the County in accordance with their respective terms, except as the same may be limited by bankruptcy, moratorium, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by the limitation upon legal remedies against public agencies in the State;

(B) the Series 2015 Refunding Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the statements contained in the Official Statement under the captions ["THE SERIES 2015 REFUNDING BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS" and "TAX MATTERS," and in APPENDIX __ – "Summary of Principal Legal Documents,"] insofar as such statements purport to summarize certain provisions of the Series 2015 Refunding Bonds, the Site Lease, the Sublease and the Indenture, and applicable Federal and State tax law, are accurate in all material respects;

(vi) an opinion of the County Counsel, as counsel to the County, dated the date of Closing and addressed to the Underwriters to the effect that:

(A) the County is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Legal Documents to which it is a party;

(B) the County Resolution was duly adopted at a meeting of the Board of Supervisors of the County, as the governing board of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County or the Property or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the County or threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the County's covenant to make the necessary annual appropriations for all the Base Rental Payments as required under the Sublease or contesting or affecting as to the County the validity or enforceability of the Act or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the Series 2015B Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authorization in connection with the adoption of the County Resolution, or the execution and delivery by the County of the Legal Documents to which the County is party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the County or the performance by the County of its obligations under and in connection with the Legal Documents to which the County is a party; and

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Supervisors of the County;

(vii) an opinion of the County Counsel, as counsel to the Authority, dated the date of Closing and addressed to the Underwriters to the effect that:

(A) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the California Government Code, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party and the Series 2015 Refunding Bonds;

(B) the Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the Legal Documents and the Series 2015 Refunding Bonds have been duly authorized, executed and delivered and issued, as applicable, by the Authority and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to issue the Series 2015 Refunding Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; the issuance of the Series 2015 Refunding Bonds and the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Series 2015 Refunding Bonds or Legal Documents executed by the Authority; and the issuance of the Series 2015 Refunding Bonds and the execution and delivery of the Legal Documents, and compliance with the provisions on the Authority's part contained therein will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment or decree or any provision of any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to us after reasonable inquiry to which the Authority is a party or to which the Authority, the Property or the assets of the Authority is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the Property or assets of the Authority or under the terms of any such law, regulation or instrument, except as expressly provided by the Series 2015 Refunding Bonds (as set forth in the Indenture), the Authority Resolution, or the Bond Purchase Agreement; and

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority affecting the corporate existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the issuance or sale of the Series 2015 Refunding Bonds or the County's covenant to make the necessary annual appropriations for all the Base Rental Payments as required under the Sublease or contesting or affecting as to the Authority the validity or enforceability of the Act, the Series 2015 Refunding Bonds or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the Series 2015B Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Authority or any authorization in connection with the issuance of the Series 2015 Refunding Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the Series 2015 Refunding Bonds or the Legal Documents to which the Authority is a party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the Authority or the performance by the Authority of its obligations under and in connection with the Series 2015 Refunding Bonds or the Legal Documents; and

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Directors of the Authority;

(viii) a certificate of an Authorized County Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references herein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best of his or her knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) the County has obtained insurance, or otherwise provided for self-insurance, as required by the Sublease and all required policies are in full force and effect and have not been revoked or rescinded;

(D) to the best knowledge of the Authorized County Representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the County, or threatened against the County which if adversely determined, could materially adversely affect the financial position of the County; and

(E) the County has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(ix) a certificate of an Authorized Authority Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best of his or her knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official

Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) to the best knowledge of the Authorized Authority Representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the Authority, or threatened against the Authority which if adversely determined, could materially adversely affect the financial position of the Authority; and

(D) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(x) a certificate of the Trustee dated the date of Closing to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture and to authenticate and deliver the Series 2015 Refunding Bonds;

(B) the Trustee is duly authorized to enter into the Indenture, and, when the Indenture is duly authorized, executed and delivered by the other parties thereto, to deliver the Series 2015 Refunding Bonds to the Representative pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Indenture and the Series 2015 Refunding Bonds, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture by the Trustee or the delivery of the Series 2015 Refunding Bonds by the Trustee;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Series 2015 Refunding Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the delivery of the Series 2015 Refunding Bonds, or which, in any way, would adversely affect the validity of the Series 2015 Refunding Bonds or the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture, or the consummation of the transactions contemplated in connection with the issuance of the Series 2015 Refunding Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Series 2015 Refunding Bonds to the purposes specified in the Indenture;

(xi) a certificate of the Escrow Bank dated the date of Closing to the effect that:

(A) the Escrow Bank is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Escrow Agreement;

(B) the Escrow Bank is duly authorized to enter into the Escrow Agreement;

(C) the execution and delivery by the Escrow Bank of the Escrow Agreement, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Escrow Bank is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Bank or any of its activities or properties (except that no representation, warranty or agreement is made by the Escrow Bank with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Escrow Agreement by the Escrow Bank; and

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Escrow Bank, threatened against or affecting the existence of the Escrow Bank or in any way contesting or affecting the validity or enforceability of the Escrow Agreement, or contesting the powers of the Escrow Bank or its authority to enter into and perform its obligations under the Escrow Agreement, or wherein an unfavorable decision, ruling or finding would adversely affect the Escrow Bank or the transactions contemplated in connection with the refunding of the Refunded Bonds, or which, in any way, would adversely affect the validity of the Escrow Agreement or any agreement or instrument to which the Escrow Bank is a party and which is used or contemplated for use in the Escrow Agreement, or the consummation of the transactions contemplated in connection with the refunding of the Refunded Bonds;

(xii) an opinion of counsel to the Trustee dated the date of Closing addressed to the County, the Authority and the Underwriters to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Indenture and to deliver the Series 2015 Refunding Bonds; and

(B) the Series 2015 Refunding Bonds have been duly delivered by the Trustee in accordance with the Indenture, and the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitutes the legal, valid and binding obligations of the Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xiii) an opinion of counsel to the Escrow Bank dated the date of Closing addressed to the County, the Authority and the Underwriters to the effect that:

(A) the Escrow Bank is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter and perform its duties under the Escrow Agreement; and

(B) the Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Escrow Bank enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xiv) an opinion of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters in form reasonably satisfactory to the Representative;

(xv) evidence of the existence and validity of a policy or policies of title insurance with respect to the Property;

(xvi) certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture;

(xvii) evidence that the conditions for the issuance of the Series 2015 Refunding Bonds as set forth in Sections 2.04 and 2.05 of the Original Indenture have been satisfied;

(xviii)

(xix) a report (the "Verification Report") by ____________________ (the "Verification Agent"), verifying the arithmetical accuracy of the computation of projected receipts for and of payments to retire the Refunded Bonds;

(xx) a defeasance opinion of Bond Counsel, dated the Closing Date and addressed to the County, the Authority and the Underwriters, to the effect that: upon the deposit of cash and certain proceeds of the Series 2015 Refunding Bonds into the escrow fund established under the Escrow Agreement as provided in the indentures pursuant to which the Refunded Bonds were issued, and the investment of money and securities in accordance with the provisions of the Escrow Agreement, the Refunded Bonds will be satisfied and discharged and be no longer outstanding under said indentures. In rendering this opinion, Bond Counsel may rely on the

Verification Report as to the mathematical accuracy of the schedules with respect to the sufficiency of the escrow funds established to pay the Refunded Bonds and will not independently verify the accuracy of the information contained in the Verification Report;

(xxi) copies of the Authority Resolution certified by the Clerk of the Board of Directors of the Authority authorizing the execution and delivery of the Legal Documents to which the Authority is a party;

(xxii) copies of the County Resolution certified by the Clerk of the Board of Supervisors of the County authorizing the execution and delivery of the Legal Documents to which the County is a party;

(xxiii) the preliminary and final Notice of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the California Government Code and Section 8855(g) of the California Government Code;

(xxiv) an executed copy of the Tax Certificate for the Series 2015 Refunding Bonds, in form and substance acceptable to Bond Counsel;

(xxv) evidence that the ratings on the Series 2015 Refunding Bonds are as described in the Official Statement; and

(xxvi) such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriters may reasonably request to evidence compliance by the Trustee, the County and the Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Trustee, the Authority and the County, at or prior to such time of all agreements the to be performed and all conditions then to be satisfied.

10. Termination. The Representative shall have the right to terminate in its discretion the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Series 2015 Refunding Bonds by notifying the County or Authority of its election to do so if, after the execution hereof and prior to the Closing:

(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 Series 2015B Bonds, which, in the opinion of Bond Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest shall be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Series 2015 Refunding Bonds, 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 or Authority, its property or income, its bonds or notes (including the Series 2015 Refunding Bonds) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Series 2015 Refunding Bonds on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities of the County or Authority shall have been suspended on any exchange or in any over-the-counter market, (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 Series 2015 Refunding Bonds 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 an outbreak or escalation in 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 Series 2015 Refunding Bonds on the terms and in the manner contemplated in the Official Statement;,

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Series 2015 Refunding Bonds 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;

(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 Series 2015 Refunding Bonds; 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 Series 2015 Refunding Bonds, including any supplements or amendments thereto;

(g) the purchase of and payment for the Series 2015 Refunding Bonds by the Underwriters, or the resale of the Series 2015 Refunding Bonds 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 to permit the Official Statement to be supplemented to supply such statement or information.

11. Expenses. (a) The Underwriters shall be under no obligation to pay and the Authority and the County shall pay or cause to be paid the expenses incident to the performance of their obligations

hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Indenture, the Sublease, the Site Lease and the other Legal Documents; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the Series 2015 Refunding Bonds; (iv) the fees and disbursements of Bond Counsel and the County Counsel; (v) the fees and disbursements of Public Resources Advisory Group for its services as financial advisor to the Authority or the County; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority or the County; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Trustee, the Escrow Bank and the Verification Agent, and (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the Authority or the County.

(b) The Underwriters shall pay only: (i) the cost of preparing the Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Series 2015 Refunding Bonds; (iii) the fees and disbursements of Orrick, Herrington & Sutcliffe LLP, as counsel to the Underwriters; (iv) all California Debt and Investment Advisory Commission fees, and (v) all other expenses incurred by the Underwriters in connection with the public offering of the Series 2015 Refunding Bonds, including the fees and disbursements of any other counsel retained by them.

12. Representations of Representative. The Representative represents and warrants to and agrees with the Authority and the County that it is authorized to take any action under this Bond Purchase Agreement required to be taken by and on behalf of the Underwriters and that this Bond Purchase Agreement is a binding contract of the Underwriters enforceable in accordance with its terms.

13. Notices. Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Bond Purchase Agreement may be given by delivering the same in writing to the County to:

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 432
Los Angeles, California 90012
Attention: Public Finance

to the Authority:

Los Angeles County Public Works Authority
500 West Temple Street, Room 432
Los Angeles, California 90012
Attention: Treasurer

and to the Underwriters:

Goldman, Sachs & Co.
2121 Avenue of the Stars, Suite 2600
Los Angeles, California 90067
Attention: Tim Romer

14. Parties in Interest; Survivability of Representations, Warranties and Agreements. This Bond Purchase Agreement is made solely for the benefit of the Authority, the County and the

Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's and the County's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) issuance of and payment for the Series 2015 Refunding Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

15. Governing Law. The laws of the State shall govern the validity, interpretation and performance of this Bond Purchase Agreement.

16. Entire Agreement. This Bond Purchase Agreement, when accepted by the Authority and the County in writing as heretofore specified, shall constitute the entire agreement among the Authority, the County and the Underwriters.

17. Headings. The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

18. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by an Authorized County Representative and an Authorized Authority Representative and shall be valid and enforceable at the time of such acceptance.

19. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

GOLDMAN, SACHS & CO.,
as Representative, on behalf of itself and
the other underwriters set forth on Exhibit A hereto

By: ______________________________________
GOLDMAN, SACHS & CO.

ACCEPTED:

This ___th day of _________, 2015

COUNTY OF LOS ANGELES,CALIFORNIA

By: ______________________________________
Joseph Kelly
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ______________________________________
Joseph Kelly
Treasurer

Approved as to Form:

MARY C. WICKHAM,
Interim County Counsel

By: ______________________________________
Principal Deputy County Counsel

<u>EXHIBIT A</u>

UNDERWRITERS

Goldman, Sachs & Co.

Morgan Stanley & Co. LLC

EXHIBIT B

MATURITY SCHEDULE

$___________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Master Refunding Project), 2015 Series B (Tax-Exempt)

Date (December 1)	Principal Amount	Interest Rate	Yield

$__________ ______% Term Bonds due December 1, 20__; Priced to Yield – ____%

$__________ ______% Term Bonds due December 1, 20__; Priced to Yield – ____%

*Priced to first optional redemption date of December 1, 20__ at par.

$__________

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Master Refunding Project), 2015 Series C (Federally Taxable)

Date (December 1)	Principal Amount	Interest Rate	Yield

$__________ ______% Term Bonds due December 1, 20__; Priced to Yield – ____%

$__________ ______% Term Bonds due December 1, 20__; Priced to Yield – ____%

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds") and the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable) (the "Series 2015C Bonds" and, together with the Series 2015B Bonds, the "Bonds") by the Los Angeles County Public Works Financing Authority (the "Authority"). The Bonds are being issued pursuant to the Master Indenture, dated as of February 1, 2015, by and among the County, the Authority and Zions First National Bank, as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Indenture, dated as of September 1, 2015, by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters (Series 2015 B/C Bonds) in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, 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:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter (Series 2015 B/C Bonds)" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2015 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with (1) generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and (2) reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the County, the Annual Report shall also include the following:

(1) Assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(2) Summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(3) Summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(4) Summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

(5) Summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and

(6) The ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

(9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the County determines would be material under applicable federal securities laws, the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. 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 Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. 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 Bonds 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 Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters (Series 2015 B/C Bonds) and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2015.

COUNTY OF LOS ANGELES

By: ____________________________________
Joseph Kelly,
Treasurer and Tax Collector

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	County of Los Angeles
Name of Bond Issue:	Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) and Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)
Date of Issuance:	________, 2015

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the County, dated the Date of Issuance. [The County anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

COUNTY OF LOS ANGELES

By: ____________________________________

ESCROW AGREEMENT

by and between the

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Prior Bonds Trustee and
as Escrow Agent

Dated as of __________ 1, 2015

Pertaining to the Defeasance of
All of the Currently Outstanding

Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Calabasas Landfill Project), Series 2005	Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project) Series A	Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project) Series B

ESCROW AGREEMENT

This Escrow Agreement (the "Agreement"), made and entered into as of __________ 1, 2015, by and between the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a political subdivision of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and as Prior Bonds Trustee (the "Escrow Agent");

W I T N E S S E T H:

WHEREAS, the Authority previously issued its Lease Revenue Bonds (Calabasas Landfill Project), Series 2005 (the "2005 Bonds"); and

WHEREAS, the Authority previously issued its Lease Revenue Refunding Bonds (2005 Master Refunding Project) Sereis A (the "2005A Bonds"); and

WHEREAS, the Authority previously issued its Lease Revenue Refudning Bonds (2006 Master Refunding Project) Series B (the "2006B Bonds," and together with the 2005 Bonds and the 2005A Bonds, the "Prior Bonds"); and

WHEREAS, the Authority has approved the issuance of its Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series B (Tax-Exempt) (the "2015B Bonds"), a portion of the proceeds of which are to be used, together with certain other available funds, to defease all of the 2005 Bonds and the 2005A Bonds; and

WHEREAS, the Authority has approved the issuance of its Lease Revenue Refunding Bonds (Master Refunding Project) 2015 Series C (Federally Taxable) (the "2015C Bonds"), a portion of the proceeds of which are to be used, together with certain other available funds, to defease all of the 2006B Bonds;

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

"Code" means the Internal Revenue Code of 1986.

"Escrow Fund" each of the 2005 Escrow Fund or the 2006 Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay the principal of, redemption price, and interest on the respective Prior Bonds through and including the Redemption Date.

"Escrow Securities" means such securities described in Section 8.01(b) of the Prior Bonds Indenture relating to the 2005 Bonds, Section 12.01(a)(iii) of the Prior Bonds Indenture relating to the 2005A Bonds or Section 12.01(a)(iii) of the Prior Bonds Indenture relating to the 2006B Bonds deposited in the Escrow Fund pursuant to Section 5 hereof.

"Prior Bonds Indenture" means each of the indenture or indenture of trust pursuant to which the Prior Bonds were issued.

"Redemption Date" means ____________ 1, 2015, in the case of the 2005 Bonds and the 2005A Bonds, or September 1, 2016, in the case of the 2006B Bonds, which are the dates on which the respective Prior Bonds are to be redeemed.

SECTION 2. The Authority hereby appoints U.S. Bank National Association, as Escrow Agent, under this Agreement for the benefit of the holders of the Prior Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Prior Bonds Indenture, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Prior Bonds Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the 2005 Escrow Fund and the 2006 Escrow Fund, to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

SECTION 4. The Authority herewith deposits, or causes to be deposited, with the Escrow Agent into the 2005 Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the sum of $_________, as follows:

(i) from the proceeds of the 2015B Bonds, the sum of $__________; and

(ii) from moneys held by the Prior Bonds Trustee pursuant to the Prior Bonds Indenture relating to the 2005 Bonds and the 2005B Bonds, the sum of $___________.

The Authority herewith deposits, or causes to be deposited, with the Escrow Agent into the 2006 Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the sum of $_________, as follows:

(iii) from the proceeds of the 2015C Bonds, the sum of $__________; and

(iv) from moneys held by the Prior Bonds Trustee pursuant to the Prior Bonds Indenture relating to the 2006B Bonds, the sum of $___________.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest $_________ of such amounts in the Escrow Securities set forth in Exhibit B hereto, and to deposit such Escrow Securities in the respective Escrow Fund and to retain the amount of $_________ and $_________in cash in the 2005 Escrow Fund and the 2006 Escrow Fund, respectively. Such amounts shall be applied by the Escrow Agent to the payment of the Escrow Requirements for the equal and ratable benefit of the holders of the 2005 Bonds and the 2005B Bonds in the case of the 2005 Escorw Fund and the 2006B Bonds in the case of the 2006 Escrow Fund.

The Escrow Agent shall not have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in the Escrow Fund or to substitute other Escrow Securities therefor.

SECTION 6. The Authority hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the moneys and Escrow Securities available for such purposes in the Escrow Fund.

SECTION 7. The Authority irrevocably instructs the Escrow Agent (i) to pay to the Prior Bonds Trustee, from amounts held in the respective Escrow Fund, such amounts as are required for payment of principal of and interest on the Prior Bonds coming due through and including the Redemption Date; and (ii) to pay to the Prior Bonds Trustee, from amounts held in the respective Escrow Fund, the amount equal to the redemption price of the remaining principal amount of the Prior Bonds called for redemption on the Redemption Date, plus interest accrued thereon to the Redemption Date. The Authority irrevocably instructs the Prior Bonds Trustee under the Prior Bonds Indenture to mail a notice of redemption of the Prior Bonds as provided therein.

SECTION 8. The trust hereby created shall be irrevocable and the holders of the Prior Bonds shall have an express lien limited to all moneys and Escrow Securities in the respective Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

SECTION 9. This Agreement is made pursuant to and in furtherance of the Prior Bonds Indenture and for the benefit of the Authority and the holders from time to time of the Prior Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the Authority; provided, however, that the Authority and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Prior Bonds, any additional rights, remedies, powers or agency that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Prior Bonds Trustee shall be entitled to conclusively rely upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Prior Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. In consideration of the services rendered by the Escrow Agent under this Agreement, the Authority agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 11. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the Authority and the Prior Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 7 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Prior Bonds or by the Authority as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the Authority and the Prior Bonds Trustee and signed by the holders of a majority in principal amount of the Prior Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal amount of the Prior Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys-in-fact, duly authorized in writing; provided, nevertheless, that in any such event, the Authority shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Prior Bonds, and any such temporary Escrow Agent so appointed by the Authority shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the Authority pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the Authority, the holder of any of the Prior Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than $50,000,000. For purpose of this Section 11, a corporation or institution with trust powers organized under the financial institution laws of the United States of America or any state shall be deemed to have combined capital and surplus of at least $50,000,000 if it has a combined capital surplus of at least $20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least $50,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Authority execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all moneys and Escrow Securities held by it to its successor. Should any transfer, assignment or instrument in writing from the Authority be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The liability of the Escrow Agent to make payments required in the Agreement shall be limited to the moneys and Escrow Securities in the Escrow Fund.

SECTION 12. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 4 and 5 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys or Escrow Securities held hereunder except as provided in this Agreement.

SECTION 13. To the extent permitted by law, the Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 14. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the moneys and the Escrow Securities to accomplish the redemption of the Prior Bonds pursuant to the Prior Bonds Indenture or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Authority. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 15. This Agreement shall terminate upon payment of all Prior Bonds on the Redemption Date. Upon such termination, all moneys and Escrow Securities remaining in the

Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the Authority.

SECTION 16. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Authority or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 18. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

LOS ANGELES COUNTY PUBLIC
WORKS FINANCING AUTHORITY

By____
Joseph Kelly,
Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and as Prior Bonds Trustee

By____
Authorized Officer

EXHIBIT A

VERIFICATION REPORT

EXHIBIT B

SCHEDULE OF ESCROW SECURITIES

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST __, 2015

NEW ISSUES – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein.**

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under existing law interest on the Series 2015 Refunding Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenants herein, interest on the Series 2015B Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax imposed on corporations and individuals. The Authority has taken no action to cause, and does not intend, interest on the Series 2015C Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" herein.

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LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds

$__________*	**$__________***
(Master Refunding Project), 2015 Series B (Tax-Exempt)	**(Master Refunding Project), 2015 Series C (Federally Taxable)**

Dated: Date of Delivery **Due: December 1, as shown on the inside cover page**

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds") and the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable) (the "Series 2015C Bonds" and, together with the Series 2015B Bonds, the "Series 2015 Refunding Bonds") are payable solely from Lease Revenues and the other assets pledged therefor under the Master Indenture, dated as of February 1, 2015, as amended and supplemented as described herein (as so amended and supplemented, the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and Zions First National Bank, as trustee (the "Trustee"). Lease Revenues consist primarily of Base Rental Payments to be made by the County for the use of certain real property and the improvements located thereon (the "Property") pursuant to the Master Sublease, dated as of February 1, 2015, as amended and supplemented as described herein (as so amended and supplemented, the "Sublease"), by and between the County and the Authority. The County has covenanted under the Sublease to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The County's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS" herein.

The Authority has previously issued the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "Series 2015A Bonds") pursuant to the Indenture in the original aggregate principal amount of $153,215,000. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2015 Refunding Bonds will be issued as Additional Bonds under the Indenture, and the Series 2015A Bonds, the Series 2015 Refunding Bonds and any other Additional Bonds hereafter issued (collectively, the "Bonds") are payable from Lease Revenues on a parity with all other Bonds issued under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS – Parity Obligations; Additional Bonds" herein.

The proceeds of the Series 2015B Bonds will be used to refund the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Calabasas Landfill Project), Series 2005, and Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project), Series A, [to fund a portion of the Common Reserve Account established under the Indenture for the Series 2015A Bonds and the Series 2015 Refunding Bonds], and to pay certain costs of issuance incurred in connection with the issuance of the Series 2015B Bonds. The proceeds of the Series 2015C Bonds will be used to refund a portion of the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project), Series B, [to fund a portion of the Common Reserve Account established under the Indenture for the Series 2015A Bonds and the Series 2015 Refunding Bonds], and to pay certain costs of issuance incurred in connection with the issuance of the Series 2015C Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2015 Refunding Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2015 Refunding Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2015. The Series 2015 Refunding Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2015 Refunding Bonds. Ownership interests in the Series 2015 Refunding Bonds may be purchased in book-entry form only. Principal of and interest and redemption premium, if any, on the Series 2015 Refunding Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2015 Refunding Bonds. See APPENDIX D – "Book-Entry Only System" attached hereto.

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* *Preliminary; subject to change.*

The Series 2015 Refunding Bonds are subject to redemption prior to maturity, as described herein. See “THE SERIES 2015 REFUNDING BONDS – Redemption of the Series 2015 Refunding Bonds” herein.

See “CERTAIN RISK FACTORS” for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2015 Refunding Bonds.

THE OBLIGATION OF THE COUNTY TO PAY THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE SERIES 2015 REFUNDING BONDS SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE LEASE REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2015 REFUNDING BONDS. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The Series 2015 Refunding Bonds are offered when, as and if issued, subject to the approval as to their validity by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the County by County Counsel and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Los Angeles, California. It is anticipated that the Series 2015 Refunding Bonds will be available for delivery through the facilities of DTC in New York, New York on or about September __, 2015.

Goldman, Sachs & Co. **Morgan Stanley**

Raymond James & Associates, Inc. **Backstrom McCarley Berry & Co., LLC** **KeyBanc Capital Markets**

Dated: _________, 2015

MATURITY SCHEDULE*

$__________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Master Refunding Project), 2015 Series B (Tax-Exempt)

(Base CUSIP†: 54473E)

Due (December 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Due (December 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$_____________% Term Bonds due December 1, 20__; Yield – ____% CUSIP†: __

$__________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Master Refunding Project), 2015 Series C (Federally Taxable)

(Base CUSIP†: 54473E)

Due (December 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Due (December 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$_____________% Term Bonds due December 1, 20__; Yield – ____% CUSIP†: __

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* *Preliminary; subject to change.*

† Copyright, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc., and is set forth herein for convenience of reference only. The Authority, the County and the Underwriters do not assume responsibility for the accuracy of such data.

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (Master Refunding Project), 2015 Series B (Tax Exempt) & Series C (Federally Taxable)

Board of Supervisors

Michael D. Antonovich
Fifth District, Mayor

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Patrick Ogawa
Acting Executive Officer-Clerk
Board Of Supervisors

County Officials

Sachi A. Hamai
Interim Chief Executive Officer

Mary C. Wickham
Interim County Counsel

Joseph Kelly
Treasurer And Tax Collector

John Naimo
Auditor-Controller

Norton Rose Fulbright US LLP
Bond Counsel

Public Resources Advisory Group
Financial Advisor

Zions First National Bank
Trustee

U.S. Bank National Association
Escrow Bank

____
Verification Agent

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2015 Refunding Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2015 Refunding Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the Authority and the County, and other sources that are believed by the Authority and the County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Series 2015 Refunding Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and the Authority.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the County nor the Authority plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The County maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2015 Refunding Bonds.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2015 REFUNDING BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 REFUNDING BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2015 REFUNDING BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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COUNTY OF LOS ANGELES
CALIFORNIA

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LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds

$__________*	**$__________***
(Master Refunding Project), 2015 Series B	**(Master Refunding Project), 2015 Series C**
(Tax-Exempt)	**(Federally Taxable)**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices attached hereto (this "Official Statement"), provides certain information concerning the sale and issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds") and the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable) (the "Series 2015C Bonds" and, together with the Series 2015B Bonds, the "Series 2015 Refunding Bonds"). The Series 2015 Refunding Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code and the Master Indenture, dated as of February 1, 2015, by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and Zions First National Bank, as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Indenture, dated as of September 1, 2015, by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture").

The Series 2015 Refunding Bonds are payable solely from the Lease Revenues (as defined herein) and the other assets pledged therefor under the Indenture as described herein. Lease Revenues consist primarily of Base Rental Payments to be made by the County for the use of certain real property and the improvements located thereon, as more particularly described herein (the "Property"), pursuant to the Master Sublease, dated as of February 1, 2015, by and between the County and the Authority, as amended and supplemented by the First Amendment to Master Sublease, dated as of September 1, 2015, by and between the County and the Authority (as so amended and supplemented, the "Sublease").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Series 2015 Refunding Bonds to potential investors is made only by means of this Official Statement.

All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Sublease shall have the same meanings assigned to such terms as set forth therein. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

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 is more populous than 43 states. The economy

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* *Preliminary; subject to change.*

of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production and tourism. For additional economic, demographic and financial information with respect to the County, see APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended by a Certificate of Amendment dated April 26, 1994, and a Certificate of Amendment dated October 22, 1996, and as further amended from time to time, the "JPA Agreement"), to provide financial assistance from time to time to the County, the Los Angeles County Flood Control District, the Los Angeles County Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights Area) of the County of Los Angeles and any entity that becomes a party to the JPA Agreement in accordance with its terms. The Authority has previously issued obligations secured by certain revenues of and rental payments from certain contracting parties and may issue additional obligations in the future. These other obligations of the Authority, other than the Series 2015A Bonds described herein and any other Additional Bonds hereafter issued, are not secured by the Lease Revenues, and the Series 2015 Refunding Bonds are not secured by any other assets or property of the Authority other than the Lease Revenues and the other assets pledged to the payment of the Series 2015 Refunding Bonds under the Indenture.

Description of the Series 2015 Refunding Bonds

The Series 2015 Refunding Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Series 2015 Refunding Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2015.

The Series 2015 Refunding Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Series 2015 Refunding Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2015 Refunding Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the beneficial owners (the "Beneficial Owners") of the Series 2015 Refunding Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Series 2015 Refunding Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2015 REFUNDING BONDS – Redemption of the Series 2015 Refunding Bonds."

For a more complete description of the Series 2015 Refunding Bonds and the basic documentation pursuant to which they are being issued, see "THE SERIES 2015 REFUNDING BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Security and Sources of Payment for the Bonds

The County leases the Property to the Authority pursuant to a Master Site Lease, dated as of February 1, 2015, by and between the County and the Authority, as amended and supplemented by the

First Amendment to Master Site Lease, dated as of September 1, 2015, by and between the County and the Authority (as so amended and supplemented, the "Site Lease"). The County subleases the Property from the Authority pursuant to the Sublease. The Series 2015 Refunding Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues, including the Base Rental Payments to be made by the County under the Sublease for the use of the Property, and the other assets pledged therefor under the Indenture as described herein. "Lease Revenues" is defined in the Indenture to mean all Base Rental Payments payable by the County pursuant to the Sublease, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event.

The Authority has previously issued the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "Series 2015A Bonds") pursuant to the Indenture in the original aggregate principal amount of $153,215,000. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2015 Refunding Bonds will be issued as Additional Bonds under the Indenture, and the Series 2015A Bonds, the Series 2015 Refunding Bonds and any other Additional Bonds hereafter issued (collectively, the "Bonds") are payable from Lease Revenues on a parity with all other Bonds issued under the Indenture.

Base Rental Payments to be made by the County under the Sublease will be used to pay principal of and interest and premium, if any, on the Bonds when due. The Base Rental Payments are equal to the principal of and interest on the Bonds when due. The County has covenanted under the Sublease to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments in its annual budgets and to make necessary annual appropriations for all such Rental Payments.

The County's obligation to pay Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property. Failure of the County to pay Base Rental Payments during any such period shall not constitute a default under the Sublease, the Indenture or the Bonds.

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation. The Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Reserve Fund

[Pursuant to the Indenture, the Trustee shall establish and maintain a special fund designated the "Reserve Fund." Within the Reserve Fund, the Trustee shall establish and maintain a separate account designated the "Common Reserve Account" and may establish and maintain one or more additional Reserve Accounts, each of which may secure one or more Series of Bonds pursuant to the Indenture (all Bonds, including the Series 2015 Refunding Bonds, issued pursuant to the Indenture being referred to as the "Bonds") and to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Amounts in the Common Reserve Account will secure the payment of principal of and interest on the Series 2015A Bonds, the Series 2015 Refunding Bonds and any other Series of Additional Bonds issued under the Indenture secured by the Common Reserve Account (collectively, the "Common Reserve Bonds") as provided in the Supplemental Indenture providing for the issuance of each such Series of Additional Bonds. The Reserve Fund will be funded in an amount sufficient to satisfy the Reserve Requirement, which is defined as an amount equal to (a) with respect to the Common Reserve Bonds, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Bonds, and (b) with respect to any Series of Additional Bonds that are not Common Reserve Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds; provided, however, that in no event shall any Reserve Requirement exceed an amount permitted by the Code.] See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS – Reserve Fund."

Parity Obligations; Additional Bonds

The Series 2015 Refunding Bonds will be issued as Additional Bonds under the Indenture. The Authority has previously issued the Series 2015A Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2015 Refunding Bonds and all other Additional Bonds hereafter issued under the Indenture. Under the Indenture, the Authority may issue other Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, but subject to the satisfaction of certain conditions precedent, including, (1) the provision to the Trustee of a Supplemental Indenture that, among other things, specifies whether such Additional Bonds shall (a) constitute Common Reserve Bonds secured by the Common Reserve Account, (b) be secured by any other Reserve Account, or (c) not be secured by any Reserve Account and (2) the filing with the Trustee, among other things, of (a) a certificate of the County to the effect that, upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period, is not in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds, and (b) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type set forth in the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS – Parity Obligations; Additional Bonds" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Purpose of the Series 2015 Refunding Bonds

The proceeds of the Series 2015B Bonds will be used (a) to refund the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Calabasas Landfill Project), Series 2005 (the "Series 2005 Refunded Bonds"), (b) to refund the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2005 Master Refunding Project), Series A (the "Series 2005A Refunded Bonds"), (c) [to fund a portion of the Common Reserve Account established under the Indenture for the Series 2015A Bonds and the Series 2015 Refunding Bonds], and (d) to pay certain costs of issuance incurred in connection with the issuance of the Series 2015B Bonds. The proceeds of the Series 2015C Bonds will be used (a) to refund a portion of the Authority's outstanding Los Angeles County Public Works Financing Authority Lease Revenue

Refunding Bonds (2006 Master Refunding Project), Series B, maturing on September 1 of the years 2016[*] to 2033[*], inclusive (the "Series 2006B Refunded Bonds" and, together with the Series 2005 Refunded Bonds and the Series 2005A Refunded Bonds, the "Refunded Bonds"), (b) [to fund a portion of the Common Reserve Account established under the Indenture for the Series 2015A Bonds and the Series 2015 Refunding Bonds], and (c) to pay certain costs of issuance incurred in connection with the issuance of the Series 2015C Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS."

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Series 2015 Refunding Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2016, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Series 2015 Refunding Bonds in complying with the Rule15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Certain Risk Factors

Certain events could affect the ability of the County to make the Base Rental Payments when due. See "CERTAIN RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2015 Refunding Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Other Information

The descriptions herein of the Indenture, the Site Lease and the Sublease and any other agreements relating to the Series 2015 Refunding Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2015 Refunding Bonds are qualified in their entirety by the forms thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." Copies of the Indenture, the Site Lease and the Sublease may be obtained upon request from the Trustee at: 550 South Hope Street, Suite 2650, Los Angeles, California 90071, Attention: Corporate Trust Services.

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[*] *Preliminary; subject to change.*

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the County or the Authority since the date hereof.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County or the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

PLAN OF REFUNDING

As further described in the tables below, the proceeds of the Series 2015B Bonds will be used (a) to refund the Series 2005 Refunded Bonds, (b) to refund the Series 2005A Refunded Bonds, (c) [to fund a portion of the Common Reserve Account established under the Indenture for the Series 2015A Bonds and the Series 2015 Refunding Bonds], and (d) to pay certain costs of issuance incurred in connection with the issuance of the Series 2015B Bonds.

Series 2005 Refunded Bonds To Be Refunded

Maturity Date	Principal Amount to be Refunded	CUSIP[1]	Redemption Date	Redemption Price
06/01/2016	$2,500,000	54473EKQ6	[09/02/2015]	100%
06/01/2017	2,675,000	54473EKR4	[09/02/2015]	100
06/01/2018	600,000	54473EKT0	[09/02/2015]	100
06/01/2018	2,255,000	54473EKS2	[09/02/2015]	100
06/01/2019	3,045,000	54473EKU7	[09/02/2015]	100
06/01/2020	3,250,000	54473EKV5	[09/02/2015]	100
06/01/2021	3,485,000	54473EKW3	[09/02/2015]	100
06/01/2022	3,740,000	54473EKX1	[09/02/2015]	100

(1) CUSIP numbers are provided for convenience of reference only. None of the Authority, the County or the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

Series 2005A Refunded Bonds To Be Refunded

Maturity Date	Principal Amount to be Refunded	CUSIP[1]	Redemption Date	Redemption Price
12/01/2015	$2,525,000	54473EJJ4	-	-
12/01/2015	2,100,000	54473EJL9	-	-
12/01/2015	18,360,000	54473EJK1	-	-
12/01/2016	3,385,000	54473EJM7	12/01/2015	100%
12/01/2016	9,360,000	54473EJN5	12/01/2015	100
12/01/2017	5,310,000	54473EJP0	12/01/2015	100
12/01/2018	5,580,000	54473EJQ8	12/01/2015	100
12/01/2019	5,860,000	54473EJR6	12/01/2015	100
12/01/2020	6,155,000	54473EJS4	12/01/2015	100
12/01/2021	6,460,000	54473EJT2	12/01/2015	100
12/01/2022	6,790,000	54473EJU9	12/01/2015	100
12/01/2023	7,130,000	54473EJV7	12/01/2015	100
12/01/2024	7,485,000	54473EJW5	12/01/2015	100
12/01/2025	7,865,000	54473EJX3	12/01/2015	100
12/01/2026	8,260,000	54473EJY1	12/01/2015	100
12/01/2027	8,670,000	54473EJZ8	12/01/2015	100
12/01/2028	9,115,000	54473EKA1	12/01/2015	100
12/01/2031	14,350,000	54473EKB9	12/01/2015	100

(1) CUSIP numbers are provided for convenience of reference only. None of the Authority, the County or the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

The Series 2005 Refunded Bonds were issued to finance certain public improvement projects, equipment and furnishings at the Calabasas Landfill, including excavation of approximately 8.1 million cubic yards of soil and the installation new landfill liners and liquids collection and removal systems.

The Series 2005A Refunded Bonds were issued to advance refund all of the Authority's then outstanding Lease Revenue Bonds (Multiple Capital Facilities Project IV) (the "1993 Bonds"), advance refund all of the Authority's then outstanding Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series A (the "1996 Series A Bonds, advance refund all of the Authority's then outstanding Lease Revenue Bonds (Multiple Capital Facilities Project V) 1996 Series B (the "1996 Series B Bonds"), advance refund all of the Authority's then outstanding Lease Revenue Bonds (Multiple Capital Facilities Project VI) 2000 Series A (the "2000 Bonds"), and finance certain public capital improvements of the County. The 1993 Bonds were issued to finance the acquisition, construction and improvement of the City of Alhambra Courthouse Expansion Facility, the City of Burbank Courthouse Addition, the Sheriff's Department Headquarters, the Emergency Operations Center, the Harbor/UCLA Primary Care and Diagnostic Center, the Rancho Los Amigos Inpatient Care Unit, the Rancho Los Amigos Parking Structure, the Rancho Los Amigos Central Heating and Cooling Plant, the Rancho Los Amigos Master Plan for internal utility and infrastructure support of the Central Plant and Inpatient Care Unit, the Martin Luther King, Jr., Trauma and Diagnostic Center, the Martin Luther King, Jr., Central Plant Upgrade, the Biscailuz Center and the Music Center Complex. The 1996 Series A Bonds were issued to finance the acquisition, construction and improvement of the San Fernando Valley Juvenile Hall and the Marengo Street Parking Structure. The 1996 Series B Bonds were issued to finance the acquisition, construction and improvement of the Los Angeles County Superior Court — Airport Branch. The 2000 Bonds were issued to finance the acquisition, construction and improvement of the West San Fernando Valley Courthouse and the Harbor-UCLA Medical Center Emergency Power Generating Facility.

As further described in the table below, the proceeds of the Series 2015C Bonds will be used (a) to refund Series 2006B Refunded Bonds, (b) [to fund a portion of the Common Reserve Account established under the Indenture for the Series 2015A Bonds and the Series 2015 Refunding Bonds], and (c) to pay certain costs of issuance incurred in connection with the issuance of the Series 2015C Bonds.

Series 2006B Refunded Bonds To Be Refunded

Maturity Date[1]	Principal Amount to be Refunded	CUSIP[2]	Redemption Date	Redemption Price
09/01/2016	$2,925,000	54473ELZ5	-	-
09/01/2017	3,055,000	54473EMA9	09/01/2016	100%
09/01/2018	3,215,000	54473EMB7	09/01/2016	100
09/01/2019	3,375,000	54473EMC5	09/01/2016	100
09/01/2020	3,545,000	54473EMD3	09/01/2016	100
09/01/2021	3,720,000	54473EME1	09/01/2016	100
09/01/2022	3,895,000	54473EMF8	09/01/2016	100
09/01/2023	4,095,000	54473EMG6	09/01/2016	100
09/01/2024	4,305,000	54473EMH4	09/01/2016	100
09/01/2025	4,525,000	54473EMJ0	09/01/2016	100
09/01/2026	4,755,000	54473EMK7	09/01/2016	100
09/01/2031	27,700,000	54473EML5	09/01/2016	100
09/01/2033	13,170,000	54473EMM3	09/01/2016	100

(1) The September 1, 2015, maturity of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (2006 Master Refunding Project), Series B, matures and is expected to be paid prior to the issuance of the Series 2015 Refunding Bonds.
(2) CUSIP numbers are provided for convenience of reference only. None of the Authority, the County or the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

The Series 2006B Refunded Bonds were issued to advance refund all of the County's County of Los Angeles Certificates of Participation (Antelope Valley Courthouse Project) Series 2000 A (the "2000 COPs"), which were executed and delivered to finance the acquisition, construction and improvement of the Antelope Valley Courthouse located at the intersection of 4th Street West and Avenue M in the City of Lancaster in Los Angeles County.

The Authority and U.S. Bank National Association, as escrow bank (the "Escrow Bank") will enter into an Escrow Agreement, dated as of September 1, 2015 (the "Escrow Agreement"), with respect to the Refunded Bonds, pursuant to which the Authority will deposit a portion of the proceeds from the sale of the Series 2015 Refunding Bonds into special funds to be held by the Escrow Bank. The amounts deposited with the Escrow Bank with respect to the Refunded Bonds will be used to purchase certain [United States governmental obligations and/or other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America], the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank to enable the Escrow Bank to pay the interest due on their respective first optional redemption date ([September 2, 2015] with respect to the Series 2005 Refunded Bonds, December 1, 2015, with respect to the Series 2005A Refunded Bonds, and September 1, 2016 with respect to the Series 2006B Refunded Bonds), and to redeem such Prior Bonds at a redemption price equal to 100% of the principal amount of such Prior Bonds being refunded on the applicable redemption date in accordance with the schedule set forth in the Escrow Agreement. See "ESCROW VERIFICATION" herein. Amounts on deposit with the Escrow Bank pursuant to the Escrow Agreement are not available to pay debt service on the Refunding Bonds.

DESCRIPTION OF THE PROPERTY

The Property consists of the Los Angeles County Civic Center Heating and Refrigeration Plant, the Internal Services Department Headquarters, the Manhattan Beach Library, the Zev Yaroslavsky Family Support Center, the Antelope Valley Courthouse, the Los Angeles County Superior Court – Airport Branch, the West San Fernando Valley Courthouse and the Lost Hills Sheriff Station.

Los Angeles County Civic Center Heating and Refrigeration Plant. The Los Angeles County Civic Center Heating and Refrigeration Plant (the "Refrigeration Plant") is located on a 2.28 acre property in the City of Los Angeles situated on the north side of Temple Street, and extending between Hill Street and North Broadway. The site also has frontage on the south side of the Hollywood/Santa Ana (101) Freeway right-of-way. The Refrigeration Plant was originally constructed in 1959, and was modified as new systems and upgrades were implemented. It supplies electrical steam and chilled water to the Los Angeles County Civic Center and other nearby County buildings. The Refrigeration Plant's main building is a special-purpose industrial structure designed for a cogeneration facility that is divided into a boiler or heating plant that occupies the north section and a refrigeration plant that occupies the south portion.

Internal Services Department Headquarters. The Internal Services Department Headquarters (the "ISD Headquarters") is located on a 32.8-acre property at 1100 North Eastern Avenue in the City of Los Angeles and consists of two one-story industrial buildings, one administrative office building, a metal industrial building, and one office/communications building. The combined gross building area is 455,383 square feet. The ISD Headquarters is occupied by the Internal Services Department of the County of Los Angeles ("ISD") and used as a maintenance, storage and service facility. ISD provides computer, telecommunications, building maintenance and repair, purchasing and contracts, vehicle repair, mail messenger and printing services to County departments.

Manhattan Beach Library. The Manhattan Beach Library consists of a two-story 21,500 square foot library completed in _______, 2015, and located on County-owned property within the Manhattan Beach City Civic Center. The library includes a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways and security lighting.

Zev Yaroslavsky Family Support Center. The Zev Yaroslavsky Family Support Center was completed in __________, 2015, and located on a 6.78 acre County-owned property in Van Nuys, California. The facility includes office space and facilitates the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services and Probation. The facility consists of a five-story office building with 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces. The facility is designed to provide an efficient service delivery center for families requiring access to multiple government services.

Antelope Valley Courthouse. The Antelope Valley Courthouse is located on a 17-acre site at the intersection of 4th Street West and Avenue M in the City of Lancaster in Los Angeles County. The courthouse consists of a five story building of approximately 380,000 square feet, and houses 21 courtrooms, related facilities including a cafeteria and surface and underground parking.

Los Angeles County Superior Court — Airport Branch. The Airport Branch of the Los Angeles County Superior Court consists of a 10-story building totaling approximately 292,000 square feet, including 12 courtrooms, 14 judges' chambers and areas for supporting departments. This facility also includes 93 surface and subsurface parking spaces and a parking structure that accommodates between

400 and 450 vehicles. The Courthouse is located near the Los Angeles International Airport at 11707 South La Cienega Boulevard, south of the 105 Freeway in the City of Los Angeles.

West San Fernando Valley Courthouse. The West San Fernando Valley Courthouse consists of a 302,000 square foot structure, with three stories above ground and one story below ground. The facility is located on a 9.6-acre site on the southeast corner of Winnetka Avenue and Plummer Street in the Chatsworth area of the City of Los Angeles. The Courthouse includes 16 municipal courtrooms, 22 judges' chambers and ancillary space for support services, with 703 surface parking spaces and 31 spaces on the lower level.

Lost Hills Sheriff Station. The Lost Hills Sheriff Station is a 32,000 square foot sheriff station in an unincorporated area of the County near the City of Agoura. The site is located near the intersection of Agoura Road and Malibu Hills road on County-owned land. The station has a single story sheriff's building which includes thirty-one detention cells, a detox cell and a holding cell. This facility includes an emergency generator and complete heating, cooling and ventilation systems plus a fire sprinkler system. The station has a single story 5,800 square foot service building, including an auto repair shop. The station has evidence, bicycle and general storage areas and is equipped with a microwave communication tower and a helipad with refueling provisions.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS – Insurance" and "CERTAIN RISK FACTORS – Abatement."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2015 Refunding Bonds are expected to be applied approximately as set forth below:

<u>Sources of Funds</u>:	
Principal Amount of the Series 2015 Refunding Bonds	
Net Original Issue [Premium/Discount]	
Released Funds with respect to Refunded Bonds	
TOTAL SOURCES	
<u>Uses of Funds</u>:	
Refunding of Refunded Bonds	
[Common Reserve Account][(1)]	
Costs of Issuance[(2)]	
TOTAL USES	

(1) [Amount, together with amount on deposit in the Common Reserve Account ($5,025,891) prior to the issuance of the Series 2015 Refunding Bonds, represents the Reserve Requirement for the Common Reserve Bonds as of the date of the delivery of the Series 2015 Refunding Bonds.]

(2) Includes underwriters' discount, title insurance costs, rating agency fees, bond counsel fees, financial advisor fees, trustee, escrow agent and verification agent fees, printing costs and other miscellaneous expenses.

THE SERIES 2015 REFUNDING BONDS

The following is a summary of certain provisions of the Series 2015 Refunding Bonds. Reference is made to the Series 2015 Refunding Bonds for the complete text thereof and to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference.

General

The Series 2015 Refunding Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2015 Refunding Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2015.

The Series 2015 Refunding Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2015 Refunding Bonds. Ownership interests in the Series 2015 Refunding Bonds may be purchased in book-entry form only. Principal of and interest and premium, if any, on the Series 2015 Refunding Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2015 Refunding Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Redemption of the Series 2015 Refunding Bonds

Extraordinary Redemption of the Bonds. The Bonds shall be subject to redemption, in whole or in part, on any date, in denominations of $5,000 or any integral multiple thereof, from and to the extent of any Net Proceeds (other than Net Proceeds of rental interruption insurance) received with respect to all or a portion of the Property and deposited by the Trustee in the Redemption Fund in accordance with the provisions of the Indenture, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of the Series 2015B Bonds. The Series 2015B Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2015B Bonds maturing on or after December 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after December 1, 20__, in whole or in part, in denominations of $5,000 or any integral multiple thereof, from prepaid Base Rental Payments paid pursuant to the Sublease or any other source of available funds, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption of the Series 2015B Term Bonds. The Series 2015B Bonds maturing December 1, 20__ (the "Series 2015B Term Bonds") shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (December 1)	Principal Amount to be Redeemed
	$
20__ (Maturity)	

If some but not all of the Series 2015B Term Bonds are redeemed pursuant to the extraordinary redemption provisions as described herein under the caption " – Extraordinary Redemption of the Bonds," the principal amount of Series 2015B Term Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of Series 2015B Term Bonds so redeemed pursuant to the extraordinary redemption provisions, such reduction to be allocated among sinking fund redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Series 2015B Term Bonds are redeemed pursuant to the optional redemption provisions as described herein under the caption "–Optional Redemption of the Series 2015B Bonds," the principal amount of Series 2015B Term Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of Series 2015B Term Bonds so redeemed pursuant to the optional redemption provisions, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the County.

Make-Whole Redemption of the Series 2015C Bonds. The Series 2015C Bonds maturing on and after December 1, 20__ are subject to redemption, in whole or in part and if in part, with maturities to be designated by the County (and pro rata within a maturity), on any date prior to their maturity at a redemption price equal to the greater of (i) the issue price of the Series 2015C Bonds set forth on the inside cover pages of this Official Statement to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal of and interest on the Series 2015C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2015C Bonds to be redeemed, discounted to the date on which the Series 2015C Bonds to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Comparable Treasury Yield (defined below) plus __ basis points; plus, in each case, accrued interest on the Series 2015C Bonds of such Series to be redeemed to the redemption date.

The term "Comparable Treasury Issue" means the Treasury Department security selected by the Independent Banking Institution as having a maturity comparable to the remaining term to maturity of the Series 2015C Bonds being redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Series 2015C Bonds being redeemed.

The term "Comparable Treasury Price" means, with respect to any date on which a Series 2015C Bond or portion thereof is being redeemed, either (i) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (ii) if the Independent Banking Institution is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations shall be the average, as determined by the Independent Banking Institution, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amounts) quoted in writing to the Independent Banking Institution, at 5:00 p.m., New York City time, on the third Business Day preceding the date fixed for redemption.

The term "Comparable Treasury Yield" means the yield which represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15(519) Selected Interest Rates" under the heading "Treasury Constant Maturities", or any successor publication selected by the Independent Banking Institution that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded Treasury Department securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Series 2015C Bond being redeemed. The Comparable Treasury Yield shall be determined as of the third Business Day immediately preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for Treasury Department securities that have a constant maturity that is the same as the remaining term to maturity of the Series 2015C Bond being redeemed, then the Comparable Treasury Yield shall be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield shall be calculated by interpolation on a straight-line basis, between the weekly average yields on the Treasury Department securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Series 2015C Bond being redeemed;

and (ii) closest to and less than the remaining term to maturity of the Series 2015C Bond being redeemed. Any weekly average yields calculated by interpolation shall be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for Treasury Department securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield shall be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price as of the date fixed for redemption.

The term "Independent Banking Institution" means an investment banking institution of national standing which is a primary United States government securities dealer in the United States designated by the County (which may be one of the Original Purchasers, as defined below). If the County fails to appoint an Independent Banking Institution at least 45 days prior to the date fixed for redemption, or if the Independent Banking Institution appointed by the County is unwilling or unable to determine the Comparable Treasury Yield, the Comparable Treasury Yield shall be determined by an Independent Banking Institution designated by the Trustee.

The term "Original Purchaser" means any of the underwriters identified on the cover page of this Official Statement.

The term "Reference Treasury Dealer" means a primary United States Government securities dealer in the United States appointed by the County and reasonably acceptable to the Independent Banking Institution (which may be the Original Purchaser). If the County fails to select the Reference Treasury Dealers within a reasonable period of time, the Paying Agent will select the Reference Treasury Dealers in consultation with the County.

Mandatory Sinking Fund Redemption of the Series 2015C Term Bonds. The Series 2015C Bonds maturing December 1, 20__ (the "Series 2015C Term Bonds") shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (December 1)	Principal Amount to be Redeemed
	$
20__ (Maturity)	

If some but not all of the Series 2015C Term Bonds are redeemed pursuant to the extraordinary redemption provisions as described herein under the caption " – Extraordinary Redemption of the Bonds," the principal amount of Series 2015C Term Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of Series 2015C Term Bonds so redeemed pursuant to the extraordinary redemption provisions, such reduction to be allocated among sinking fund redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Series 2015C Term Bonds are redeemed pursuant to the optional redemption provisions as described herein under the caption "– Optional Redemption of the Series 2015C Bonds," the principal amount of Series 2015C Term Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of Series 2015C Term Bonds so redeemed pursuant to the optional redemption provisions, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the County.

Selection of Series 2015 Refunding Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any redemption described above under the caption "– Extraordinary Redemption" among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, (b) with respect to any optional redemption of either Series of the Series 2015 Refunding Bonds, among maturities as directed by the County, and (c) with respect to either Series of Series 2015 Refunding Bonds with the same maturity, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair.

Notice of Redemption. The Trustee on behalf of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Series 2015 Refunding Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities of the applicable Series of Series 2015 Refunding Bonds to be redeemed (except in the event of redemption of all of the Series 2015 Refunding Bonds of such maturity or maturities in whole), and shall require that such Series 2015 Refunding Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2015 Refunding Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2015 Refunding Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Series 2015 Refunding Bonds of a Series, unless at the time such notice is given the Series 2015 Refunding Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Series 2015 Refunding Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Series 2015 Refunding Bonds. In the event a notice of redemption of Series 2015 Refunding Bonds contains such a condition and such moneys are not so received, the redemption of Series 2015 Refunding Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the individuals, corporations, limited liability companies, firms, associations, partnerships, trusts, or other legal entities or groups of entities, including governmental entities or any agencies or political subdivisions thereof (each, a "Person") and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2015 Refunding Bonds pursuant to such notice of redemption.

Notice having been mailed as described above, and moneys for the redemption price, and the interest to the applicable date fixed for redemption, having been set aside, the Series 2015 Refunding Bonds shall become due and payable on said date and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2015 Refunding Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said date. If, on said date fixed for redemption, moneys for the redemption price of all the Series 2015 Refunding Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as described above and not canceled, then, from and after said date, interest on said Series 2015 Refunding Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2015 Refunding Bonds shall be held in trust for the account of the Owners of the Series 2015 Refunding Bonds so to be redeemed without liability to such Owners for interest thereon.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 REFUNDING BONDS

Special Obligations; Pledge of Lease Revenues

The Series 2015 Refunding Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues, including the Base Rental Payments to be made by the County under the Sublease for the use of the Property, and the other assets pledged therefor under the Indenture as described herein. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the repayment of the Series 2015 Refunding Bonds. "Lease Revenues" is defined in the Indenture to mean all Base Rental Payments payable by the County pursuant to the Sublease, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event. The Indenture provides that, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged to the payment of the principal of and interest on the Bonds as provided in the Indenture, and that the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. The Indenture provides that said pledge shall constitute a first lien on such assets.

In order to secure the pledge of the Lease Revenues under the Indenture, the Authority, in the Indenture, sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease and the Sublease, including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Sublease in the event of a default by the County thereunder; provided that the Authority retains the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Sublease. See "– Base Rental Payments; Abatement" and "CERTAIN RISK FACTORS – Bankruptcy."

Base Rental Payments; Abatement

The County covenants under the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee, insurance premiums and other amounts payable under the Sublease or the Indenture), due under the Sublease in its annual budgets and to make the necessary annual appropriations therefor. The Sublease provides that it shall be, and shall be deemed and construed to be, a "net-net-net lease" and that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the County and the Authority. Base Rental Payments to be made by the County under the Sublease will be used to pay principal of and interest and premium, if any, on the Bonds when due. The Base Rental Payments are equal to the principal of and interest on the Bonds when due. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Rental Payments – Base Rental Payments."

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

During any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Rental Payments – Rental Abatement."

Subject to the abatement provisions set forth in the Sublease, the Base Rental Payments are equal to the principal of and interest on the Bonds when due. A table of the aggregate annual Base Rental Payments to be made by the County under the Sublease is set forth below.

SCHEDULE OF BASE RENTAL PAYMENTS

Fiscal Year Ending June 30	Series 2015A Bonds		Series 2015B Bonds		Series 2015C Bonds		Total Base Rental Payments[1]
	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest[1]	
2016	-	$10,051,781.25					
2017	$2,455,000.00	7,549,425.00					
2018	2,540,000.00	7,461,800.00					
2019	2,660,000.00	7,344,500.00					
2020	2,795,000.00	7,208,125.00					
2021	2,935,000.00	7,064,875.00					
2022	3,090,000.00	6,914,250.00					
2023	3,245,000.00	6,755,875.00					
2024	3,415,000.00	6,589,375.00					
2025	3,590,000.00	6,414,250.00					
2026	3,775,000.00	6,230,125.00					
2027	3,965,000.00	6,036,625.00					
2028	4,170,000.00	5,833,250.00					
2029	4,385,000.00	5,619,375.00					
2030	4,610,000.00	5,394,500.00					
2031	4,845,000.00	5,158,125.00					
2032	5,095,000.00	4,909,625.00					
2033	5,355,000.00	4,648,375.00					
2034	5,630,000.00	4,373,750.00					
2035	5,920,000.00	4,085,000.00					
2036	6,220,000.00	3,781,500.00					
2037	6,545,000.00	3,462,375.00					
2038	6,875,000.00	3,126,875.00					
2039	7,230,000.00	2,774,250.00					
2040	7,600,000.00	2,403,500.00					
2041	7,990,000.00	2,013,750.00					
2042	8,400,000.00	1,604,000.00					
2043	8,835,000.00	1,173,125.00					
2044	9,285,000.00	720,125.00					
2045	9,760,000.00	244,000.00					
Total[1]:	$153,215,000.00	$146,946,506.25					

[1] Amounts reflect individual rounding.

Additional Rental

The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following: (a) all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates of the Authority or the County therein; (b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Sublease or to defend the Authority and its members, officers, agents and employees; (c) insurance premiums for all insurance required pursuant to the Sublease; (d) any amounts with respect to the Bonds required to be rebated to the federal government in accordance with the Code; and (e) all other payments required to be paid by the County under the provisions of the Sublease or the Indenture.

Reserve Fund

[Pursuant to the Indenture, the Trustee shall establish and maintain a Reserve Fund. Within the Reserve Fund, the Trustee shall establish and maintain a Common Reserve Account and may establish and maintain one or more additional Reserve Accounts, each of which may secure one or more Series of Bonds pursuant to the Indenture and to the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the Common Reserve Account will secure the payment of principal of and interest on the Series 2015A Bonds, the Series 2015 Refunding Bonds and any Series of Additional Bonds issued under the Indenture secured by the Common Reserve Account as provided in the Supplemental Indenture providing for the issuance of each such Series of Additional Bonds. The Reserve Fund will be funded in an amount sufficient to satisfy the Reserve Requirement, which is defined as an amount equal to (a) with respect to the Common Reserve Bonds, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Bonds, and (b) with respect to any Series of Additional Bonds that are not Common Reserve Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds; provided, however, that in no event shall any Reserve Requirement exceed an amount permitted by the Code. An initial deposit to the Common Reserve Account in the amount of $5,025,890.63 was made from a portion of the proceeds of the Series 2015A Bonds and an additional deposit to the Common Reserve Account in the amount of $_______ will be made from a portion of the proceeds of the Series 2015 Refunding Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. In connection with the issuance of Additional Bonds, there will additionally be deposited in the Common Reserve Account or any other Reserve Account established and/or maintained for such Additional Bonds, as applicable, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued. The Indenture also permits the issuance of Additional Bonds not secured by any Reserve Account.]

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made. "Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year). "Bond Year" means each twelve-month period beginning on July 1 in each year and extending to the next succeeding June 30, both dates inclusive, except that the first Bond Year shall begin on the date of issuance of the Series 2015A Bonds and end on June 30, 2015. "Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

The County may substitute a Reserve Facility for all or part of the moneys on deposit in any Reserve Account by depositing such Reserve Facility with the Trustee, provided that, at the time of such substitution, the amount on deposit in such Reserve Account, together with the amount available under all Reserve Facilities on deposit in such Reserve Account, shall be at least equal to the Reserve Requirement for such Reserve Account. "Reserve Facility" means any line of credit, letter of credit, insurance policy, surety bond or similar instrument, in form reasonably satisfactory to the Trustee, that (a) names the Trustee as beneficiary thereof, (b) provides for payment on demand, (c) cannot be terminated by the issuer thereof so long as any of the Bonds secured by such Reserve Facility remain Outstanding, (d) is issued by an obligor, the obligations of which under the Reserve Facility are, at the time such Reserve Facility is substituted for all or part of the moneys on deposit in the applicable Reserve Account, rated in one of the two highest rating categories (without regard to any modifier) by any one rating agency then rating the Bonds secured by such Reserve Facility, and (e) is deposited with the Trustee pursuant to the Indenture.

If the sum of the amount on deposit in any Reserve Account, plus the amount available under all available Reserve Facilities held for such Reserve Account, is less than the Reserve Fund Requirement for such Reserve Account, the first of Base Rental Payments thereafter received from the County under the Sublease and not needed to pay the principal of and interest on the Bonds on the next Interest Payment Date or Principal Payment Date shall be used, first, to reinstate the amounts available under any Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Reserve Accounts, so that the amount available under all available Reserve Facilities, when added to the amount on deposit in the Reserve Fund, shall equal the Reserve Requirement for each Reserve Account; provided, however, that such Base Rental Payments shall be allocated among all Reserve Accounts ratably without preference or priority of any kind, according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts.

If, as a result of the payment of principal of or interest on any Series of Bonds, the Reserve Requirement applicable to such Series of Bonds is reduced, amounts on deposit in the applicable Reserve Account in excess of such reduced Reserve Requirement shall be transferred to the related Interest Account(s) and Principal Account(s) of the Payment Fund as directed in a Written Request of the County. On any date on which Bonds of a Series are defeased in accordance with the Indenture, the Trustee shall, if so directed in a Written Request of the County, transfer any moneys in the related Reserve Account in excess of the applicable Reserve Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the County, to be applied to such defeasance. Moneys, if any, on deposit in a Reserve Account shall be withdrawn and applied by the Trustee for the final payments of principal of and interest on the Bonds secured by such Reserve Account.

See APPENDIX C — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Pledge and Assignment; Funds and Accounts – Reserve Fund."

Parity Obligations; Additional Bonds

The Series 2015 Refunding Bonds will be issued as Additional Bonds under the Indenture. The Authority has previously issued the Series 2015A Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2015 Refunding Bonds and all other Additional Bonds hereafter issued under the Indenture. Under the Indenture, the Authority may also issue other Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, but only subject to satisfaction of certain conditions precedent, including, (1) the provision to the Trustee of a Supplemental Indenture that, among other things, specifies whether such Additional Bonds shall (a) constitute Common Reserve Bonds secured by the Common Reserve Account, (b) be secured by any other Reserve Account, or (c) not be secured by any Reserve Account and (2) the filing with the Trustee, among other things, of (a) a certificate of the County to the effect that, upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period, is not in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds, and (b) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type set forth in the Sublease. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Insurance

The Sublease requires the County to maintain reasonable and customary liability insurance. The Sublease also requires the County to maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. The insurance referenced in the preceding sentence may be maintained in the form of self-insurance by the County, in compliance with the terms of the Sublease. The County intends to self-insure for workers' compensation and general liability with respect to the Property. The Sublease also requires the County to maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of certain hazards in an amount not less than an amount equal to two times Maximum Annual Debt Service. The County may not self-insure for rental interruption insurance. See Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance."

The County is also required under the Sublease to obtain title insurance on the Property, in an aggregate amount of not less than the initial aggregate principal amount of the Bonds, subject only to Permitted Encumbrances, as defined in the Sublease.

Substitution and Release of Property

Subject to the provisions described below, the Sublease provides that the County may substitute alternate real property for any portion of the Property or release a portion of the Property from the Sublease. Notwithstanding any substitution or release pursuant to the Sublease, the Sublease provides that there shall be no reduction in or abatement of the Base Rental Payments due from the County thereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to, among other things, the following conditions: (a) a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have certified that (i) the sum of Base Rental Payments plus Additional Rental Payments due under the Sublease in any Rental Period is not in excess of the annual fair rental value of the Property, as constituted after such substitution or release, and (ii) the Property, as constituted after such substitution or release, has a useful life equal to or greater than the maximum remaining term of the Sublease (including extensions thereof as provided under the Sublease); (b) the County shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property; (c) the County shall have filed or caused to be filed with the Trustee an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes; and (d) the County shall have certified to the Trustee that the substituted real property is essential for performing the County's governmental functions. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Assignment and Subletting; Substitution or Release; Title – Substitution or Release of the Property."

Events of Default and Remedies

An Event of Default under the Sublease includes, among other events, (a) the failure of the County to pay any Rental Payment payable under the Sublease when the same becomes due and payable, time being expressly declared to be of the essence in the Sublease and (b) the failure by the County to observe and perform any of the other covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, however, that the period of time for such cure shall not exceed 90 days without the prior written consent of the Authority. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Events of Default and Remedies."

In each and every case during the continuance of an Event of Default under the Sublease, the Trustee, as assignee of the Authority, shall have the right, without terminating the Sublease or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. The Sublease provides that the County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided in the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive hereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease. Notwithstanding anything to the contrary contained in the Sublease, the Authority in the Sublease expressly waives (i) any right to terminate the Sublease or the County's right to possession of the Property thereunder regardless of whether or not the County has abandoned the Property and (ii) any right of entry or re-entry to take possession of and/or re-let the Property. Further, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease. See "CERTAIN RISK FACTORS – Limitations on Remedies; No Acceleration Upon an Event of Default" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Events of Default and Remedies."

CERTAIN RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2015 Refunding Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2015 Refunding Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

Not a Pledge of Taxes

The Series 2015 Refunding Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Series 2015 Refunding Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Sublease to pay the Base Rental Payments from legally available funds for the use and possession of the Property as provided therein and the County has covenanted in the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental Payments except to the extent such payments are abated in accordance with the Sublease. The County is currently liable on other obligations payable from general revenues, some of which may have priority over the Base Rental Payments and Additional Rental Payments.

Additional Obligations of the County

The County has the capability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental payments may be decreased.

The Base Rental Payments and other payments due under the Sublease (including payment of costs of replacement, maintenance and repair of the Property and taxes, other governmental charges and utility charges levied against the Property) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental payments, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay the Base Rental Payments when due.

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" and APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Property. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Abatement" and "– Abatement" below.

Abatement

During any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the Reserve Fund or other funds and accounts established under the Indenture, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners of the Series 2015 Refunding Bonds in full.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The County is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County or otherwise enforcing the obligations of the County, and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of Series 2015 Refunding Bonds; and (iv) the possibility of the adoption of a plan (a "Plan") for the adjustment of the County's debt without the consent of the Trustee or all of the Owners of Series 2015 Refunding Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. The County may also be able to obtain authorization from the bankruptcy court to sell to a third party the Property, free and clear of the Site Lease, the Sublease, and the rights of the Trustee and the Owners.

In addition, the County could either reject the Site Lease or the Sublease or assume the Site Lease or the Sublease despite any provision of the Site Lease or the Sublease which makes the bankruptcy or insolvency of the County an event of default thereunder. In the event the County rejects the Sublease, the Trustee, on behalf of the Owners of the Series 2015 Refunding Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Series 2015 Refunding Bonds. Moreover, such rejection would terminate the Sublease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Sublease to a third party, regardless of the terms of the transaction documents, so that the County would not be obligated to make any further payments under the Sublease. In the event the County rejects the Site Lease, the Trustee, on behalf of the Owners of the Series 2015 Refunding Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Series 2015 Refunding Bonds. Moreover, such rejection may terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder. The County may be able to stay in possession of the Property, notwithstanding its rejection of the Site Lease or the Sublease.

The Authority is a public agency and, like the County, cannot be the subject of an involuntary case under the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority or otherwise enforcing the obligations of the Authority, and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Series 2015 Refunding Bonds; and (iv) the possibility of the adoption of a Plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Series 2015 Refunding Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. In addition, the provisions of the transaction documents that require the County to make payments directly to the Trustee, rather than to the Authority, may no longer be enforceable, and all payments may be required to be made to the Authority.

In addition, in a bankruptcy of the Authority, the assignment by the Authority to the Trustee of the Site Lease and the Sublease could be characterized as a pledge rather than an absolute assignment. Such a characterization could result in delays or reductions in payments on the Series 2015 Refunding Bonds or other losses to the Owners. In addition, the Authority may be able to either reject the Site Lease or the Sublease or assume the Site Lease or the Sublease despite any provision of the Site Lease or the Sublease which makes the bankruptcy or insolvency of the Authority an event of default thereunder. In the event the Authority rejects the Site Lease, the Trustee, on behalf of the Owners of the Series 2015 Refunding Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Series 2015 Refunding Bonds. Moreover, such rejection would terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder, although the County may be able to remain in possession of the Property. In the event the Authority rejects the Sublease, the Trustee, on behalf of the Owners of the Series 2015 Refunding Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim would be treated in a manner under a Plan over the objections of the Trustee or Owners of the Series 2015 Refunding Bonds. Moreover, such rejection may terminate the Sublease and the County's obligations to make payments thereunder, although the County may be able to remain in possession of the Property. The Authority may also be permitted to assign the Site Lease or the Sublease to a third party, regardless of the terms of the transaction documents. Such an assignment could result in delays or reductions in payments on the Series 2015 Refunding Bonds or other losses to the Owners.

Limitations on Remedies; No Right of Re-Entry or Re-let; No Acceleration

In accordance with the Sublease, in each and every case during the continuance of an Event of Default under the Sublease, the Trustee, as assignee of the Authority, shall have the right, without terminating the Sublease or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. The Sublease provides that the County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided in the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive hereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease. Notwithstanding anything to the contrary contained in the Sublease, the Authority in the Sublease expressly waives (i) any right to terminate the Sublease or the County's right to possession of the Property thereunder regardless of whether or not the County has abandoned the Property and (ii) any right of entry or re-entry to take possession of and/or re-let the Property. Further, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease.

If the County defaults on its obligations to make Rental Payments, the Trustee, as assignee of the Authority's rights under the Sublease, would be required to seek a separate judgment each year for that year's defaulted Rental Payments. Any such suit would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Rental Payments were due and against funds needed to serve the public welfare and interest.

Additionally, enforceability of the rights and remedies of the Owners, and the obligations incurred by the Authority and the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners 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. See "– Bankruptcy" above.

The Authority in the Sublease expressly waives any right to terminate the Sublease. Thus, the Trustee may not terminate the Sublease and proceed against the County to recover damages.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Property. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The County is unaware of the existence of hazardous substances on the Property site which would materially interfere with the beneficial use thereof.

Seismic Events

The County, like most regions in the State, and the Property, are located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the area of the County could result in substantial damage and interference with the County's right to use and occupy all or a portion of the Property, which could result in the Base Rental Payments being subject to abatement. See "CERTAIN RISK FACTORS – Abatement."

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2015 Refunding Bonds with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Sublease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Economic Conditions in the State of California

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Decreases in the State's General Fund revenues may significantly affect appropriations made by the State to public agencies, including the County. See APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2015B Bonds, the Authority and the County have covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2015B Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2015B Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Series 2015B Bonds were issued, as a result of acts or omissions of the Authority or the County in violation of the Code. Should such an event of taxability occur, the Series 2015B Bonds are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption provisions of the Indenture.

TAX MATTERS

Series 2015B Bonds

Tax Exemption. The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2015B Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2015B Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Series 2015B Bonds. The Authority and the County have covenanted in the Indenture not to take any action or omit to take any action that, if taken or omitted, respectively, would adversely affect the exclusion of the interest on the Series 2015B Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Series 2015B Bonds is exempt from personal income taxes of the State and, assuming compliance with the covenants mentioned herein, interest on the Series 2015B Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the Series 2015B Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, interest on the Series 2015B Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Series 2015B Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Indenture and in the Certificate Pertaining to Arbitrage and Certain Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate"), to be delivered by the Authority and the County in connection with the issuance of the Series 2015B Bonds, the Authority and the County will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the Series 2015B Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinion described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by the Authority and by the County with its covenants.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Series 2015B Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Series 2015B Bonds, or the interest thereon, if any action is taken with respect to the Series 2015B Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel. Bond Counsel has not undertaken to advise in the future whether any event after the date of issuance of the Series 2015B Bonds may affect the tax status of interest on the Series 2015B Bonds or the tax consequences of the ownership of the Series 2015B Bonds.

The opinion of Bond Counsel is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series 2015B Bonds is commenced, under current procedures the Service is likely to treat the Authority as the "taxpayer", and the bond owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2015B Bonds, the Authority may have different or conflicting interest from the bond owners. Public awareness of any future audit of the Series 2015B Bonds could adversely affect the value and liquidity of the Series 2015B Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exemption of interest on the Series 2015B Bonds from personal income taxation by the State or of the exclusion of the interest on the Series 2015B Bonds from the gross income of the owners thereof for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2015B Bonds. Prospective purchasers of the Series 2015B Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

A copy of the form of opinion of Bond Counsel relating to the Series 2015B Bonds is included in APPENDIX E.

Tax Accounting Treatment of Bond Premium and Original Issue Discount on Bonds. To the extent that a purchaser of a Series 2015B Bond acquires that Series 2015B Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Series 2015B Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the Series 2015B Bond to the owner.

The excess, if any, of the stated redemption price at maturity of Series 2015B Bonds of a maturity over the initial offering price to the public of the Series 2015B Bonds of that maturity is "original issue discount." Original issue discount accruing on Series 2015B Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that Series 2015B Bond. Original issue discount on any Series 2015B Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the Series 2015B Bond on the basis of a constant yield method and, within each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a Series 2015B Bond accruing during each period is added to the adjusted basis of such Series 2015B Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Series 2015B Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of Series 2015B Bonds who purchase such Series 2015B Bonds other than at the initial offering price and pursuant to the initial offering.

Persons considering the purchase of Series 2015B Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such Series 2015B Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Series 2015B Bonds.

Other Tax Consequences. Although interest on the Series 2015B Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Series 2015B Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Series 2015B Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2015B Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Series 2015B Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2015B Bonds, (iii) interest on the Series 2015B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Series 2015B Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on Series 2015B Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Series 2015B Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequences.

Series 2015C Bonds

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the Series 2015C Bonds is exempt from personal income taxes of the State. Except as stated in the immediately preceding sentence, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Series 2015C Bonds. A copy of the form of opinion of Bond Counsel relating to the Series 2015C Bonds is included in APPENDIX E.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Series 2015C Bonds. The discussion is based upon the Code, United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Series 2015C Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Series 2015C Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Series 2015C Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire Series 2015C Bonds in connection with the performance of services, or persons deemed to sell Series 2015C Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the Series 2015C Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Series 2015C Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the Series 2015C Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCE TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2015C BONDS.

Interest on the Series 2015C Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Series 2015C Bonds from gross income for federal income tax purposes. The Authority has taken no action to cause, and does not intend, interest on the Series 2015C Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The Authority intends to treat the Series 2015C Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE AUTHORITY EXPECTS THAT THE INTEREST PAID ON A SERIES 2015C BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

Disposition of Series 2015C Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. An owner of Series 2015C Bonds will generally recognize gain or loss on the sale or exchange of the Series 2015C Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner's adjusted tax basis in the Series 2015C Bonds. Generally, the owner's adjusted tax basis in the Series 2015C Bonds will be the owner's initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the Series 2015C Bonds.

Under current law, a purchaser of a Series 2015C Bond who did not purchase that Series 2015C Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Series 2015C Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Series 2015C Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Series 2015C Bond (or, in the case of a Series 2015C Bond bearing original issue discount, is less than the "revised issue price" of that Series 2015C Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Series 2015C Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Series 2015C Bonds could have a material effect on the market value of such Series 2015C Bonds.

Stated Interest and Reporting of Interest Payments. The stated interest on the Series 2015C Bonds will be included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the Series 2015C Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such Form 1099-INT will be sent to each owner of a Series 2015C Bond for federal income tax purposes.

Original Issue Discount. If the first price at which a substantial amount of the Series 2015C Bonds of any stated maturity is sold (the "Issue Price") is less than the face amount of those Series 2015C Bonds, the excess of the face amount of each Series 2015C Bond of that maturity over the Issue Price of that maturity is "original issue discount". If the original issue discount on a Series 2015C Bond is less than the product of one quarter of one percent of its face amount times the number of complete years to its maturity, the original issue discount on that Series 2015C Bond will be treated as zero. Original issue discount on a Series 2015C Bond will be amortized over the life of the Series 2015C Bond using the "constant yield method" provided in the Treasury Regulations. As the original issue discount on a Series 2015C Bond accrues under the constant yield method, the owner of that Series 2015C Bond, regardless of its regular method of accounting, will be required to include such accrued amount in its gross income as interest. This can result in taxable income to the owners of the Series 2015C Bonds that exceeds actual cash distributions to the owners in a taxable year. To the extent that a Series 2015C Bond is purchased at a price that exceeds the sum of the Issue Price of that Series 2015C Bond and all original issue discount previously includible by any holder in gross income (the "revised issue price" of that Series 2015C Bond), the subsequent accrual of original issue discount to that purchaser must be reduced to reflect that premium.

The amount of the original issue discount that accrues on the Series 2015C Bonds each taxable year will be reported annually to the Service and to the owners. The portion of the original issue discount included in each owner's gross income while the owner holds the Series 2015C Bonds will increase the adjusted tax basis of the Series 2015C Bonds in the hands of such owner.

Amortizable Bond Premium. An owner that purchases a Series 2015C Bond for an amount that is greater than its stated redemption price at maturity will be considered to have purchased the Series 2015C Bond with ''amortizable bond premium'' equal in amount to such excess. The owner may elect to amortize such premium using a constant yield method over the remaining term of the Series 2015C Bond and may offset interest otherwise required to be included in respect of the Series 2015C Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Series 2015C Bond held by an owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Series 2015C Bond. However, if the Series 2015C Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Series 2015C Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Owners of the Series 2015C Bonds should consult with their own tax advisor concerning this additional tax, as it may apply to interest earned on the Series 2015C Bonds as well as gain on the sale of a Series 2015C Bond.

Defeasance. Persons considering the purchase of a Series 2015C Bond should be aware that the bond documents permit the Authority under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Indenture (a “defeasance”). A defeasance could result in the realization of gain or loss by the owner of a Series 2015C Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Owners of Series 2015C Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of the Series 2015C Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” of current or accrued interest on the Series 2015C Bonds or with respect to proceeds received from a disposition of the Series 2015C Bonds. This withholding applies if such owner of Series 2015C Bonds: (i) fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the Series 2015C Bonds. Owners of the Series 2015C Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such an owner of the Series 2015C Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Series 2015C Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the Series 2015C Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Series 2015C Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Series 2015C Bonds, including the applicability and effect of any state, local, or foreign tax law, and of any proposed change of applicable law.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Series 2015 Refunding Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2016, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Series 2015 Refunding Bonds in complying with the Rule15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The County's underlying rating was upgraded by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), from "A+" to "AA-" in October 2012 in connection with the issuance of its Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds ") and disclosed in the Official Statement for the Series 2012 Bonds. The County did not file an event notice for the rating changes assigned to the County's other General Fund obligations. In addition, the County did not file notices of certain rating changes on bonds insured by a financial guaranty insurance company. The County has since filed notices setting forth the current ratings on each of its obligations.

ESCROW VERIFICATION

Concurrently with the issuance of the Bonds, _______________ (the "Verification Agent"), will deliver a report with respect to the mathematical accuracy of certain computations, contained in schedules provided to them, which were prepared by the Underwriters, relative to the sufficiency of moneys and securities deposited into the escrow funds established pursuant to an escrow agreement to pay, when due the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Bonds. The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the aforesaid computations and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

CERTAIN LEGAL MATTERS

The validity of the Series 2015 Refunding Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel to the Authority. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F – "FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, and for the County and the Authority by County Counsel.

FINANCIAL STATEMENTS

The Fiscal Year 2013-14 financial statements of the County, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 16, 2014.

FINANCIAL ADVISOR

Public Resources Advisory Group, has served as Financial Advisor to the County in connection with the issuance of the Series 2015 Refunding Bonds. 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 and the Authority, there is no litigation pending or threatened against the County or the Authority concerning the validity of the Series 2015 Refunding Bonds or challenging any action taken by the County or the Authority in connection with the authorization of the Indenture, the Sublease or any other document relating to the Series 2015 Refunding Bonds to which the County or the Authority is or is to become a party or the performance by the County or the Authority of any of their obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make the Rental Payments when due. See APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – General Litigation."

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's have assigned the Series 2015 Refunding Bonds ratings of "___," "___" and "___," respectively. Such ratings reflect only the views of Fitch, Moody's and Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the Series 2015 Refunding Bonds. Explanation of the significance of such ratings may be obtained only from the respective organizations at: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007-2796; and Standard and Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2015 Refunding Bonds.

UNDERWRITING

The Series 2015 Refunding Bonds are being purchased by Goldman, Sachs & Co., as representative of itself and the underwriters identified on the cover page of this Official Statement (collectively, the "Underwriters"). The Underwriters have agreed to purchase (a) the Series 2015B Bonds from the County and the Authority at an aggregate purchase price of $__________ (consisting of the aggregate principal amount of the Series 2015B Bonds of $_____________, [plus][less] a [net] original issue [premium][discount] of $__________ and less underwriters' discount of $__________), and (b) the Series 2015C Bonds from the County and the Authority at an aggregate purchase price of $__________ (consisting of the aggregate principal amount of the Series 2015C Bonds of $_____________, [plus][less] a [net] original issue [premium][discount] of $__________ and less underwriters' discount of $__________), pursuant to the terms of the Bond Purchase Agreement, dated ______, 2015, among the County, the Authority and the Underwriters. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series 2015 Refunding Bonds offered under the Bond Purchase Agreement if any of the Series 2015 Refunding Bonds offered thereunder are purchased.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2015 Refunding Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015 Refunding Bonds.

Backstrom McCarley Berry & Co., LLC ("BMcB"), one of the Underwriters for the Series 2015 Bonds, has entered into a Broker/Dealer Agreement with D.A. Davidson & Company (formally Crowell, Weedon & Co), and a non-exclusive Distribution Agreement with Wedbush Securities, to augment its institutional and retail marketing capabilities, for the distribution of certain securities offerings, including the Series 2015 Bonds, at the original issue price. Pursuant to such distribution agreements, D.A. Davidson & Company and Wedbush Securities, may purchase bonds from BMcB at the original issue price less a negotiated portion of the selling concession applicable to any bonds that such firm sells.

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, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Site Lease and the Sublease may be obtained upon request from the Trustee at: 550 South Hope Street, Suite 2650, Los Angeles, California 90071, Attention: Corporate Trust Services. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the County and the purchasers or Owners of any of the Series 2015 Refunding Bonds.

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Owner of the Series 2015 Refunding Bonds may obtain a copy of any such report, as available, from the County at the address set forth below.

This Official Statement and its distribution have been duly authorized by the County and the Authority.

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

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX A

THE 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 nearly 10.1 million in 2014, 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 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 a maximum of three consecutive terms commencing as of December 2002.

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.

The County has recently experienced significant changes to its elected leadership, senior management personnel and governance structure. In December 2014, the Supervisors for the First District and the Third District reached their term limits. Their successors were elected by voters in the November 2014 election, and commenced their first terms on December 1, 2014. In November 2014, voters also elected a new County Assessor and a new Sheriff. Other key management changes to County departments include a new Auditor-Controller appointed by the Board of Supervisors in October 2014, and a new Treasurer and Tax Collector appointed in January 2015. A new Chief Executive Officer and a new County Counsel are expected to be appointed sometime in 2015.

On July 7, 2015, The Board of Supervisors approved CEO recommendations to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance and to establish a new governance structure. Under the new governance structure, all non-elected department heads will once again report directly to the Board of Supervisors and all Deputy CEO positions will be eliminated. County departments will continue to report to the CEO for day-to-day operations, as well as for administrative and budget matters. The CEO will continue to act as the Board's agent to manage countywide policy objectives and departmental performance management. The new governance structure is designed to streamline the County bureaucracy by improving communications with County departments, which will facilitate more effective decision making and greater responsiveness to the Board of Supervisors' policy objectives,

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 abuse 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, providing County residents with a valuable educational resource.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 88.2% 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 56.8% of County employees; the Coalition of County Unions ("CCU"), which includes twenty-three (23) collective bargaining units representing 23.5% of County employees; and the Independent Unions (the "Independent Unions"), which encompass thirteen (13) collective bargaining units representing 7.9% of County employees. 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 had two-year terms, with the MOUs for the Firefighters, Supervising Firefighters and the Supervising Beach Lifeguards expiring on December 31, 2014, and the MOU for Supervising Peace Officers expiring on January 31, 2015. All four unions received 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 had two-year terms, which expired on December 31, 2014 and January 31, 2015, respectively. Both unions received 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 30, 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 30, 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 MOUs covering wages and work rules for all of SEIU Local 721 bargaining units. The MOUs all have two-year terms expiring on September 30, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

The County has MOUs in place with all of its collective bargaining units, with the exception of the Guild for Professional Pharmacists (Unit #301). Non-represented employees also received 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% 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 was 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 Fiscal Year 2012-13 matching contribution cap of $112 million, which was 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 February 25, 2014, the Board of Supervisors also approved a $500 cash bonus for all full-time permanent employees, which was paid in two equal installments on March 28, 2014 and July 30, 2014. Temporary and part-time employees received a similar cash bonus of $250, also payable in two equal installments.

The County is currently in the process of negotiating successor agreements with all of its collective bargaining units that have expired MOUs, or MOUs that are scheduled to expire in 2015. Employees with expired MOUs will continue to work under the terms of the expired agreements until new MOUs become effective.

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. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified 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, 2014 was 164,366, consisting of 74,465 active vested members, 18,001 active non-vested members, 59,229 retired members and 12,671 terminated vested (deferred) members. Of the 92,466 active members (vested and non-vested), 79,943 are general members in General Plans A through G, and 12,523 are safety members in Safety Plans A through C.

Of the 59,229 retired members, 47,867 are general members in General Plans A through E, and 11,362 are safety members in Safety Plans A and B. 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 Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2014, approximately 63% of active general members were enrolled in General Plan D, and over 97% of all active 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.

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 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 other minor 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 were adjusted to 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 remains unchanged at 7.5%.

UAAL and Deferred Investment Returns

For the June 30, 2013 Actuarial Valuation (the "2013 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 12.1%, which compared favorably to the 7.50% assumed rate of return. The market value of Retirement Fund assets increased by $3.467 billion or 9.1% to $41.774 billion as of June 30, 2013. With 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, the Funded Ratio decreased from 76.1% to 75.0% as of June 30, 2013. After reaching a cyclical high of 94.5%, prior to the economic downturn, the Funded Ratio declined steadily from June 30, 2008 to June 30, 2013. The steady decline in the Funded Ratio over the five-year period was primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses in Fiscal Years 2008-09 and 2011-12 (especially the losses in 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 provided the basis for establishing the contribution rates effective July 1, 2014. The County's required contribution rate increased 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 did not include $1.401 billion of net deferred investment gains that were to be partially recognized in future year valuations. If the actual market value of Retirement Fund assets was used as the basis for the valuation, 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.

For the June 30, 2014 Actuarial Valuation (the "2014 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 16.8%, which was significantly higher than the 7.50% assumed rate of return. As a result of the strong investment performance, the market value of Retirement Fund Assets increased by $5.949 billion or 14.2% to $47.722 billion as of June 30, 2014. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.722 billion or 9.3% from $39.932 billion to $43.654 billion as of June 30, 2014. The 2014 Actuarial Valuation reported that the AAL increased by $1.695 billion to $54.942 billion, but the UAAL decreased by $2.027 billion to $11.288 billion from June 30, 2013 to June 30, 2014. With the strong performance of Retirement Fund assets in Fiscal Year 2013-14 and the recognition of deferred actuarial investment gains, the Funded Ratio increased from 75.0% to 79.5% as of June 30, 2014.

The 2014 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2015. The County's required contribution rate will decreased from 21.34% to 19.33% of covered payroll in Fiscal Year 2015-16. The decrease in the contribution rate is comprised of a decrease in the funding requirement to finance the UAAL over 30 years from 11.90% to 10.04%, and a decrease in the normal cost contribution rate from 9.44% to 9.29%.

The 2014 Actuarial Valuation does not include $3.569 billion of net deferred investment gains that will be partially recognized and available to offset any future actuarial investment losses over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 86.0% as of June 30, 2014, and the required County contribution rate would have been 16.23% for Fiscal Year 2015-16.

In Fiscal Year 2014-15, LACERA reported a 5.4% return on Retirement Fund assets for the eleven-month period ended May 31, 2015, which is below the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of May 31, 2015 were 26.7% domestic equity, 25.1% international equity, 22.4% fixed income, 10.8% real estate, 8.7% private equity, 2.0% commodities, 1.1% hedge funds and 3.2% 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-11.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual required contribution to LACERA. In Fiscal Years 2012-13 and 2013-14, the County's total contributions to the Retirement Fund were $1.119 billion and $1.263 billion, respectively. In Fiscal Year 2014-15, the County's required contribution payments increased by $168 million to $1.431 billion. For Fiscal Year 2015-16, the County is estimating retirement contribution payments to LACERA of $1.342 billion, which would represent a 6.2% or $89.0 million decrease from Fiscal Year 2014-15.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2015 is presented in Table 3 ("County Pension Related Payments") on page A-11.

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, 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 was never 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, 2014, the remaining balance in the County Contribution Credit Reserve was $21.891 million, all of which is attributable to the Los Angeles County Superior Court.

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, 2014, $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 2014 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 have increased from 19.33% to 19.86% for Fiscal Year 2015-16, and the Funded Ratio would have decreased from 79.5% to 78.3% as of June 30, 2014. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $33.6 million in Fiscal Year 2015-16.

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 was implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and has expanded the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, will replace 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 Position (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 2012-13 and 2013-14, total payments from the County to LACERA for postemployment health care benefits were $441.1 million, and $447.0 million, respectively. In Fiscal Year 2014-15, payments to LACERA for retiree health care increased to $450.2 million. For Fiscal Year 2015-16, the County is projecting $498.3 million in retiree health care payments to LACERA, which would represent a 10.7% or $48.1 million increase from Fiscal Year 2014-15.

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 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.

In accordance with the requirements of GASB 43, Milliman completed an OPEB actuarial valuation report 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 $24.031 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $22.94 billion, which represented a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.938 billion, which represented 28.79% of the County's payroll costs, and an 11.4% increase from the prior OPEB Valuation.

In May 2013, Milliman released the next OPEB actuarial valuation report ("the 2012 OPEB Valuation") as of July 1, 2012. In the 2012 OPEB Valuation, Milliman reported an AAL of $26.953 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $25.733 billion, which represented a 12.2% increase from the 2010 OPEB Valuation. The OPEB ARC as of July 1, 2012 was estimated to be $2.126 billion, which represented 32.07% 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 represented 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 represented 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 represented 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 provided the basis for the next OPEB actuarial valuation report (the" 2014 OPEB Valuation") as of July 1, 2014.

For the Fiscal Year ended June 30, 2014, the County reported an OPEB ARC of $2.178 billion, which represents a $16 million or 0.74% increase from June 30, 2013. The OPEB ARC was partially offset by $484.3 million in County "pay as you go" contributions, which resulted in an increase in the net OPEB obligation of $1.694 billion in Fiscal Year 2013-14. The net OPEB obligation of $9.848 billion as of June 30, 2014 represents a 20.8% increase from the $8.154 billion obligation reported as of June 30, 2013. The "pay as you go" County contribution represents 22.2% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2012-13.

In June 2015, Milliman released the next OPEB actuarial valuation report ("the 2014 OPEB Valuation") as of July 1, 2014. In the 2014 OPEB Valuation, Milliman reported an AAL of $28.547 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $27.288 billion, which represents a 6.0% increase from the 2012 OPEB Valuation. The OPEB ARC as of July 1, 2014 is estimated to be $2.152 billion, which represents

31.82% of the County's payroll costs and a 1.2% increase from the 2012 OPEB Valuation. The increase in the County's OPEB liability from 2012 to 2014 was the result of several offsetting factors, with the most significant factors being a reduction in the discount rate from 4.35% to 3.75% and lower than expected increases in health insurance premiums.

Funding for Other Postemployment Benefits

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.

In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve for the initial funding of the OPEB Trust. The balance of the OPEB Trust as of May 31, 2015 was $497.0 million, which includes the initial deposit plus investment earnings. In the 2015-16 Adopted Budget, the County is projecting a $22 million contribution to the OPEB Trust, which will be funded by a $10 million NCC General Fund contribution and $12 million of subvention revenue received from the Federal, State and other local government entities.

The County reached an agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who begin County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will still apply to the new tier. The agreement will not affect current retirees or current employees hired prior to July 1, 2014. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement was approved by the Board of Retirement and by the Board of Supervisors in June 2014.

On April 30, 2014, the California Supreme Court declined to consider an appeal by a retired City of San Diego employee regarding changes to retirement healthcare benefits. The Supreme Court's denial of the appeal effectively upholds an appellate court ruling affirming the city's ability to modify non-vested retiree healthcare benefits, and further establishes a difference between the treatment of retiree healthcare benefits and pension benefits under State law. Public pension benefits in California have much stronger legal protection, and reform options are generally limited to lowering benefit formulas for future employees only. In contrast, California municipalities can reduce OPEB benefits provided that State collective bargaining laws are followed and that benefits were not established as vested contractual rights. The Supreme Court action is expected to provide California public entities with future budgetary flexibility to manage or change their OPEB liabilities.

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, July 1, 2011 (the "2011 LTD Valuation") and July 1, 2013 (the "2013 LTD Valuation"). In the 2013 LTD Valuation, the AAL for the County's long-term DBP was $946 million, which represents a 7.2% decrease from the $1.019 billion AAL reported in the 2011 LTD Valuation. Based on the 2013 LTD Valuation, the June 30, 2014 net OPEB obligation of $9.848 billion includes $231.5 million for long-term disability benefits.

In Fiscal Years 2012-13 and 2013-14, the County made total DBP payments of $37.6 million and $37.3 million, respectively. For Fiscal Years 2014-15 and 2015-16, the County is estimating DBP payments of $40.0 million and $43.8 million, respectively. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the County's OPEB obligation.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending 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 a 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.

Public Safety Cases

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, and includes a requirement that approximately $4.82 million (which has been reduced from the initial proposed settlement of $12.28 million) be deposited into a settlement fund to provide compensation for an unknown number of affected persons. No litigation has yet been filed.

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 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.

On December 16, 2014, the Board of Supervisors entered into a settlement agreement in the *Rosas v. Baca, et al.* lawsuit. *Rosas v. Baca, et al* was a federal court class action lawsuit filed by the American Civil Liberties Union alleging a pattern and practice of excessive use of force in the County jails. Under the terms of the agreement, the Sheriff Department will implement various reforms recommended by the court-appointed *Rosas* Monitors. The final Implementation Plan, which was submitted to the Courts, delineates 21 areas of proposed reforms with a total of 106 recommendations. The settlement agreement requires that the Sheriff Department comply with various recommendations by specific target dates of June 30, 2015, December 31, 2015 and December 31, 2016. Many of the recommendations mirror those of the Citizens' Commission on Jail Violence and have already been implemented or are in the process of being implemented. The County estimates the on-going costs to be approximately $51.7 million dollars per fiscal year.

Health and Social Services Cases

In February, 2014, Sutherland Health Care Solutions, a County contract provider that 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. Both the County District Attorney's Office and the Torrance Police Department are continuing their collective efforts in investigating the crime. This crime has resulted in the breach of approximately 338,000 individual patient accounts. Four separate class action lawsuits were originally 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*. The Harasim plaintiff voluntarily dismissed its case, reducing the number of pending cases to three, which have been consolidated Under the State's California Medical Information Act, the plaintiff can assert both nominal and actual damages, as well as seek attorney fees. While the plaintiffs may also assert punitive damages, the County would not be subject to payment on such claims. Nominal damages and attorney fees could exceed $700 million. Should the State exercise regulatory damages and civil penalties, those amounts could be $2,500 for each violation. The litigation is in its initial phase, with many procedural and other issues still to be determined. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

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 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 (which has already been deposited into a settlement fund), and a fee award to class counsel in an amount not to exceed $400,000.

Property Tax Cases

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 Fund ("ERAF") that were payable 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 decision in favor of the County regarding calculation of the statutory payments that temporarily reduced the County's exposure. 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, holding that the statutory payments to LAUSD should have included a higher share of the ERAF revenue diverted by the "Triple Flip" and Vehicle License Fee swap legislation. The California Supreme Court denied the County's petition for review in October 2013. The Court of Appeal's decisions have resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. Three other districts, Los Angeles Community College District, Montebello Unified School District, and Long Beach Unified School District, subsequently filed lawsuits with the same allegations litigated by LAUSD. The three cases were stayed until August 14, 2014 to allow for a settlement of all litigation concerning this issue. The estimated County General Fund exposure from the lawsuits by the three districts is $18 million. The estimated County General Fund exposure from the LAUSD lawsuit is $50.8 million. The total County exposure (including separate agencies governed by the same County officials) is $72.3 million. The County has reserved $68.2 million for the expected resolution of these lawsuits. A resolution with an approved calculation methodology is close to completion.

In September 2011, a lawsuit entitled *City of Cerritos et al, v. 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 had been fully briefed in the Court of Appeal. Oral argument is scheduled for August 19, 2015, but the appellants have filed a request to postpone the hearing date. If the petitioners 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 (RPTTF). The County estimates the potential liability of this case to be $789 million, which is based on the distribution of the entire property tax residual, due diligence review amounts and asset sale proceeds to the County since the redevelopment agency dissolution in 2011. The Auditor-Controller's administrative costs are not included as a potential County liability because the dissolution legislation requires the Auditor-Controller to perform certain duties but allows the recovery of the administrative costs of those duties before allocating funds in the RPTTF. 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 so far been unsuccessful. A detailed discussion of ABx1 26 and of the redevelopment agency dissolution is provided in the Budgetary Information section of Appendix A.

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 "LACFCD") under the citizen suit provision of the Federal Clean Water Act. The plaintiffs sought injunctive relief, civil penalties and attorneys' fees for alleged violations of water quality standards contained in a municipal stormwater permit. The case was bifurcated to first determine liability and then remedies. The District Court found that the County and the LACFCD had violated water quality standards in the ocean near Malibu, California. A partial summary judgment was granted to the County and LACFCD on all other claims, which plaintiffs appealed to the Ninth Circuit. After multiple appellate proceedings, the Ninth Circuit partially overturned the District Court's ruling, finding the County and LACFCD liable for water quality violations on two out of four watershed claims, and remanded the case to the District Court for further proceedings on the three total claims for which the County and LACFCD have been found to be liable. The District Court has dismissed plaintiffs' prayer for injunctive relief as moot and has determined that the County is liable for 224 violations and the LACFCD for 274 violations. A November 10, 2015 trial date has been set to determine an appropriate award of civil penalties and attorneys' fees. The maximum civil penalty that can be awarded for each violation ranges from $27,500 to $37,500 depending on the date of the violation. The County estimates that the maximum award of statutory penalties to be approximately $7.5 million for the County and approximately $9 million for the LACFCD, but that penalties would likely be significantly lower due to mitigating factors. Plaintiffs will also be entitled to substantial attorneys' fees. Plaintiffs have filed a notice of appeal of the dismissal of the request for injunctive relief and intend to ask the District Court to stay further trial proceedings pending resolution of the appeal. Any award against the County will be paid from the County General Fund, and any award against the LACFCD will be paid from a separate fund attributable to the LACFCD.

Accent Builders, Inc. ("ABI"), the general contractor for the construction of the La Plaza de Cultura y Artes cultural museum project, sued the County for breach of the contract. The County cross-complained against ABI and its alter-ego and subcontractor Superior Gunite, Inc. ("SGI"), for breach of contract and violation of the False Claims Act ("FCA"). SGI was dismissed from the action on January 7, 2014, after the trial court granted ABI's and SGI's demurrer as to the FCA claim. Following a bench trial, ABI obtained a damages award of $3.738 million, plus $2.028 million in attorneys' fees, costs, and prejudgment interest, resulting in a total judgment against the County of $5.766 million. The County's earlier-filed appeal of SGI's judgment of dismissal is now pending before the Court of Appeal. As of April 2015, that appeal has been fully briefed and oral argument was heard on May 13, 2015. The Court of Appeal did not issue a tentative decision, nor did they rule on the dismissal of the FCA cause of action. The Court of Appeal issued its written opinion, which was favorable to the County. The Court of Appeal ruled that the trial court erred in sustaining SGI's demurrer, and the SGI matter was remanded to the Superior Court. The County intends to appeal the measure of damages utilized by the trial court as well as the court's dismissal of the County's FCA claims against ABI. ABI has also appealed the judgment in regards to the court's reduction, by half, of the amount of attorneys' fees, costs, and prejudgment interest sought by ABI.

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 of Supervisors, as reflected in a 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 equitable relief 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.

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 that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt 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
06/30/2009	$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	51,320,699	12,281,335	76.07%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2014.

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
2008-09	$30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.8%	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%
2013-14	47,722,277	16.8%	86.0%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2014.

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	-4.5%
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	1,262,754	446,979	-	1,709,733	9.6%
2014-15	1,430,462	450,202	-	1,880,664	10.0%
2015-16	1,341,632 *	498,292 *		1,839,924	-2.2%

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 is required to adopt the Final County Budget by October 2nd of each year.

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 Funds, Other Enterprise Funds, Internal Services Fund, and Agency Fund.

The General County Budget accounts for approximately 78.4% of the 2015-16 Adopted 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 9.8% of the 2015-16 Adopted 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 2015-16 Adopted 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 8.09% of the 2015-16 Adopted 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 2.4% of the 2015-16 Adopted 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 by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2015-16 is $20,799,777,985. The 2015-16l Adopted Budget included proceeds from taxes of $7,850,480,333, which is substantially 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.

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 Appropriations by Fund" on page A-XX of this Appendix A, $4.235 billion of the $21.251 billion 2015-16 Adopted General County Budget is received from the Federal government and $5.616 billion is funded by the State. The remaining $11.400 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 46% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

The overall Federal budget outlook for the County in 2015-16 is positive, primarily because the County's Medicaid revenue, which is by far the County's largest source of Federal revenue, will continue to grow due to the expansion of Medicaid under the Patient Protection and Affordable Care Act (the "Affordable Care

Act"). The County will also receive increased revenue for Title IV-E Foster Care, which is the third largest Federal revenue source under the terms and conditions of California's Title IV-E Waiver. The County's Federal revenue is expected to be stable through Fiscal Year 2015-16 in regard to funding received for other Federal entitlement programs, including the Temporary Assistance for Needy Families Program (CalWORKs in California), Child Support Enforcement, the Supplemental Nutrition Assistance Program (CalFresh in California); and federal discretionary programs through which the County receives its remaining Federal revenue.

The County expects the Republican-controlled Congress to pursue an overall reduction in Federal spending, including reductions to Medicaid, which is the third largest Federal program after Social Security and Medicare. However, Republicans lack the two-thirds majority in both houses of Congress that would be needed to override any presidential veto of legislation that significantly reduces Medicaid spending, including legislation to repeal the Affordable Care Act. In the event that legislation was enacted resulting in reductions in Federal revenue for County-administered programs, the fiscal impact of such spending cuts is unlikely to be felt until Fiscal Year 2016-17, at the earliest.

Any future legislative action in regard to Federal spending or the Affordable Care Act, and its fiscal impact to future County budgets, cannot be predicted at this time.

STATE BUDGET PROCESS

Over the past twenty-five 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 the same decade, the 2001 recession and subsequent recovery, and the most recent economic downturn that started in 2008. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election, the State has experienced significant improvement to its budget stability and overall financial condition. The State's budgetary decisions in response to the changing 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 to administer 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 certain 1991-92 Realignment Program health care funding to 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 the AB 85 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 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue 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 AB 109 funding.

The Fiscal Year 2015-16 State Budget Act (the "State Budget Act") estimated AB 109 funding at $1.2 billion. The California State Association of Counties (CSAC) has submitted a recommendation to the State for a long-term funding distribution formula among the counties. Based on this formula, the County would maintain its funding allocation and receive approximately $361.6 million, which would provide l funding for all County AB 109 programs. In addition, the County Board of Supervisors has authorized the use of AB 109 reserves, accumulated from prior-year unused AB 109 funding, to fund pilot programs designed to reduce recidivism and long-term incarceration costs among inmates with mental health illness and substance use disorders.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. 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. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453 million in Fiscal Year 2009-10. In Fiscal Years 2012-13 and 2013-14, the County General Fund received $100.8 and $118.6 million of residual taxes, respectively. In Fiscal Year 2014-15, the County received $151.1 million of residual taxes. The 2015-16 Adopted Budget includes $140.0 million of residual taxes for

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the General Fund.

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.

2015-16 PROPOSED STATE BUDGET

On January 9, 2015, Governor Brown released his Fiscal Year 2015-16 Proposed State Budget (the "Proposed State Budget"), The Proposed State Budget projects a beginning fund balance surplus from Fiscal Year 2014-15 of $1.423 billion, total revenues and transfers of $113.380 billion, total expenditures of $113.298 billion, and a year-end surplus of $1.505 billion for Fiscal Year 2015-16. Of the projected year-end surplus, $971 million will be allocated to the Reserve for Liquidation of Encumbrances and $534 million will be deposited to the Special Fund for Economic Uncertainties. In accordance with the 2014-15 State Budget Act, the Proposed State Budget continues to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $2.826 billion.

On May 14, 2015, Governor Brown released his Fiscal Year 2015-16 May Budget Revision (the "May Budget Revision"). The May Budget Revision projected a beginning fund balance surplus from Fiscal Year 2014-15 of $2.359 billion, total revenues and transfers of $115.033 billion, total expenditures of $115.308 billion, and a year-end surplus of $2.084 billion for Fiscal Year 2015-16. Of the projected year-end surplus, $971 million would be allocated to the Reserve for Liquidation of Encumbrances and $1.113 billion would be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision provided for an increase in the deposit to the State's Budget Stabilization Account (Rainy Day Fund) to $3.460 billion.

On June 24, 2015, Governor Brown signed the State Budget Act, which projects a beginning fund balance surplus from Fiscal Year 2014-15 of $2.423 billion, total revenues and transfers of $115.033 billion, total expenditures of $115.369 billion, and a year-end surplus of $2.087 billion for Fiscal Year 2015-16. Of the projected year-end surplus, $971 million would be allocated to the Reserve for Liquidation of Encumbrances and $1.116 billion would be deposited to the Special Fund for Economic Uncertainties. The State Budget Act provides for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $3.460 billion, which remains unchanged from the May Budget Revision. The total revenues and transfers of $115.033 million in the State Budget Act represent a $9.545 billion, or 9.0% increase from the Fiscal Year 2014-15 State Budget Act, and reflects the continued improvement in the financial condition of the State.

The State Budget Act is not expected to result in any loss of funding for County-administered programs, and includes a number of proposals that are favorable to the County. The State Budget Act includes the repayment of $765 million statewide in pre-2004 deferred State mandate payments owed to local governments, which will effectively payoff the State's remaining pre-2004 deferred mandate payments owed to local governments. The County's estimated share of this repayment in Fiscal Year 2015-16 is $134.7 million. The State Budget Act includes a base allocation for the AB 109/2011 Public Safety Realignment of $1.2 billion, which will provide sufficient funding for all County AB 109 programs. The County estimates that the State Budget Act will result in a $101.3 million redirection of 1991-92 Realignment Program funding from the County to the State, which remains unchanged from the May Budget Revision, but is a significant reduction from the $238.3 million redirected from the County for Fiscal Year 2014-15. The State Budget Act appropriates $245.3 million of total statewide funding for the counties to conduct Medi-Cal enrollment, which represents an increase of $95.3 million from the May Budget Revision. The County is expected to receive a significant share of the statewide funding amount.

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. As a result of the previous economic downturn, which started to impact the budget in Fiscal Year 2008-09, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn 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 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 achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. The County eliminated 2,735 budgeted positions from Fiscal Year 2009-10 to Fiscal Year 2011-12, and the County's employee labor groups agreed to zero cost-of-living adjustments (COLAs) and no salary increases for a five-year period beginning in Fiscal Year 2008-09. 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.

The reliability of property tax revenue is due in large part to Proposition 13, which helps 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 most 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. After the downturn and with the ongoing recovery in the real estate market, the County has experienced a steady pattern of accelerating growth in assessed valuation, with increases in the Net Local Roll of 1.4%, 2.2%, 4.7% and 5.47% in Fiscal Years 2011-12, 2012-13, 2013-14 and 2014-15, respectively. For the Fiscal Year 2014-15 tax roll, the County Assessor estimates that approximately 12.5% of all single-family residential parcels, 12.9% of all residential income parcels and 18.8% 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.

For Fiscal Year 2014-15, the Assessor reported a Net Local Roll of $1.192 trillion, which represents an increase of 5.47% or $61.812 billion from Fiscal Year 2013-14. The Fiscal Year 2014-15 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 2014-15 are transfers in ownership ($30.699 billion), the restoration of previous decline in value adjustments ($21.836 billion), new construction ($4.492 billion), and an increase in the consumer price index ($4.537 billion).

Starting in 2007, with the downturn in the real estate market, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations would insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2013-14 Assessment Roll, the Assessor began to review the 552,000 parcels to evaluate whether a reduced assessed value was still warranted under Proposition 13. Based on this review, the Assessor has fully restored 161,000 parcels to their Proposition 13 value. The Assessor is currently in the process of reviewing the valuations of 241,000 parcels in preparation for the Fiscal Year 2015-16 Assessment Roll. The total assessed value that could be restored for these parcels is estimated at $22.0 billion.

On May 15, 2015, the Assessor released the 2015-16 Assessment Roll Forecast, which projects a $70.540 billion or 5.92% increase in the Net Local Roll for Fiscal Year 2015-16. The projected increase in the Net Local Roll is primarily driven by changes of ownership, which accounts for $37.982 billion or 3.05% of the projected increase and reflects the ongoing improvement of the County real estate market.

FISCAL YEAR 2014-15 FINAL ADOPTED BUDGET

The Fiscal Year 2014-15 Final Adopted Budget (the 2014-15 Final Adopted Budget), which was approved on September 30, 2014, appropriates $27.141 billion, which reflects a $1.042 billion or 4.0% increase in total funding requirements from Fiscal Year 2013-14. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $20.948 billion, which represented a $938.6 million or 4.7% increase from Fiscal Year 2013-14. The 2014-15 Final Adopted Budget appropriated $6.193 billion for Special Funds/District, reflecting a $103.6 million or 1.7% decrease from Fiscal Year 2013-14.

The primary changes to the NCC component of the 2014-15 Final Adopted 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	(38,142,000)
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)
Sheriff Unincorporated Patrol	(12,031,000)
Mental Health Services in County Jails	(10,000,000)
Enhanced Unincorporated Area Services	(9,073,000)
All Other Program Changes	(43,473,000)
Revenue Changes	
Property Taxes	254,032,000
Property Taxes - Supplemental Appointment	(19,000,000)
Property Taxes - CRA Dissolution Residual	75,000,000
Realignment Sales Tax	35,471,000
Public Safety Sales Tax	31,681,000
Registrar-Recorder Revenue Shortfall	(13,181,000)
Various Revenue Changes	680,000
Total Projected Budget Gap	$ -

<u>Unavoidable Cost Increases</u>

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 approved 6% salary increases with nearly all of its collective bargaining units, which are reflected in the higher expenditures for employee salaries in the Fiscal Year 2013-14 and 2014-15 Final Adopted Budgets. In addition to employee salaries, the County is also experiencing 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 Years 2008-09 and 2011-12, 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.

On June 4, 2014, the Federal Department of Justice (DOJ) issued a report, which concluded that the County was out of compliance with the terms of a 2002 MOA regarding the provision of mental health services in County Jails. The DOJ asserts that the MOA has been ineffective in achieving compliance and that a court-enforceable settlement agreement should now be substituted for the 2002 MOA. To that end, the DOJ's report identified 53 remedial measures to address deficient mental health services and suicide prevention issues. The DOJ expects the Sheriff's Department and the Department of Mental Health (DMH) to address the remedial measures through the court-enforceable agreement.

The County has not agreed to a court-enforceable agreement and is continuing to negotiate with the DOJ on each of the 53 items. Based on preliminary estimates, the multi-year budget impact to achieve full compliance with some of the remedial measures is $48.0 million. The Fiscal Year 2014-15 Final Adopted Budget included $20.0 million to fund implementation of the remedial measures.

Revenue Increases

As a result of improving economic conditions, the County's primary revenue sources experienced continued growth in Fiscal Year 2014-15, including increases in a variety of locally generated revenue along with an increase in statewide sales tax revenue. As noted above, the Assessor reported a 5.47% increase in the total revenue-producing valuation in the Fiscal Year 2014-15 Assessment Roll. The increase in assessed valuation provided the basis for the $254.0 million projected increase in property tax revenue in the 2014-15 Final Adopted Budget. The increase in property tax revenue was partially offset by an estimated $19.0 million reduction in supplemental property taxes due to a change in the supplemental apportionment factor. In addition to the projected growth in property tax revenue, the County included an additional $75 million revenue increase from the property tax residual in Fiscal Year 2014-15 as a result of the redevelopment agency dissolution.

Based on current trends, and a survey of local economic forecasts, the County assumed a 4.0% growth factor in its overall sales tax projection for the 2014-15 Final Adopted Budget. Based on the 4% growth rate, the County projected a $67.2 million increase in Proposition 172 Sales Tax and Realignment Sales Tax in Fiscal Year 2014-15.

The increase in property tax and sales tax revenue was partially offset by a $13.2 million reduction in recording fee revenue, as the Registrar-Recorder/County Clerk experienced a significant drop in a variety of recording filings and a $10.6 million reduction in the utility user tax.

FISCAL YEAR 2015-16 ADOPTED BUDGET

The Fiscal Year 2015-16 Adopted Budget (the "2015-16 Adopted Budget") was approved by the Board of Supervisors on June 22, 2015. The 2015-16 Adopted Budget appropriates $27.116 billion, which reflects a $193.10 million or 0.7% increase in total funding requirements from the Fiscal Year 2015-16 Recommended Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $21.251 billion, which represents a $131.8 million or 0.6% increase from the Fiscal Year 2015-16 Recommended Budget. The 2015-16 Adopted Budget appropriates $5.865 billion for Special Funds/District, reflecting a $61.3 million or 1.051.1% increase from the Fiscal Year 2015-16 Recommended Budget.

The primary changes to the NCC component of the 2015-16 Adopted Budget are outlined in the following table.

Fiscal Year 2015-16 NCC Budget Changes

Public Assistance Changes	$ (1,012,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	29,667,000
Pension Costs	(42,399,000)
Employee Salaries	160,796,000
Prefund Retiree Healthcare Benefits	10,000,000
Various Cost Changes	(183,000)
Program Changes	
Rosas Settlement	64,470,000
Mental Health Services in County Jails	23,456,000
County Jails ADA Settlement	1,208,000
Sheriff DOJ AV Settlement	2,251,000
Sheriff Special Victims Bureau	2,203,000
Diversion - Inmate Treatment Program	10,000,000
Curtailment Restoration	7,434,000
All Other Program Changes	16,753,000
Fiscal Policies	
Appropriation for Contingency	14,639,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**304,283,000**
Revenue Changes	
Property Taxes	248,281,000
Property Taxes - CRA Dissolution Residual	25,000,000
Public Safety Sales Tax	27,895,000
Fund Balance Adjustment	3,858,000
Various Revenue Changes	(751,000)
Total Locally Generated Revenues	**304,283,000**
Total Projected Budget Gap	$ -

Public Assistance Changes

With the decline in the unemployment rate in the County and the improving local economy, the number of residents seeking General Relief aid has declined, which has helped reduce the overall cost of providing public assistance by $12.9 million. The decrease will be partially offset by an $11.9 million increase in wages for In-Home Supportive Services workers.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of previously approved salaries and employee benefits increases as well as yet to be determined salary and benefit increases that are subject to negotiations with the County's collective bargaining units and would take effect in Fiscal Year 2015-16. The Board of Supervisors previously approved 6% salary increases with nearly all of its collective bargaining units, which are reflected in the higher expenditures for employee salaries in the 2014-15 Final Adopted Budget, and the 2015-16 Adopted Budget.

Prefund Retiree Healthcare Benefits – This expenditure adds $10.0 million in NCC, which would be supplemented with a projected $12 million of subvention revenue received from Federal, State and other local government entities. The total projected contribution of $22 million is the first step in a multi-year plan approved by the Board on June 22, 2015 that would incrementally increase the prefunding of retiree healthcare benefits.

County Jails Excessive Use of Force – This expenditure reflects $64.5 million in ongoing funding and $10.5 million in one-time funding, for a total of $75.0 million to be set aside in the Provisional Financing Uses (PFU) budget to address allegations of excessive use of force in the jails. In January 2012, the American Civil Liberties Union (ACLU) filed the Alex Rosas federal court class action lawsuit alleging a pattern and practice of excessive use of force in the County jails. The settlement agreement presented to the Board of Supervisors on December 16, 2014, requires the Sheriff's Department to implement various reforms recommended by the court-appointed Rosas Monitors. On October 14, 2014, the Monitors submitted to the Court their final Implementation Plan containing their recommendations for reforms in the jails. The Implementation Plan delineates 21 areas of proposed reforms with a total of 106 recommendations. The settlement agreement requires that the Sheriff's Department achieve compliance with the recommendations by June 30, 2015, December 31, 2015 and by December 31, 2016. Many of the recommendations expand upon those of the Citizens' Commission on Jail Violence (CCJV) and some have already been implemented, or are in the process of being implemented. The Chief Executive Office will continue to work with the Sheriff's Department to determine the level of resources that are required in order to achieve full compliance with the Rosas settlement.

<u>County Jails Mental Health Needs</u> – This expenditure adds $23.5 million in ongoing funding to the PFU budget. This amount, along with $10.0 million in ongoing funding included in the 2014-15 Final Adopted Budget, brings the total ongoing funding amount to $33.5 million for mental health issues at County jails. The Sheriff and DMH are continuing to identify priorities and develop action plans to address the 53 remedial measures outlined in the June 4, 2014 DOJ report, some of which will require additional funding and staff to address certain recommendations.

<u>Comprehensive Diversion Inmate Treatment Program</u> – Supplements $20.0 million in one-time funding in the PFU budget unit with $10.0 million of ongoing funding for this program. This funding is being set aside in anticipation of the District Attorney's report on a Comprehensive Criminal Justice Mental Health Plan.

<u>Fiscal Policies</u>

On September 30, 2014, the County updated its budget policies to require that between 5% to 10% of new ongoing discretionary revenues be set aside during the budget process in the Appropriation for Contingency as a hedge against unforeseen budget issues that may occur during any fiscal year. As part of the 2015-16 Adopted Budget, $14.6 million is being set aside in the Appropriation for Contingency, which reflects 5% of discretionary revenues. In addition, the revised budget policies required that $5.0 million be allocated for deferred maintenance needs as part of the Recommended Budget.

<u>Revenue Changes</u>

As a result of improving economic conditions, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2015-16. The County is also forecasting a $25.0 million increase in property tax residual from the dissolution of redevelopment agencies.

The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. The County Assessor is forecasting a 5.92% increase in the Net Local Roll for Fiscal Year 2015-16, which provides the basis for the $248.3 million of additional property tax revenue included in the 2015-16 Adopted Budget.

Based on current trends and a survey of local economic forecasts, the County has assumed a 5% growth factor in its overall sales tax projection for the 2015-16 Adopted Budget. Based on the 5% growth rate, the County is projecting a $27.9 million increase in Proposition 172 Sales Tax in Fiscal Year 2015-16.

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 one outpatient center, one regional health center, six comprehensive health centers, eleven community 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 on an annual basis.

As a safety net provider, the County is the medical provider of last resort for millions of indigent County residents. Historically, the cost of providing health services exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which 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.

The improvement in the DHS fiscal outlook from prior years is primarily due to 1) the five-year Section 1115 Hospital Financing Waiver (the "Waiver"), which became effective in November 2010, and 2) the implementation of the Affordable Care Act, effective January 1, 2014. As a result of the Affordable Care Act implementation, DHS has experienced a significant reduction in the number of uninsured patients, providing an overall fiscal benefit. Because the impact of the ACA has expanded DHS' revenue base, the budgetary pressures on DHS have been appreciably reduced. Further, as explained below, Assembly Bill (AB) 85 establishes a sum certain for the maintenance of effort ("MOE") requirement for the County's contribution to DHS, as well as providing additional revenue sources.

Section 1115 Hospital Financing Waiver

The Centers for Medicare and Medicaid Services ("CMS") approved the Waiver for public hospitals in California, effective November 1, 2010, which provides partial funding for uncompensated care and a new funding source for system improvements at public hospitals through the Delivery System

Reform Incentive Pool ("DSRIP"). 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, thus further enhancing DHS revenues.

DHS has successfully implemented the structural and operational reforms necessary to achieve the DSRIP performance incentives and will continue to focus its efforts on maximizing this funding source. In Fiscal Year 2014-15, DHS expects to meet almost all of the DSRIP goals and outcomes with a net benefit of $223.4 million in DSRIP revenue. A mandated semi-annual report was submitted to the State in March 2015 for which DHS received payment in April 2015 . The next semi-annual report is due to the State in September 2015 with the revenue expected to be received by the end of calendar year 2015.

Renewal of Expiring 1115 Waiver

The current Waiver will expire October 31, 2015 and efforts are currently underway to ensure its renewal, effective November 1, 2015. In consultation with the counties and other stakeholders, the State developed a Waiver renewal proposal and submitted it to CMS on March 27, 2015. Discussions have started between the State and CMS and the State expects to complete the process by the end of the current Waiver period. DHS does not anticipate large changes in the overall amount of revenue to be included in the renewal Waiver. As such, DHS has included conservative estimates in the Fiscal Year 2015-16 Adopted Budget for Waiver-related revenues as a placeholder until the Waiver negotiations are complete.

Affordable Care Act

The Affordable Care Act provided the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The Affordable Care Act's Medicaid Coverage Expansion ("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 Waiver included the Low Income Health Program ("LIHP") that implemented the MCE program prior to January 2014. The LIHP was known as Healthy Way LA ("HWLA") in Los Angeles County and provided for early enrollment for many uninsured DHS patients. As the Affordable Care Act became effective on January 1, 2014, HWLA enrollees were automatically transitioned to coverage under the MCE program. HWLA and the MCE have significantly improved DHS' payer mix and provided additional revenues as previously uninsured patients have transitioned to Medi-Cal coverage.

Assembly Bill 85

Based on the implementation of the Affordable Care Act and the expected reduction in the number of uninsured patients, the State proposed a restructuring of its relationship to the counties in terms of the State's funding of health care and human services programs that have been in place since the 1991-92 Realignment Program. Negotiations between the State and the counties regarding the State's proposed reductions 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 revenue that will be "redirected" from the County's Realignment Revenue Health Subaccount to the County's Family Support Subaccount, which benefits social services programs. The County was able to negotiate its own agreement with the State and a formula that is different than that of the other counties in the State.

The County's unique formula takes into account the entire DHS budget and includes cost caps, revenue requirements, specific sharing ratios, and a County MOE. A mathematical formula will be used to determine whether there are "excess" funds available for "redirection" of 199-92 Realignment Program revenue back to the State. The amount of revenue redirection will be reconciled to the formula two years after the close of each respective fiscal year. If there are "excess" funds resulting from the formula calculation, the sharing ratio for the excess amount of health care realignment revenue in Fiscal Year 2013-14 is 70% State and 30% County. For Fiscal Year 2014-15 and forward, the sharing ratio will be 80% State and 20% County.

As a result of AB 85, the State redirected $87.5 million of 1991-92 Realignment Program revenue from the County for Fiscal Year 2013-14 and the 2014-15 State Budget Act redirected $238.3 million from the County for Fiscal Year 2014-15. The Governor has noted that these estimated redirections are interim calculations, with a final reconciliation of the Fiscal Year 2013-14 redirection to take place no later than January 2016. DHS believes that the State has overestimated the amount of excess funds identified for redirection. The County estimates that the State Budget Act will result in a $101.3 million redirection of 1991-92 Realignment Program funding from the County to the State in Fiscal Year 2015-16. In addition, AB 85 established an MOE funding requirement for the County's General Fund contribution in the amount of $323.0 million, which the County is currently meeting. The MOE funding requirement is based on Fiscal Year 2012-13 funding levels and will increase by one percent each subsequent fiscal year. The MOE is expected to provide a stable and ongoing source of funding for DHS from the County General Fund.

DHS Reserve Funds

In Fiscal Year 2013-14, DHS closed the year with a budgetary surplus of $192.0 million, which is net of the $87.5 million redirection of 1991-92 Realignment Program revenue noted above. The surplus funds are maintained in a reserve account and are available to fund DHS operations in the future, as needed.

Although the 2014-15 State Budget Act resulted in the redirection of $238.3 of 1991-92 Realignment Program revenue from the County, DHS is estimating the actual redirection amount to be approximately $155.4 million after the final reconciliation of actual revenues and expenditures. Before accounting for the redirection and application of the sharing formula under AB 85, DHS is estimating a budgetary surplus of $107.4 million in Fiscal Year 2014-15. The estimated surplus may increase during the year-end closing process based on updated prior-year revenue estimates. If necessary, DHS expects to close any operating deficit as a result of the revenue redirection under AB 85 by using a portion of DHS' surplus funds maintained in the reserve account.

General Fund Contributions

In Fiscal Year 2015-16, the County General Fund is expected to contribute $633.2 million of NCC to DHS in support of its health care operations. In relation to the overall DHS budget, the projected County contribution in Fiscal Year 2015-16 represents 13.1% of total DHS appropriations. The NCC contribution to DHS peaked in Fiscal Year 2007-08 at 18.2% of the total DHS budget, and has declined steadily thereafter. The decrease in the NCC contribution is a direct result of enhanced revenue streams, improved patient demographics, and more efficient hospital operations.

General Fund Advances and Cash Flow

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund provides cash advances to each of 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 Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of June 30, 2015, the balance of General Fund cash advances to the Hospital Funds was approximately $419.6 million. The timing of cash reimbursements has been impacted as both the State and the County adjust to the large population of residents entering into the ACA's expanded Medi-Cal programs. In addition, the implementation of the ACA's Hospital Presumptive Eligibility ("HPE") program allowed expedited Medi-Cal eligibility and coverage. These changes had significant impacts on processing and claiming operations at both the State and county levels. However, most of the issues that arose from the HPE implementation have now been addressed. The County expects the remaining processing issues to be resolved in Fiscal Year 2015-16, with DHS cash receipts returning to a more timely and predictable pattern.

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 last audit completed by the State was for Fiscal Year 2010-11. As of June 30, 2014, 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. The CBRC receivable balance for Fiscal Year 2014-15 will be determined at the closing of the books at fiscal year-end.

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 MLK-LA Healthcare, the new 501(c)(3) private, non-profit MLK Hospital. The new 131-bed 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. The MLK-LA Hospital completed licensing activities and began treating patients in July 2015. The MLK Hospital expects to provide a full range of hospital services by the end of 2015 or early 2016.

To assist with the opening of the MLK Hospital, the County has agreed to provide MLK-LA Healthcare with $50.0 million of coordination start-up funds, $39.1 million of grant funding, and $82.0 million of short-term and long-term loans. In addition, the County has committed to make an annual intergovernmental transfer of up to $50.0 million for the benefit of the new hospital. For use of the County-owned hospital facility, MLK-LA Healthcare will make annual lease payments to the County in the amount of $18.0 million. The County has initially financed the construction of the MLK Hospital with $283.8 million of short-term lease-revenue notes, which are currently outstanding. The County intends to refinance the MLK Hospital and pay-off the short-term notes through the issuance of long-term lease-revenue bonds.

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. In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. While the County's share of the State settlement was initially 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.

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.

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, previous 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 were withheld or made under protest. In March 2013, an arbitrated settlement among certain MSA participants (including California), which included a new method for calculating future payment adjustments, resolved the status of the disputed payments from 2003 to 2012. However, given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

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. In Fiscal Year 2014-15, the County received $63.4 million in TSRs from the participating manufacturers. The distribution of TSRs 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. As of June 30, 2014, the County has received approximately $1.536 billion in TSRs and accrued interest, with approximately $1.486 billion of the collected proceeds disbursed, and $49.9 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 improve the operational efficiency of the health system.

BUDGET TABLES

The 2015-16 Adopted Budget is supported by $4.740 billion in property taxes, $4.235 billion in Federal funding, $5.616 billion in State funding, $0.204 billion in cancelled obligated fund balance, $1.336 billion in Fund Balance and $5.120 billion from 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 2015-16 Recommended Budget with the 2015-16 Adopted Budget.

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

Fund	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Recommended 2015-16	Adopted 2015-16
General Fund	$ 16,229,826	$ 16,750,817	$ 17,206,258	$ 17,782,636	$ 17,967,946	$ 18,080,416
Hospital Enterprise Fund	2,268,712	2,592,117	2,803,170	3,165,359	3,151,363	3,170,726
Total General County Budget	$ 18,498,538	$ 19,342,934	$ 20,009,428	$ 20,947,995	$ 21,119,309	$ 21,251,142

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources

	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Recommended 2015-16	Adopted 2015-16
Requirements						
Social Services	$ 5,539,798	$ 5,572,820	$ 5,846,911	$ 6,206,407	$ 6,346,178	$ 6,411,551
Health	5,600,822	5,952,459	6,208,232	6,373,399	6,501,410	6,552,210
Justice	4,697,762	4,985,441	5,146,062	5,442,540	5,502,991	5,538,126
Other	2,660,156	2,832,214	2,808,223	2,925,649	2,768,730	2,749,255
Total	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**	**$ 21,251,142**
Revenue Sources						
Property Taxes	$ 3,750,746	$ 3,814,906	$ 4,177,683	$ 4,467,240	$ 4,679,006	$ 4,739,985
State Assistance	4,670,351	5,168,427	5,024,219	5,366,757	5,608,584	5,615,855
Federal Assistance	4,712,400	5,008,928	4,342,123	4,184,128	4,225,733	4,235,091
Other	5,365,041	5,350,673	6,465,403	6,929,870	6,605,986	6,660,211
Total	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**	**$ 21,251,142**

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

	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Recommended 2015-16	Adopted 2015-16
Financing Requirements						
Salaries & Employee Benefits	$ 8,895,017	$ 9,322,969	$ 9,671,291	$ 10,353,404	$ 10,822,231	$ 10,933,677
Services & Supplies	6,706,121	6,869,576	7,138,148	7,362,617	7,418,228	7,374,009
Other Charges	3,621,050	3,734,605	3,901,664	4,082,120	3,888,469	3,936,149
Capital Assets	890,217	1,025,119	982,969	946,383	816,553	836,995
Other Financing Uses	640,310	615,357	619,569	263,903	544,456	543,679
Appropriations for Contingencies	-	-	-	5,000	11,594	14,639
Interbudget Transfers[1]	(1,419,532)	(1,476,794)	(1,417,786)	(1,054,758)	(1,387,140)	(1,384,084)
Gross Appropriation	$ 19,333,183	$ 20,090,832	$ 20,895,855	$ 21,958,669	$ 22,114,391	$ 22,255,064
Less: Intrafund Transfers	975,236	942,276	944,775	990,638	995,082	1,003,922
Net Appropriation	$ 18,357,947	$ 19,148,556	$ 19,951,080	$ 20,968,031	$ 21,119,309	$ 21,251,142
Provision for Obligated Fund Balance						
General Reserve	$ -	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	-	10,000	35,033	24,274	-	-
Committed Fund Balance	140,591	184,378	23,315	(44,310)	-	-
Total Financing Requirements	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**	**$ 21,251,142**
Available Financing						
Fund Balance	$ 1,601,571	$ 1,565,502	$ 1,497,581	$ 1,566,263	$ 1,319,284	$ 1,335,990
Cancel Provision for Obligated Fund Balance	271,027	208,484	239,852	143,419	197,071	204,320
Property Taxes: Regular Roll	3,709,801	3,778,085	4,123,069	4,414,842	4,626,417	4,687,363
Supplemental Roll	40,945	36,821	54,614	52,398	52,589	52,622
Revenue	12,875,194	13,754,042	14,094,312	14,771,073	14,923,948	14,970,847
Total Available Financing	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**	**$ 21,251,142**

1 This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.4 billion in 2015-16, from the above table would give the impression that there are more resources than are actually

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2015-16 RECOMMENDED TO ADOPTED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2015-16 Recommended [1]	2015-16 Adopted [2]	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 1,033,106.0	$ 1,065,514.0	$ 32,408.0	3.14%
General Services	906,359.0	770,954.0	(135,405.0)	-14.94%
Public Buildings	772,056.0	778,551.0	6,495.0	0.84%
Total General	$ 2,711,521.0	$ 2,615,019.0	$ (96,502.0)	-3.56%
Public Protection				
Justice	$ 5,092,924.0	$ 5,193,632.0	$ 100,708.0	1.98%
Other Public Protection	206,623.0	209,984.0	3,361.0	1.63%
Total Public Protection	$ 5,299,547.0	$ 5,403,616.0	$ 104,069.0	1.96%
Health and Sanitation	6,473,193.0	6,523,993.0	50,800.0	0.78%
Public Assistance	6,253,762.0	6,320,259.0	66,497.0	1.06%
Recreation and Cultural Services	302,332.0	306,256.0	3,924.0	1.30%
Insurance and Loss Reserve	67,360.0	67,360.0	-	0.00%
Provision for Obligated Fund Balance	-	-	-	0.00%
Appropriations for Contingencies	11,594.0	14,639.0	3,045.0	26.26%
Total Requirements	**$ 21,119,309.0**	**$ 21,251,142.0**	**$ 131,833.0**	**0.62%**
AVAILABLE FUNDS				
Property Taxes	$ 4,679,006.0	$ 4,739,985.0	$ 60,979.0	1.30%
Fund Balance	1,319,284.0	1,335,990.0	16,706.0	1.27%
Cancelled Prior-Year Reserves	197,071.0	204,320.0	7,249.0	3.68%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 336,372.0	$ 336,356.0	$ (16.0)	0.00%
Homeowners' Exemption	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	1,048,367.0	1,085,464.0	37,097.0	3.54%
Other Public Assistance	1,836,970.0	1,806,607.0	(30,363.0)	-1.65%
Public Protection	1,217,569.0	1,204,111.0	(13,458.0)	-1.11%
Health and Mental Health	1,018,136.0	1,032,698.0	14,562.0	1.43%
Capital Projects	102,940.0	102,840.0	(100.0)	-0.10%
Other State Revenues	29,230.0	28,779.0	(451.0)	-1.54%
Total State Revenues	$ 5,608,584.0	$ 5,615,855.0	$ 7,271.0	0.13%
Federal Revenues				
Public Assistance Subventions	$ 2,579,752.0	$ 2,613,375.0	$ 33,623.0	1.30%
Other Public Assistance	214,410.0	195,468.0	(18,942.0)	-8.83%
Public Protection	147,459.0	147,459.0	-	0.00%
Health and Mental Health	1,242,624.0	1,237,251.0	(5,373.0)	-0.43%
Capital Projects	1,149.0	1,149.0	-	0.00%
Other Federal Revenues	40,339.0	40,389.0	50.0	0.12%
Total Federal Revenues	$ 4,225,733.0	$ 4,235,091.0	$ 9,358.0	0.22%
Other Governmental Agencies	22,150.0	36,508.0	14,358.0	64.82%
Total Intergovenmental Revenues	$ 9,856,467.0	$ 9,887,454.0	$ 30,987.0	
Fines, Forfeitures and Penalties	216,285.0	216,285.0	-	0.00%
Licenses, Permits and Franchises	53,753.0	53,753.0	-	0.00%
Charges for Services	3,534,619.0	3,566,019.0	31,400.0	0.89%
Other Taxes	209,479.0	209,479.0	-	0.00%
Use of Money and Property	133,776.0	133,613.0	(163.0)	-0.12%
Miscellaneous Revenues	615,239.0	600,485.0	(14,754.0)	-2.40%
Operating Contribution from General Fund	304,330.0	303,759.0	(571.0)	-0.19%
Total Available Funds	**$ 21,119,309.0**	**$ 21,251,142.0**	**$ 131,833.0**	**0.62%**

(1) Reflects the 2015-16 Recommended General County Budget approved by the Board of Supervisors on April 14, 2015
(2) Reflects the 2015-16 Adopted General County Budget approved by the Board of Supervisors on June 22, 2015

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2015-16 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	$ 1,033,106.0	$ -	$ 1,033,106.0
General Services	906,359.0	-	906,359.0
Public Buildings	772,056.0	-	772,056.0
Total General	$ 2,711,521.0	$ -	$ 2,711,521.0
Public Protection			
Justice	$ 5,092,924.0	$ -	$ 5,092,924.0
Other Public Protection	206,623.0	-	206,623.0
Total Public Protection	$ 5,299,547.0	$ -	$ 5,299,547.0
Health and Sanitation	$ 3,321,830.0	$ 3,151,363.0	$ 6,473,193.0
Public Assistance	6,253,762.0	-	6,253,762.0
Recreation and Cultural Services	302,332.0	-	302,332.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	-	-	-
Appropriation for Contingency	11,594.0	-	11,594.0
Total Requirements	**$ 17,967,946.0**	**$ 3,151,363.0**	**$ 21,119,309.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,679,006.0	$ -	$ 4,679,006.0
Fund Balance	1,319,284.0	-	1,319,284.0
Cancel Provision for Obligated Fund Balance	12,131.0	184,940.0	197,071.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 336,372.0	$ -	$ 336,372.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,048,367.0	-	1,048,367.0
Other Public Assistance	1,836,970.0	-	1,836,970.0
Public Protection	1,217,569.0	-	1,217,569.0
Health and Mental Health	974,299.0	43,837.0	1,018,136.0
Capital Projects	102,940.0	-	102,940.0
Other State Revenues	29,230.0	-	29,230.0
Total State Revenues	5,564,747.0	43,837.0	5,608,584.0
Federal Revenues			
Public Assistance Subventions	$ 2,555,379.0	$ 24,373.0	$ 2,579,752.0
Other Public Assistance	214,410.0	-	214,410.0
Public Protection	147,459.0	-	147,459.0
Health and Mental Health	929,866.0	312,758.0	1,242,624.0
Capital Projects	1,149.0	-	1,149.0
Other Federal Revenues	40,339.0	-	40,339.0
Total Federal Revenues	$ 3,888,602.0	$ 337,131.0	$ 4,225,733.0
Other Governmental Agencies	22,150.0	-	22,150.0
Total Intergovenmental Revenues	$ 9,475,499.0	$ 380,968.0	$ 9,856,467.0
Fines, Forfeitures and Penalties	216,010.0	275.0	216,285.0
Licenses, Permits and Franchises	53,627.0	126.0	53,753.0
Charges for Services	1,667,557.0	1,867,062.0	3,534,619.0
Other Taxes	209,479.0	-	209,479.0
Use of Money and Property	133,699.0	77.0	133,776.0
Miscellaneous Revenues	201,654.0	413,585.0	615,239.0
Operating Contribution from General Fund	-	304,330.0	304,330.0
Total Available Funds	**$ 17,967,946.0**	**$ 3,151,363.0**	**$ 21,119,309.0**

(1) Reflects the 2015-16 Recommended Budget General County Budget approved by the Board of Supervisors on April 14, 2015

COUNTY OF LOS ANGELES
ADOPTED BUDGET 2015-16 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	$ 1,065,514.0	$ -	$ 1,065,514.0
General Services	770,954.0	-	770,954.0
Public Buildings	778,551.0	-	778,551.0
Total General	$ 2,615,019.0	$ -	$ 2,615,019.0
Public Protection			
Justice	$ 5,193,632.0	$ -	$ 5,193,632.0
Other Public Protection	209,984.0	-	209,984.0
Total Public Protection	$ 5,403,616.0	$ -	$ 5,403,616.0
Health and Sanitation	$ 3,353,267.0	$ 3,170,726.0	$ 6,523,993.0
Public Assistance	6,320,259.0	-	6,320,259.0
Recreation and Cultural Services	306,256.0	-	306,256.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	-	-	-
Appropriation for Contingency	14,639.0	-	14,639.0
Total Requirements	**$ 18,080,416.0**	**$ 3,170,726.0**	**$ 21,251,142.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,739,985.0	$ -	$ 4,739,985.0
Fund Balance	1,335,990.0	-	1,335,990.0
Cancel Provision for Obligated Fund Balance	19,380.0	184,940.0	204,320.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 336,356.0	$ -	$ 336,356.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,085,464.0	-	1,085,464.0
Other Public Assistance	1,806,607.0	-	1,806,607.0
Public Protection	1,204,111.0	-	1,204,111.0
Health and Mental Health	989,120.0	43,578.0	1,032,698.0
Capital Projects	102,840.0	-	102,840.0
Other State Revenues	28,779.0	-	28,779.0
Total State Revenues	5,572,277.0	43,578.0	5,615,855.0
Federal Revenues			
Public Assistance Subventions	$ 2,589,002.0	$ 24,373.0	$ 2,613,375.0
Other Public Assistance	195,468.0	-	195,468.0
Public Protection	147,459.0	-	147,459.0
Health and Mental Health	924,512.0	312,739.0	1,237,251.0
Capital Projects	1,149.0	-	1,149.0
Other Federal Revenues	40,389.0	-	40,389.0
Total Federal Revenues	$ 3,897,979.0	$ 337,112.0	$ 4,235,091.0
Other Governmental Agencies	36,508.0	-	36,508.0
Total Intergovenmental Revenues	$ 9,506,764.0	$ 380,690.0	$ 9,887,454.0
Fines, Forfeitures and Penalties	216,010.0	275.0	216,285.0
Licenses, Permits and Franchises	53,627.0	126.0	53,753.0
Charges for Services	1,679,303.0	1,886,716.0	3,566,019.0
Other Taxes	209,479.0	-	209,479.0
Use of Money and Property	133,536.0	77.0	133,613.0
Miscellaneous Revenues	186,342.0	414,143.0	600,485.0
Operating Contribution from General Fund	-	303,759.0	303,759.0
Total Available Funds	**$ 18,080,416.0**	**$ 3,170,726.0**	**$ 21,251,142.0**

(1) Reflects the 2015-16 Adopted General County Budget approved by the Board of Supervisors on June 22, 2015

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. 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 included on the Fiscal Year 2014-15 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 $37,114,020,795 which constitutes only 3.24% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2014-15
Southern California Edison Co.	$71,292,071
Douglas Emmett Residential	42,169,431
Tesoro Refining and Marketing Co.	30,865,127
Participants in Long Beach Unit	25,169,150
Universal Studios LLC	25,023,715
ASN Pasadena LLC	21,838,594
Chevron USA Inc./Texaco/Unocal	21,821,952
Southern California Gas Co.	21,729,934
AT&T/Pacific Bell Telephone Co.	20,880,492
EQR/ERP Limited	20,254,696
Verizon/MCI Communications Serv. Inc.	19,509,417
EXXON/Mobil Oil Corp.	17,602,415
Phillips 66	16,628,041
Prologis/AMB	15,552,713
Maguire Properties	15,265,810
Freeport-McMoran Oil & Gas LLC	13,964,406
OXY/Tidelands Oil/Vintage Production	12,926,878
Beacon Oil Co./Ultramar/Valero Energy Corp.	11,287,796
CBS Inc./Paramount Pictures Corp.	10,794,155
Boeing/Hughes Aircraft/McDonnell Douglas Corp.	10,739,130
	$445,315,923

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 2010-11 through 2014-15.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2010-11 THROUGH 2014-15

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 %
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	2,662,214,197	2,623,480,895	98.55%
2014-15	1,146,946,428,176	2,814,475,757	2,773,527,158 (3)	98.55%

(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 2014-15 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 2010-11 through 2014-15.

PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2010-11 THROUGH 2014-15

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
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	1,282,940,191
2014-15	159,180,996,812	1,022,618,631 (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 former community redevelopment agencies and their successor agencies created under ABX1 26.
(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 2014 through April 2015.

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 follow an uneven pattern, primarily as a result of unpredictable delays in payments from other governmental agencies and the significant amount of secured property tax revenue received close to the December and April due dates for the first and second installments, 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.

2015-16 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 12, 2015, the County issued the 2015-16 TRANs with an aggregate principal amount of $900,000,000 due on June 30, 2016. The 2015-16 TRANs are general obligations of the County attributable to Fiscal Year 2015-16 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 Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2015-16 for the purpose of repaying the 2015-16 TRANs on the June 30, 2016 maturity date. The deposits to the Repayment Fund will be made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	Deposit Amount
December, 2015	$315,000,000
January, 2016	315,000,000
April, 2016	314,875,000
Total	$944,875,000

* Includes $900,000,000 of 2015-16 TRANs principal and 5.00% 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 2010-11.

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

	2010-11	2011-12	2012-13	2013-14	2014-15
Property Taxes	$3,733,822	$3,725,324	$4,276,875	$4,337,915	$4,581,797
Other Taxes	137,907	172,703	167,054	203,396	204,173
Licenses, Permits and Franchises	56,799	58,642	61,268	65,260	58,488
Fines, Forfeitures and Penalties	242,904	218,380	226,737	212,676	197,663
Investment and Rental Income	123,582	111,506	107,105	104,422	131,053
State In-Lieu Taxes	401,679	366,352	335,310	344,971	407,316
State Homeowner Exemptions	21,616	21,505	21,101	19,715	20,277
Charges for Current Services	1,574,709	1,678,238	1,546,370	1,582,791	1,577,165
Other Revenue*	465,163	392,137	552,414	525,570	610,250
TOTAL UNRESTRICTED RECEIPTS	$6,758,181	$6,744,787	$7,294,234	$7,396,716	$7,788,182

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 2013-14 and Fiscal Year 2014-15.

General Fund Cash Flow Statements

The Fiscal Year 2013-14 and Fiscal Year 2014-15 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2013-14, the County had an ending General Fund cash balance of $1.025 billion. In Fiscal Year 2014-15, the County is estimating an ending cash balance in the General Fund of $1.653 billion.

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 May 31, 2015, 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	$10.886
Schools and Community Colleges	12.413
Independent Public Agencies	2.363
Total	$25.662

Of these entities, the discretionary participants accounted for 9.96% 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 31, 2015, 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 June 30, 2015, the book value of the Treasury Pool as of May 31, 2015 was approximately $25.662 billion and the corresponding market value was approximately $25.652 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Internal Controls Branch (ICB) operates independently from the Investment Office, and reconciles cash and investments to fund balances on a daily basis. ICB staff also reviews each investment trade for accuracy and compliance with the Board of Supervisor's adopted Investment Policy. On a quarterly basis, the County's external independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy, and reviews investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of May 31, 2015:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	55.85
Certificates of Deposit	11.89
Commercial Paper	31.20
Bankers Acceptances	0.00
Municipal Obligations	0.14
Corporate Notes & Deposit Notes	0.92
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of May 31, 2015, approximately 41.02% of the investments mature within 60 days, with an average of 559 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 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, 2014, and the unmodified 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 2014-15 Final Adopted Budget included an available General Fund balance of $1,566,263,000 as of June 30, 2014.

The 2014-15 Final Adopted Budget uses the fund balance language of the County Budget Act, which has 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 policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

- 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 deferred inflows of resources 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 2013-14 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 modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, 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 modified accrual basis, such expenditures are adjusted to recognize the OPEB Agency assets at fiscal year end.

The tables below provide a reconciliation of the General Fund's June 30, 2014 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2009-10 to Fiscal Year 2013-14.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2014 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,566,263
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	139,124
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	149,159
Accrual of liabilities for accrued compensated absences not required by GAAP	57,602
Change in revenue accruals related to encumbrances	(47,611)
Deferral of property tax receivables	(71,312)
Unamortized balance of sale of tobacco settlement revenue	(241,498)
Change in fair value of Investments	(14,366)
Reserve for "Rainy Day" Fund	232,045
Unassigned Fund Balance - GAAP Basis	$1,769,406

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2010, 2011 2012, 2013 and 2014
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*	June 30, 2014*
ASSETS					
Pooled Cash and Investments	$1,689,490	$2,151,267	$2,010,858	$1,637,765	$1,933,794
Other Investments	5,839	16,589	11,109	5,676	4,810
Taxes Receivable	246,288	210,914	186,830	171,919	169,141
Other Receivables	1,808,478	1,763,649	1,586,097	1,777,034	1,996,683
Due from Other Funds	436,441	356,860	407,604	391,605	283,255
Advances to Other Funds	1,018,161	1,063,061	703,512	754,376	885,314
Inventories	44,279	54,145	51,616	47,375	56,790
Total Assets	$5,248,976	$5,616,485	$4,957,626	$4,785,750	$5,329,787
LIABILITIES					
Accounts Payable	$266,916	$286,597	$354,119	$321,509	$516,410
Accrued Payroll	286,407	289,546	303,615	309,926	331,045
Other Payables	454,244	1,039,126	525,438	89,852	111,019
Due to Other Funds	501,705	464,170	390,153	461,480	158,626
Deferred Revenue**	346,829	382,897	346,488	302,656	0
Advances Payable	382,476	411,508	379,847	404,975	575,567
Third-Party Payor Liability	14,588	20,198	16,015	15,702	26,207
Total Liabilities	$2,253,165	$2,894,042	$2,315,675	$1,906,100	$1,718,874
DEFERRED INFLOWS OF RESOURCES**					$508,105
FUND BALANCES					
Fund Balance (Deficit)					
Reserved	$784,428				
Unreserved					
Designated	618,899				
Undesignated	1,592,484				
Total Unreserved	2,211,383				
Nonspendable		259,127	$259,597	$253,836	$272,007
Restricted		35,377	55,115	59,786	40,577
Committed			332,255	528,865	482,740
Assigned		763,038	405,285	376,181	538,078
Unassigned		1,664,901	1,589,699	1,660,982	1,769,406
Total Fund Balances	2,995,811	2,722,443	2,641,951	2,879,650	3,102,808
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,248,976	$5,616,485	$4,957,626	$4,785,750	$5,329,787

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2010, 2011, 2012, 2013 and 2014.

*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.

**The County implemented GASB Statement 65 "Items Previously Reported as Assets and Liabilities" in FY 2013-14. As of June 30, 2014, deferred inflows and outflows of resources are reported in the new required GASB 65 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2009-10 THROUGH 2013-14 (in thousands of $)

	2009-10	2010-11	2011-12	2012-13	2013-14
REVENUES:					
Taxes	$3,864,654	$3,843,366	$3,980,409	$4,267,858	$4,520,755
Licenses, Permits & Franchises	49,079	56,656	57,144	61,412	59,886
Fines, Forfeitures and Penalties	258,842	244,787	217,972	222,226	207,094
Use of Money and Property	124,049	130,140	103,029	89,841	128,501
Aid from Other Government	7,337,716	7,506,492	7,632,814	8,182,687	8,395,672
Charges for Services	1,659,224	1,641,399	1,700,540	1,565,937	1,743,447
Miscellaneous Revenues	191,878	145,414	134,071	216,977	152,663
TOTAL	$13,485,442	$13,568,254	$13,825,979	$14,606,938	$15,208,018
EXPENDITURES					
General	$859,319	$883,854	$983,077	$979,989	$998,438
Public Protection	4,412,935	4,401,985	4,538,075	4,694,982	4,843,148
Health and Sanitation	2,421,615	2,476,524	2,689,192	2,779,870	3,204,177
Public Assistance	5,025,312	5,217,560	5,108,516	5,247,031	5,430,398
Recreation and Cultural Services	247,094	263,046	255,818	272,835	282,660
Debt Service	271,378	278,477	24,602	30,816	28,928
Capital Outlay	2,115	32,598	20,106	8,065	2,398
Total	$13,239,768	$13,554,044	$13,619,386	$14,013,588	$14,790,147
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$245,674	$14,210	$206,593	$593,350	$417,871
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($419,756)	($340,128)	($306,002)	($359,171)	($197,219)
Sales of Capital Assets	960	9,027	3,789	740	770
Capital Leases	2,115	43,523	15,128	2,780	1,736
OTHER FINANCING SOURCES (USES)-Net	($416,681)	($287,578)	($287,085)	($355,651)	($194,713)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	(171,007)	(273,368)	(80,492)	237,699	223,158
Beginning Fund Balance	3,166,818	2,995,811	2,722,443	2,641,951	2,879,650
Ending Fund Balance	$2,995,811	$2,722,443	$2,641,951	$2,879,650	$3,102,808

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2010, 2011, 2012, 2013 and 2014.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2013-14: 12 MONTHS ACTUAL
2014-15: 12 MONTHS ACTUAL

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	January 2014
PROPERTY TAX GROUP							
Tax Collector Trust Fund	$ 70,645	$ 39,983	$ 40,064	$ 418,772	$ 1,416,894	$ 3,546,677	$ 764,399
Auditor Unapportioned Property Tax	227,749	89,650	125,432	178,880	785,225	753,554	1,010,774
Unsecured Property Tax	135,333	146,664	104,309	135,277	115,069	61,452	54,018
Miscellaneous Fees & Taxes	8,180	22,222	40,519	21,010	12,354	9,685	9,700
State Redemption Fund	28,427	41,374	44,302	62,015	51,378	31,378	25,862
Education Revenue Augmentation	4,964	24,866	14,130	0	3,468	352,968	337,070
State Reimbursement Fund	0	0	0	0	1,850	9,685	17,462
Sales Tax Replacement Fund	840	5,314	16,433	18,812	19,092	20,909	38,237
Vehicle License Fee Replacement Fund	5,114	32,345	100,030	114,513	116,215	127,277	295,110
Property Tax Rebate Fund	1,325	6,794	5,048	582	1,402	(693)	403
Utility User Tax Trust Fund	6,508	2,550	4,311	6,570	9,762	16,637	21,889
Subtotal	$ 489,085	$ 411,762	$ 494,578	$ 956,431	$ 2,532,709	$ 4,929,529	$ 2,574,924
VARIOUS TRUST GROUP							
Departmental Trust Fund	$ 453,037	$ 501,361	$ 486,764	$ 479,212	$ 484,387	$ 460,742	$ 476,175
Payroll Revolving Fund	50,725	48,613	58,909	51,023	46,862	63,231	51,228
Asset Development Fund	42,236	42,080	42,101	42,217	42,319	42,374	42,391
Productivity Investment Fund	3,532	3,525	3,516	4,921	6,303	6,266	6,194
Motor Vehicle Capital Outlays	910	910	1,002	1,035	1,035	1,028	971
Civic Center Parking	103	(6)	174	140	82	68	253
Reporters Salary Fund	278	488	401	462	372	524	451
Cable TV Franchise Fund	12,426	11,304	11,719	11,856	11,771	12,262	12,314
Megaflex Long-Term Disability	17,291	17,178	16,999	16,809	16,637	16,440	16,363
Megaflex Long-Term Disability & Health	7,693	7,740	7,814	7,887	7,955	8,037	8,109
Megaflex Short-Term Disability	34,493	34,798	35,165	35,366	35,658	36,109	36,325
Subtotal	$ 622,724	$ 667,991	$ 664,564	$ 650,928	$ 653,381	$ 647,081	$ 650,774
HOSPITAL GROUP							
Harbor-UCLA Medical Center	$ (437)	$ 2,473	$ 787	$ 6,595	$ (1,432)	$ 713	$ 1,149
Olive View-UCLA Medical Center	2,798	739	691	7,227	(442)	791	1,940
LAC+USC Medical Center	(19,765)	2,077	1,612	10,466	820	2,236	(3,802)
MLK Ambulatory Care Center	452	454	454	454	454	454	454
Rancho Los Amigos Rehab Center	(3,915)	(481)	472	5,292	26	1,441	333
LAC+USC Medical Center Equipment	0	0	0	0	0	0	0
Subtotal	$ (20,867)	$ 5,262	$ 4,016	$ 30,034	$ (574)	$ 5,635	$ 74
GRAND TOTAL	**$ 1,090,942**	**$ 1,085,015**	**$ 1,163,158**	**$ 1,637,393**	**$ 3,185,516**	**$ 5,582,245**	**$ 3,225,772**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

February 2014	March 2014	April 2014	May 2014	June 2014	
					PROPERTY TAX GROUP
$ 448,356	$ 619,297	$ 2,355,863	$ 977,193	$ 107,787	**Tax Collector Trust Fund**
755,277	605,574	1,006,019	390,317	130,038	**Auditor Unapportioned Property Tax**
51,531	49,196	46,604	66,836	88,531	**Unsecured Property Tax**
8,958	8,709	8,313	7,927	7,962	**Miscellaneous Fees & Taxes**
29,801	22,127	28,790	22,253	20,380	**State Redemption Fund**
102,465	90,314	337,174	75,816	160,555	**Education Revenue Augmentation**
1,180	1,180	2,259	21,018	8,563	**State Reimbursement Fund**
2,589	16,001	23,786	77,474	0	**Sales Tax Replacement Fund**
123,211	198,050	239,818	484,395	0	**Vehicle License Fee Replacement Fund**
1,354	1,030	(1,469)	5,336	4,969	**Property Tax Rebate Fund**
7,222	10,216	9,454	7,261	9,231	**Utility User Tax Trust Fund**
$ 1,531,944	$ 1,621,694	$ 4,056,611	$ 2,135,826	$ 538,016	**Subtotal**
					VARIOUS TRUST GROUP
$ 456,370	$ 559,710	$ 668,625	$ 550,281	$ 537,272	**Departmental Trust Fund**
53,760	58,033	46,438	46,414	53,454	**Payroll Revolving Fund**
42,423	42,816	42,983	43,002	43,122	**Asset Development Fund**
5,848	5,632	5,465	5,218	5,024	**Productivity Investment Fund**
958	958	929	932	933	**Motor Vehicle Capital Outlays**
239	73	319	239	143	**Civic Center Parking**
461	393	419	559	413	**Reporters Salary Fund**
12,078	12,597	12,617	12,285	12,796	**Cable TV Franchise Fund**
16,310	16,152	15,922	15,730	15,652	**Megaflex Long-Term Disability**
8,123	8,192	8,267	8,324	8,410	**Megaflex Long-Term Disability & Health**
36,663	37,097	37,542	37,841	38,302	**Megaflex Short-Term Disability**
$ 633,233	$ 741,653	$ 839,526	$ 720,825	$ 715,521	**Subtotal**
					HOSPITAL GROUP
$ (1,366)	$ (1,796)	$ 2,477	$ (6)	$ 554	**Harbor-UCLA Medical Center**
323	1,622	2,217	331	(464)	**Olive View-UCLA Medical Center**
1,479	(4,937)	1,585	4,726	6,289	**LAC + USC Medical Center**
455	456	456	454	453	**MLK Ambulatory Care Center**
(1,656)	492	962	920	1,947	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ (765)	$ (4,163)	$ 7,697	$ 6,425	$ 8,779	**Subtotal**
$ 2,164,412	**$ 2,359,184**	**$ 4,903,834**	**$ 2,863,076**	**$ 1,262,316**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2014-15
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 82,785	$ 61,674	$ 54,634	$ 522,524	$ 1,309,694	$ 2,614,653
Auditor Unapportioned Property Tax	175,528	81,191	99,379	151,115	944,396	1,724,574
Unsecured Property Tax	125,354	126,980	131,810	155,178	124,293	73,563
Miscellaneous Fees & Taxes	8,065	7,790	7,455	6,455	6,420	6,287
State Redemption Fund	37,442	70,308	49,316	55,960	43,389	23,851
Education Revenue Augmentation	162,659	168,222	142,225	142,225	159,499	555,922
State Reimbursement Fund	0	0	0	0	2,265	9,052
Sales Tax Replacement Fund	93	4,798	17,660	17,660	17,660	19,949
Vehicle License Fee Replacement Fund	501	25,739	94,741	94,741	94,741	107,019
Property Tax Rebate Fund	545	915	1,060	1,016	5,085	3,971
Utility User Tax Trust Fund	1,484	3,757	6,735	12,439	17,194	21,796
Subtotal	$ 594,456	$ 551,374	$ 605,015	$ 1,159,313	$ 2,724,636	$ 5,160,637
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 554,127	$ 514,454	$ 490,506	$ 510,278	$ 512,868	$ 518,825
Payroll Revolving Fund	48,464	49,721	49,450	47,916	46,736	49,949
Asset Development Fund	43,251	43,236	43,254	43,281	43,294	43,446
Productivity Investment Fund	4,385	4,213	4,196	5,949	6,333	6,408
Motor Vehicle Capital Outlays	1,074	6,016	6,027	5,982	5,930	5,930
Civic Center Parking	56	249	216	155	47	255
Reporters Salary Fund	437	257	604	305	125	535
Cable TV Franchise Fund	12,554	12,250	12,744	12,911	12,768	13,186
Megaflex Long-Term Disability	15,436	15,302	15,110	14,844	14,637	14,580
Megaflex Long-Term Disability & Health	8,460	8,511	8,584	8,645	8,699	8,769
Megaflex Short-Term Disability	38,580	38,909	39,176	39,466	39,884	40,313
Subtotal	$ 726,824	$ 693,118	$ 669,867	$ 689,732	$ 691,321	$ 702,196
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 482	$ 7,757	$ 978	2,416	$ 2,010	$ 653
Olive View-UCLA Medical Center	(1,026)	4,753	1,820	447	2,479	849
LAC+USC Medical Center	(13,221)	16,881	5,869	(3,066)	7,621	5,010
MLK Ambulatory Care Center	453	452	453	453	452	452
Rancho Los Amigos Rehab Center	129	(312)	742	438	293	(306)
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (13,183)	$ 29,531	$ 9,862	$ 688	$ 12,855	$ 6,658
GRAND TOTAL	**$ 1,308,097**	**$ 1,274,023**	**$ 1,284,744**	**$ 1,849,733**	**$ 3,428,812**	**$ 5,869,491**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	
						PROPERTY TAX GROUP
$ 797,754	$ 485,268	$ 702,363	$ 2,437,989	$ 855,364	$ 159,682	**Tax Collector Trust Fund**
1,220,545	815,557	602,181	1,413,848	634,539	161,737	**Auditor Unapportioned Property Tax**
62,588	63,165	55,450	47,658	70,732	101,552	**Unsecured Property Tax**
6,295	6,249	6,278	6,336	6,222	6,312	**Miscellaneous Fees & Taxes**
27,263	26,506	22,668	24,261	22,638	18,851	**State Redemption Fund**
376,436	244,042	213,066	472,760	223,295	322,140	**Education Revenue Augmentation**
20,065	1,109	1,109	2,166	21,155	7,953	**State Reimbursement Fund**
81,132	19,768	37,033	39,454	89,460	0	**Sales Tax Replacement Fund**
455,995	105,755	204,300	218,117	506,265	0	**Vehicle License Fee Replacement Fund**
9,784	9,716	6,450	9,458	9,641	5,449	**Property Tax Rebate Fund**
26,938	33,672	14,099	2,852	8,635	13,411	**Utility User Tax Trust Fund**
$ 3,084,795	$ 1,810,807	$ 1,864,997	$ 4,674,899	$ 2,447,946	$ 797,087	**Subtotal**
						VARIOUS TRUST GROUP
$ 523,483	$ 512,255	$ 522,276	$ 540,877	$ 524,905	$ 491,619	**Departmental Trust Fund**
46,349	61,240	62,729	45,329	45,182	40,957	**Payroll Revolving Fund**
43,611	43,693	43,814	43,962	44,039	43,397	**Asset Development Fund**
6,418	6,479	6,154	5,808	5,758	5,665	**Productivity Investment Fund**
5,930	5,921	5,882	5,904	5,904	5,904	**Motor Vehicle Capital Outlays**
136	103	115	132	226	149	**Civic Center Parking**
342	345	568	533	296	470	**Reporters Salary Fund**
13,200	12,778	13,146	13,115	12,694	13,155	**Cable TV Franchise Fund**
14,494	14,466	14,320	14,277	14,151	14,058	**Megaflex Long-Term Disability**
8,851	8,894	8,948	8,999	9,075	9,159	**Megaflex Long-Term Disability & Health**
40,579	41,013	41,644	42,110	42,712	43,311	**Megaflex Short-Term Disability**
$ 703,393	$ 707,187	$ 719,596	$ 721,046	$ 704,942	$ 667,844	**Subtotal**
						HOSPITAL GROUP
$ 3,116	$ 1,924	$ (42)	$ 735	$ 1,714	$ 1,383	**Harbor-UCLA Medical Center**
4,729	2,071	869	2,224	3,047	3,151	**Olive View-UCLA Medical Center**
(2,825)	4,503	1,351	(8,347)	4,818	1,834	**LAC + USC Medical Center**
454	452	430	429	429	429	**MLK Ambulatory Care Center**
687	(147)	240	1,753	179	561	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 6,161	$ 8,803	$ 2,848	$ (3,206)	$ 10,187	$ 7,358	**Subtotal**
$ 3,794,349	**$ 2,526,797**	**$ 2,587,441**	**$ 5,392,739**	**$ 3,163,075**	**$ 1,472,289**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2013-14: 12 MONTHS ACTUAL
2014-15: 12 MONTHS ACTUAL

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	0	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
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
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 an increase of $251 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	April 2014	May 2014	June 2014	Total 2013-14
$ (16,816)	$ 358,844	$ 797,772	$ 689,240	$ (6,076)	$ 396,747	$ 1,074,220	
$ 1,044,377	$ 1,004,008	$ 194,235	$ 11,826	$ 757,203	$ 968,390	$ 175,011	$ 4,337,915
10,198	11,049	31,542	8,054	24,030	12,675	23,744	203,396
3,951	2,632	10,112	5,885	7,068	12,974	3,373	65,260
11,257	11,177	27,640	16,801	13,462	29,970	12,242	212,676
6,492	10,207	8,205	6,617	7,441	9,268	8,743	104,422
24,809	25,311	27,297	30,629	30,979	29,853	21,206	344,971
51,498	50,915	73,037	48,393	46,845	65,344	52,481	669,333
55,879	45,938	66,923	37,739	36,190	56,222	42,231	648,887
266,245	225,840	189,730	170,266	223,370	170,651	142,362	2,264,210
129,125	142,290	121,664	124,423	104,106	132,634	198,802	1,582,791
24,191	36,672	36,434	29,574	88,157	37,837	53,129	541,460
43,363	3,475	9,465	8,533	8,702	11,840	17,981	158,433
139,496	333,068	137,663	0	414,664	289,015	266,275	2,390,981
421,891	366,885	362,837	274,824	458,467	301,394	422,479	4,419,309
1,579	38,430	45,916	-	60,026	22,301	22,191	337,447
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	$ 2,280,710	$ 2,150,368	$ 1,462,250	$ 19,281,491
$ 213,680	$ 215,706	$ 212,626	$ 219,445	$ 221,001	$ 216,836	$ 250,233	$ 2,600,668
398,620	410,549	404,087	402,616	404,295	395,784	400,887	4,763,333
230,595	258,833	252,651	273,150	218,947	253,365	224,036	2,872,537
434,934	357,425	294,949	359,942	366,767	368,371	390,532	4,433,606
274,611	247,142	182,493	158,827	367,382	160,345	235,298	2,642,392
(68,627)	(92)	0	0	21,700	0	(2,811)	351,020
8,988	79,406	2,405	4,900	77,795	78,194	12,310	466,814
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	$ 1,877,887	$ 1,472,895	$ 1,510,485	$ 19,148,281
$ 358,844	**$ 797,772**	**$ 689,240**	**$ (6,076)**	**$ 396,747**	**$ 1,074,220**	**$ 1,025,985**	
5,582,245	$ 3,225,772	$ 2,164,412	$ 2,359,184	$ 4,903,834	$ 2,863,076	$ 1,262,316	
$ 5,941,089	$ 4,023,544	$ 2,853,652	$ 2,353,108	$ 5,300,581	$ 3,937,296	$ 2,288,301	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2014-15
(in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014
BEGINNING BALANCE	$ 1,025,985	$ 1,301,521	$ 994,697	$ 563,608	$ 215,745
RECEIPTS					
Property Taxes	$ 27,651	$ 103,162	0	$ 96	$ 45,898
Other Taxes	10,069	18,381	12,868	10,718	13,517
Licenses, Permits & Franchises	2,610	3,285	4,185	3,182	2,532
Fines, Forfeitures & Penalties	20,663	21,395	10,623	12,645	18,196
Investment and Rental Income	14,624	9,613	8,670	11,970	7,458
Motor Vehicle (VLF) Realignment	0	34,418	55,791	25,789	38,077
Sales Taxes - Proposition 172	66,705	55,919	45,254	61,560	78,022
1991 Program Realignment	72,036	23,628	9,198	47,389	58,241
Other Intergovernmental Revenue	152,891	294,683	133,741	205,981	174,871
Charges for Current Services	144,728	134,476	91,504	115,466	99,988
Other Revenue & Tobacco Settlement	66,681	52,802	73,283	39,172	31,624
Transfers & Reimbursements	25,849	517	736	36,993	11,247
Hospital Loan Repayment*	45,993	260,499	145,337	203,511	187,282
Welfare Advances	370,897	222,153	350,312	489,894	447,018
Other Financing Sources/MHSA	54,602	48,165	0	19,590	30,068
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0
Total Receipts	$ 1,975,999	$ 1,283,096	$ 941,502	$ 1,283,956	$ 1,244,039
DISBURSEMENTS					
Welfare Warrants	$ 193,200	$ 196,633	$ 246,948	$ 192,696	$ 243,472
Salaries	412,315	408,609	404,933	406,654	413,009
Employee Benefits	264,126	255,478	226,942	261,634	264,174
Vendor Payments	616,481	401,673	320,690	366,879	382,576
Loans to Hospitals*	88,526	136,561	170,272	313,388	166,165
Hospital Subsidy Payments	104,899	130,865	340	9,309	0
Transfer Payments	20,916	60,101	2,466	81,259	10,945
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,700,463	$ 1,589,920	$ 1,372,591	$ 1,631,819	$ 1,480,341
ENDING BALANCE	**$ 1,301,521**	**$ 994,697**	**$ 563,608**	**$ 215,745**	**$ (20,557)**
Borrowable Resources (Avg. Balance)	$ 1,308,097	$ 1,274,023	$ 1,284,744	$ 1,849,733	$ 3,428,812
Total Cash Available	$ 2,609,618	$ 2,268,720	$ 1,848,352	$ 2,065,478	$ 3,408,255

* The net change in the outstanding Hospital Loan Balance is a decrease of $451.1 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	Total 2014-15
$ (20,557)	$ 231,055	$ 600,670	$ 552,198	$ 335,074	$ 426,895	$ 1,079,020	
$ 1,103,659	$ 1,049,118	$ 202,036	$ 18,856	$ 799,010	$ 1,015,133	$ 217,178	$ 4,581,797
11,837	12,687	10,797	35,097	28,217	12,251	27,734	204,173
3,204	4,090	2,552	5,638	12,773	11,167	3,270	58,488
10,228	10,587	21,116	16,671	12,468	31,493	11,578	197,663
13,001	9,123	8,777	9,413	10,016	16,657	11,731	131,053
31,482	29,730	28,025	28,541	63,863	32,288	39,312	407,316
53,006	53,274	77,158	43,484	48,613	67,895	52,135	703,025
30,331	30,892	55,410	26,973	26,850	46,988	30,509	458,445
184,144	238,352	111,392	205,291	177,227	244,408	318,379	2,441,360
155,869	170,027	85,530	107,062	121,405	98,565	252,545	1,577,165
72,220	7,120	(8,961)	46,750	105,092	26,387	110,159	622,329
48,295	7,449	6,824	11,400	10,403	(171)	21,647	181,189
75,489	143,308	359,454	202,662	254,788	237,733	513,560	2,629,616
280,807	490,283	326,534	439,770	317,828	322,406	483,862	4,541,764
31,413	12,239	14,472	23,191	20,531	34,607	-	288,878
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	900,000
$ 2,104,985	$ 2,268,279	$ 1,301,116	$ 1,220,799	$ 2,009,084	$ 2,197,807	$ 2,093,599	$ 19,924,261
$ 217,958	$ 214,960	$ 215,406	$ 217,895	$ 247,656	$ 226,717	$ 270,443	$ 2,683,984
422,307	436,989	429,261	417,606	429,981	422,434	427,783	5,031,881
240,428	283,219	277,427	242,609	279,313	275,827	237,331	3,108,508
410,662	349,375	308,645	370,823	338,291	340,739	363,153	4,569,987
236,986	210,184	110,505	167,570	202,608	184,249	191,493	2,178,507
0	0	0	(2,163)	0	(200)	8,940	251,990
10,032	88,937	8,344	23,583	135,951	95,916	20,310	558,760
315,000	315,000	0	0	283,463	0	0	913,463
0	0	0	0	0	0	0	0
$ 1,853,373	$ 1,898,664	$ 1,349,588	$ 1,437,923	$ 1,917,263	$ 1,545,682	$ 1,519,453	$ 19,297,080
$ 231,055	**$ 600,670**	**$ 552,198**	**$ 335,074**	**$ 426,895**	**$ 1,079,020**	**$ 1,653,166**	
$ 5,869,491	$ 3,794,349	$ 2,526,797	$ 2,587,441	$ 5,392,739	$ 3,163,075	$ 1,472,289	
$ 6,100,546	$ 4,395,019	$ 3,078,995	$ 2,922,515	$ 5,819,634	$ 4,242,095	$ 3,125,455	

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, 2015, approximately $1.634 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $585 million of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Fund, and Hospital Enterprise Funds secure the remaining $1.049 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2015-16.

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

2015-16 Payments

Funding Source	2015-16 Payment
Total 2015-16 Payment Obligations	$172,833,552
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	72,107,436
Courthouse Construction Funds	25,635,249
Special Districts/Special Funds	2,775,617
Net 2015-16 General Fund Obligations	$72,315,250

Source: Los Angeles County Auditor-Controller

As of July 1, 2015, the County had $1.289 billion of outstanding short-term obligations, which include $900 million in TRANs, $47.0 million in Bond Anticipation Notes, and $341.8 million in Lease Revenue Tax-exempt Commercial Paper and Direct Placement Revolving Notes. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of July 1, 2015 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$900,000
Bond Anticipation Notes	47,000
Lease Revenue Notes	341,860
Intermediate & Long-Term Obligations	1,633,835
Total Outstanding Principal	$2,922,695

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 12, 2015, the County issued $900 million of 2015-16 TRANs on July 1, 2015. The 2015-16 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2015-16, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2015-16 Tax and Revenue Anticipation Notes" of this Appendix A.

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 July 1, 2015, $47.0 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, 2016.

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 is secured by a lease-revenue financing structure between LAC-CAL and the County, and a 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 July 1, 2015, $341.86 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, 2015, approximately $1.634 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 Fiscal Year 2015-16 Adopted Budget contains sufficient appropriations to fund the County’s lease payment obligations in Fiscal Year 2015-16. 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”) decreased from 0.144% in Fiscal Year 2013-14 to 0.132% in Fiscal Year 2014-15. 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
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%
2014-15	1,576,510,029	1,191,806,972,618	0.132%

Source: Los Angeles County Assessor and Auditor-Controller

OTHER DEBT OBLIGATIONS

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 Lease Obligations

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 is $209.9 million as of July 1, 2015.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2015

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 JULY 1, 2015

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, 2015

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2015-16	72,315,251	72,107,436	25,635,249	2,775,617	172,833,552
2016-17	61,264,107	60,406,931	21,865,780	2,773,553	146,310,370
2017-18	56,151,811	52,205,857	16,975,475	2,771,892	128,105,035
2018-19	54,348,579	50,467,524	16,976,475	2,772,901	124,565,479
2019-20	55,256,836	50,471,921	16,965,725	2,772,114	125,466,595
2020-21	55,266,453	50,429,239	16,957,350	2,770,155	125,423,196
2021-22	56,251,172	50,423,184	16,954,300	2,772,727	126,401,383
2022-23	53,263,521	50,420,052	16,951,625	2,770,179	123,405,377
2023-24	30,534,101	50,410,165	16,943,875	2,771,524	100,659,665
2024-25	30,525,496	50,403,888	16,933,500	2,772,880	100,635,764
2025-26	30,521,622	50,395,048	16,929,000	2,772,804	100,618,474
2026-27	30,513,982	50,391,691	16,918,875	2,772,537	100,597,085
2027-28	30,428,517	50,383,353	16,906,750	2,771,073	100,489,692
2028-29	30,122,362	50,371,753	16,905,750	2,773,632	100,173,497
2029-30	29,905,736	50,364,260	16,893,613	2,770,541	99,934,149
2030-31	29,895,916	50,345,701	9,432,600	2,770,790	92,445,007
2031-32	29,890,532	50,341,280	9,431,488	2,771,350	92,434,650
2032-33	29,884,456	50,331,926	6,918,000	2,770,272	89,904,654
2033-34	29,873,635	50,315,721	6,918,750	2,772,755	89,880,860
2034-35	29,866,297	50,309,705	-	2,774,794	82,950,796
2035-36	29,859,296	50,294,766	-	2,769,980	82,924,043
2036-37	29,852,038	50,283,745	-	2,774,430	82,910,213
2037-38	29,841,344	50,278,866	-	2,772,883	82,893,094
2038-39	29,832,619	50,259,691	-	2,773,883	82,866,194
2039-40	29,824,294	50,246,289	-	2,773,659	82,844,243
2040-41	29,817,185	50,237,761	-	2,772,601	82,827,547
2041-42	9,194,250	19,945,100	-	2,774,050	31,913,400
2042-43	9,198,250	19,948,218	-	2,774,482	31,920,950
2043-44	9,196,875	-	-	808,250	10,005,125
2044-45	9,194,250	-	-	809,750	10,004,000
Total	$ 1,041,890,782	$ 1,382,791,070	$ 300,414,180	$ 79,248,058	$ 2,804,344,089

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2015-16	584,562,610	822,959,297	183,573,679	42,739,931	1,633,835,517
2016-17	551,399,430	775,945,856	180,113,100	42,212,308	1,549,670,693
2017-18	526,141,095	741,266,802	178,385,000	41,463,167	1,487,256,064
2018-19	507,664,063	723,352,176	170,020,000	40,686,165	1,441,722,404
2019-20	491,151,443	706,347,922	161,225,000	39,872,265	1,398,596,630
2020-21	473,991,942	688,476,303	151,990,000	39,017,435	1,353,475,679
2021-22	448,814,023	669,817,455	142,290,000	38,120,777	1,299,042,255
2022-23	413,303,559	650,368,047	132,110,000	37,175,498	1,232,957,104
2023-24	379,087,302	630,069,623	121,425,000	36,184,357	1,166,766,281
2024-25	366,254,815	608,863,906	110,200,000	35,141,008	1,120,459,729
2025-26	352,841,357	586,643,269	98,410,000	34,042,763	1,071,937,389
2026-27	338,786,235	563,319,690	86,020,000	32,888,277	1,021,014,202
2027-28	324,060,089	538,830,160	73,005,000	31,674,859	967,570,108
2028-29	308,702,909	513,114,829	59,335,000	30,400,717	911,553,455
2029-30	292,901,152	486,115,239	44,965,000	29,058,609	853,040,000
2030-31	276,531,720	457,762,435	29,895,000	27,650,845	791,840,000
2031-32	259,349,828	427,999,539	21,735,000	26,170,633	735,255,000
2032-33	241,310,098	396,740,964	13,170,000	24,613,939	675,835,000
2033-34	222,370,124	363,916,356	6,750,000	22,978,519	616,015,000
2034-35	202,489,529	329,453,785	-	21,256,686	553,200,000
2035-36	181,610,780	293,295,333	-	19,448,887	494,355,000
2036-37	159,676,347	255,401,290	-	17,562,363	432,640,000
2037-38	136,632,750	215,683,273	-	15,583,977	367,900,000
2038-39	112,486,190	174,133,219	-	13,515,591	300,135,000
2039-40	48,770,222	130,747,077	-	11,346,826	190,864,125
2040-41	60,888,169	85,416,324	-	9,070,508	155,375,000
2041-42	809,750	38,047,845	-	6,682,155	45,539,750
2042-43	25,625,000	19,481,371	-	4,173,629	49,280,000
2043-44	17,505,000	-	-	1,540,000	19,045,000
2044-45	8,970,000	-	-	790,000	9,760,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

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	$ 15,230,000	$ 15,230,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,055,087			$ 1,055,087	
Sheriffs Training Academy	871,000	$ 871,000			
San Fernando Court	1,458,863			1,458,863	
Total 2002 Lease Rev Bonds Ser B	$ 3,384,950	$ 871,000	$ 0	$ 2,513,950	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 751,316	$ 751,316			
Burbank Courthouse	737,573			$ 737,573	
Martin Luther King Medical Center - Trauma Center	6,059,461		$ 6,059,461		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,283,418		4,283,418		
Rancho Los Amigos Medical Center - Parking Structure	1,598,837		1,598,837		
San Fernando Valley Juvenile Hall	947,231	947,231			
LAC/USC Medical Center Marengo Street Parking Garage	2,529,417		2,529,417		
LAX Area Courthouse	6,740,982			6,740,982	
San Fernando Valley Courthouse (Chatsworth)	5,351,563			5,351,563	
Total 2005 Lease Rev Refg Bonds Ser A	$ 28,999,798	$ 1,698,547	$ 14,471,134	$ 12,830,117	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,486,084	$ 3,486,084			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 844,588			$ 844,588	
Lynwood Regional Justice Center	3,136,500	$ 3,136,500			
Men's Central Jail - Twin Towers	3,009,000	3,009,000			
Van Nuys Courthouse	2,529,600			2,529,600	
Total 2006 Lease Rev Refg Bonds Ser A	$ 9,519,688	$ 6,145,500	$ 0	$ 3,374,188	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,916,994			$ 6,916,994	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 732,678	$ 732,678			
Patriotic Hall Renovation	1,183,143	1,183,143			
Olive View Medical Center ER/TB Unit	1,363,290		$ 1,363,290		
Olive View Medical Center Seismic	561,622		561,622		
Harbor/UCLA Surgery/ Emergency	8,543,011		8,543,011		
Harbor/UCLA Seismic Retrofit	1,317,369		1,317,369		
Hall of Justice Rehabilitation	6,107,999	6,107,999			
Total 2010 Multiple Capital Projects I, Series A	$ 19,809,112	$ 8,023,820	$ 11,785,292	$ 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)	$ 1,588,737	$ 1,588,737			
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	$ 8,840,156		$ 8,840,156		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,761,354		10,761,354		
Martin Luther King Jr. Data Center	341,769		341,769		
Fire Station 128	296,909				$ 296,909
Fire Station 132	480,219				480,219
Fire Station 150	744,855				744,855
Fire Station 156	442,137				442,137
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,907,400	$ 0	$ 19,943,279	$ 0	$ 1,964,121
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,240,285	$ 9,240,285			
Manhattan Beach Library	811,496				$ 811,496
Total 2015 Multiple Capital Projects, Series A	$ 10,051,781	$ 9,240,285	$ 0	$ 0	$ 811,496
Total Long-Term Obligations	$ 154,953,553	$ 61,587,251	$ 64,955,436	$ 25,635,249	$ 2,775,617
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 8,468,625	$ 5,081,175	$ 3,387,450		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 9,411,375	$ 5,646,825	$ 3,764,550		
Total Intermediate-Term Obligations	$ 17,880,000	$ 10,728,000	$ 7,152,000	$ 0	$ 0
Total Obligations	$ 172,833,553	$ 72,315,251	$ 72,107,436	$ 25,635,249	$ 2,775,617

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, 2015

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	$ 17,095,289	$ 17,095,289			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,988,643			$ 1,988,643	
Sheriffs Training Academy	1,641,671	$ 1,641,671			
San Fernando Court	2,749,686			2,749,686	
Total 2002 Lease Rev Bonds Ser B	$ 6,380,000	$ 1,641,671	$ 0	$ 4,738,329	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 1,995,523	$ 1,995,523			
Burbank Courthouse	1,963,485			$ 1,963,485	
Martin Luther King Medical Center - Trauma Center	18,191,147		$ 18,191,147		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	11,366,685		11,366,685		
Rancho Los Amigos Medical Center - Parking Structure	4,242,763		4,242,763		
San Fernando Valley Juvenile Hall	2,849,160	2,849,160			
LAC/USC Medical Center Marengo Street Parking Garage	6,719,371		6,719,371		
LAX Area Courthouse	48,791,371			48,791,371	
San Fernando Valley Courthouse (Chatsworth)	38,640,494			38,640,494	
Total 2005 Lease Rev Refg Bonds Ser A	$ 134,760,000	$ 4,844,684	$ 40,519,967	$ 89,395,350	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 21,550,000	$ 21,550,000			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,860,000			$ 1,860,000	
Lynwood Regional Justice Center	3,075,000	$ 3,075,000			
Men's Central Jail - Twin Towers	2,950,000	2,950,000			
Van Nuys Courthouse	2,480,000			2,480,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 10,365,000	$ 6,025,000	$ 0	$ 4,340,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 85,100,000			$ 85,100,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,243,569	$ 3,243,569			
Patriotic Hall Renovation	5,237,779	5,237,779			
Olive View Medical Center ER/TB Unit	6,035,289		$ 6,035,289		
Olive View Medical Center Seismic	2,486,302		2,486,302		
Harbor/UCLA Surgery/ Emergency	37,819,937		37,819,937		
Harbor/UCLA Seismic Retrofit	5,831,995		5,831,995		
Hall of Justice Rehabilitation	27,040,128	27,040,128			
Total 2010 Multiple Capital Projects I, Series A	$ 87,695,000	$ 35,521,476	$ 52,173,524	$ 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)	$ 8,825,228	$ 8,825,228			
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	$ 136,689,639		$ 136,689,639		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	166,395,883		166,395,883		
Martin Luther King Jr. Data Center	5,284,548		5,284,548		
Fire Station 128	4,590,920				$ 4,590,920
Fire Station 132	7,425,313				7,425,313
Fire Station 150	11,517,220				11,517,220
Fire Station 156	6,836,478				6,836,478
Total 2012 Multiple Capital Projects II, Series 2012	$ 338,740,000	$ 0	$ 308,370,069	$ 0	$ 30,369,931
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 140,845,000	$ 140,845,000			
Manhattan Beach Library	12,370,000				$ 12,370,000
Total 2015 Multiple Capital Projects, Series A	$ 153,215,000	$ 140,845,000	$ 0	$ 0	$ 12,370,000
Total Long-Term Obligations	$ 1,602,405,517	$ 565,704,610	$ 810,387,297	$ 183,573,679	$ 42,739,931
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 10,970,000	$ 6,582,000	$ 4,388,000		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 20,460,000	$ 12,276,000	$ 8,184,000		
Total Intermediate-Term Obligations	$ 31,430,000	$ 18,858,000	$ 12,572,000	$ 0	$ 0
Total Obligations	$ 1,633,835,517	$ 584,562,610	$ 822,959,297	$ 183,573,679	$ 42,739,931

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 JULY 1, 2015

Title	Outstanding Principal	Total Future Payments		2015-16 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 17,095,289	$ 93,495,000		$ 15,230,000
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	6,380,000	6,768,500		3,384,950
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	134,760,000	182,212,803		28,999,798
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	21,550,000	25,909,716		3,486,084
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	10,365,000	10,609,081		9,519,688
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	85,100,000	131,454,684		6,916,994
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	87,695,000	98,897,706		19,809,113
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,230,550,193	(1)	31,525,258
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	8,825,228	9,365,841	(1)	1,588,737
2012 Refg COPs: Disney Parking Project	50,675,000	68,431,750		2,533,750
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	338,740,000	613,552,300		21,907,400
2015 Multiple Capital Projects, Series A	153,215,000	300,161,506		10,051,781
Total Long-Term Obligations	$ 1,602,405,517	$ 2,771,409,082		$ 154,953,552
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 10,970,000	$ 11,487,250		$ 8,468,625
2014 Lease Rev Bonds Series A - LAC-CAL Equipment Program	20,460,000	21,376,275		9,411,375
Total Intermediate-Term Obligations	$ 31,430,000	$ 32,863,525		$ 17,880,000
Total Obligations	$ 1,633,835,517	$ 2,804,272,607		$ 172,833,552

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 JULY 1, 2015
2014-15 Assessed Valuation: $1,215,596,526,145: (includes unitary valuation)

	Applicable %	Debt as of 5/1/15
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Los Angeles County Flood Control District	100.000 %	$ 15,105,000
Metropolitan Water District	48.232	53,257,774
Los Angeles Community College District	100.000	3,882,265,000
Other Community College Districts	Various (1)	2,630,170,559
Arcadia Unified School District	100.000	190,078,896
Beverly Hills Unified School District	100.000	194,220,855
Glendale Unified School District	100.000	222,759,986
Long Beach Unified School District	100.000	781,405,702
Los Angeles Unified School District	100.000	9,913,670,000
Pasadena Unified School District	100.000	336,555,000
Pomona Unified School District	100.000	233,126,050
Redondo Beach Unified School District	100.000	220,864,621
Santa Monica-Malibu Unified School District	100.000	287,374,194
Torrance Unified School District	100.000	369,992,073
Other Unified School Districts	Various (1)	3,040,218,896
High School and School Districts	Various (1)	1,727,848,608
City of Los Angeles	100.000	887,735,000
City of Industry	100.000	104,940,000
Other Cities	100.000	59,735,000
Palmdale Water District Water Revenue Bonds	100.000	54,289,038 (2)
Palos Verdes Library District	100.000	2,420,000
Community Facilities Districts	100.000	704,152,172
Los Angeles County Regional Park & Open Space Assessment District	100.000	82,880,000
1915 Act and Benefit Assessment Bonds - Estimate	100.000	97,732,600
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 26,092,797,024
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(34,744,984)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		26,058,052,040
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 1,885,330,518**
Los Angeles County Office of Education Certificates of Participation	100.000	8,719,113
Community College District Certificates of Participation	Various (3)	43,887,332
Baldwin Park Unified School District Certificates of Participation	100.000	28,825,000
Compton Unified School District Certificates of Participation	100.000	20,850,000
Los Angeles Unified School District Certificates of Participation	100.000	307,180,000
Paramount Unified School District Certificates of Participation	100.000	28,900,000
Other Unified School District Certificates of Participation	Various (3)	157,552,740
High School and Elementary School District General Fund Obligations	Various (3)	141,148,968
City of Beverly Hills General Fund Obligations	100.000	162,875,000
City of Los Angeles General Fund and Judgment Obligations	100.000	1,655,124,584
City of Long Beach General Fund Obligations	100.000	158,875,000
City of Long Beach Pension Obligations	100.000	40,915,000
City of Pasadena General Fund Obligations	100.000	472,062,918
City of Pasadena Pension Obligations	100.000	119,460,000
Other Cities' General Fund Obligations	100.000	1,195,514,472
Los Angeles County Sanitation Districts Financing Authority	100.000	182,240,062
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,609,460,707
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**		**(4,544,894)**
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(17,090,808)
Cities' self-supporting bonds		(491,003,258)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,096,821,747
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$ 4,894,557,755
TOTAL GROSS DIRECT DEBT		$ 1,885,330,518
TOTAL NET DIRECT DEBT		$ 1,880,785,624
TOTAL GROSS OVERLAPPING DEBT		$ 35,711,484,968
TOTAL NET OVERLAPPING DEBT		$ 35,168,645,918
GROSS COMBINED TOTAL DEBT		$ 37,596,815,486 (4)
NET COMBINED TOTAL DEBT		$ 37,049,431,542

(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 2014-15 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	2.15 %
Total Net Overlapping Tax and Assessment Debt	2.14 %
Total Gross Direct Debt ($1,898,065,518)	0.16 %
Total Net Direct Debt ($1,893,030,281)	0.15 %
Gross Combined Total Debt	3.09 %
Net Combined Total Debt	3.05 %

Ratios to Redevelopment Sucessor Agency Incremental Valuation ($159,451,721,798):
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 2014 Gross Product of $640.7 billion, Los Angeles County's economy is larger than that of 44 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 strong growth in 2014 with an increase in economic output of 9.9%, as measured by Gross Product, and an increase in total taxable sales of 5.9%. The strong economic recovery is expected to continue in 2015, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 8.2% in 2014, which represents an improvement from its 2013 unemployment rate of 9.9%. In 2015 and 2016, the job market is expected to show continued improvement, with a projected decline in the average unemployment rate to 7.2% and 6.6%, 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 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 354,400 workers employed in this sector in 2014. 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 as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's technology sector employed 205,000 in 2014.

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 College 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 near completion and will open in late 2015. 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 & Rose Bowl game, Long Beach Grand Prix, Grammy Awards, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, X Games, 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 U.S. Census Bureau's demographic profile of the County indicates that 48.3% of the population is Hispanic and 51.7% non-Hispanic. 27.2% of the County's population are White, 15% are Asian-Pacific Islander, and 9.2% 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 98 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 76.6% of the adult population has a high school diploma or higher, and 29.7% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

After the recent economic downturn, which started in late 2007 and had a significant adverse impact on the local economy, the County has continued to experience a steady recovery in the job market since 2010. The average unemployment rate increased from 5.1% in 2007 to 12.6% in 2010, but gradually decreased over the last four years to 8.2% in 2014. In comparison, the average unemployment rates for the State of California and the nation in 2014 were 7.5% and 6.2%, respectively. The employment situation in the County showed further signs of improvement in 2014, with estimated total net job growth of 78,700 among the various sectors of the local economy. In 2015, total non-farm employment is projected to grow by 1.9% or (79,600 jobs), resulting in a lower unemployment rate of 7.2%. Table F details the non-agricultural employment statistics by sector for the County from 2010 through 2014.

Personal Income

Total personal income grew in the County by an estimated 4.7% in 2014. The 2014 total personal income of $487.9 billion represents an estimated 25.1% of the total personal income generated in California. The LAEDC is projecting continued robust growth in personal income of 4.6% for 2015 and 5.0% for 2016. Table C provides a summary of the personal income statistics for the County from 2010 through 2014.

Consumer Spending

As the most populous county in the nation with a vibrant and diverse economy, Los Angeles County is recognized as a national leader in consumer spending. As forecasted by LAEDC, the County experienced a 5.9% increase in total taxable sales in 2014, with continued growth of 5.2% and 5.6% projected for 2015 and 2016, respectively. The $151.2 billion of total taxable sales in the County in 2014 represents over 24% of the total taxable sales in California which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2010 through 2014.

Industry

With an estimated annual economic output of $640.7 billion in 2014, the County continues to rank among the world's largest economies. The County's 2014 Gross Product represents approximately 27.7% of the total economic output in California and 3.7% 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 2010 through 2014.

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 $357.1 billion in 2008. After suffering a substantial decrease in 2009, the value of two-way trade in the LACD has experienced strong growth over the last several years. From 2009 to 2013, the value of two-way trade at LACD increased by 47% which surpassed the record level attained in 2008. LACD experienced moderate growth in 2014, handling approximately $418 billion worth of international trade, which represents a 1% increase from 2013. The decline in the rate of growth was partially the result of a labor strike that slowed loading activities at both ports during the fourth quarter of 2014. As a result of the resolution of the labor strike during the first quarter of 2015, the LACD is expected to experience moderate growth in 2015 with stronger growth returning in 2016. Based on the latest LAEDC projections, international trade is expected to grow by 1.0% in 2015 to approximately $422 billion, and by 3.0% in 2016 to nearly $435 billion. The LACD maintained its ranking as the top customs district in the nation for international trade in 2014, with China, Japan, South Korea, Taiwan and Germany being the top trading partners.

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 fifth busiest airport in the world and second in the United States for passenger traffic. In 2014, LAX served 70.7 million passengers, representing a 6.0% increase from the previous year. The 2 million tons of air cargo handled at LAX in 2014, and the corresponding value of $91.6 billion, represents an increase of 3.9% from 2013 levels. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs. The Bob Hope Airport is currently in the planning stage to replace its passenger concourse with a new state of the art facility. Construction is scheduled to begin on the new concourse in late 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 one of the fastest growing port facility in the United States, and is the busiest port complex in the U.S. and western hemisphere, and the ninth 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 2014, the port complex experienced a 3.8% increase in the volume of cargo from 2013, and is projecting moderate growth in 2015 with stronger growth returning in 2016 as the ports recover from a labor strike in late 2014.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2014, it was ranked as the busiest container port in the United States for the fourteenth consecutive year, and the nineteenth 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 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2014, the Port handled over 8.3 million TEUs, which represents a 6% decrease in container volume from 2013.

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 twenty-first busiest in the world in 2013. The Port of Long Beach covers over 3,000 acres with 10 separate piers, 80 berths, 66 cranes and 22 shipping terminals. In 2014, the port handled over 6.8 million TEUs of container cargo, which represents an increase of 1.3% from 2013.

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. With over 473 million in annual boardings, the Metro System is the third largest public transportation system in the U.S. 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 2014-15 operating budget for the MTA is $5.4 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 2014, the Los Angeles region hosted a record high 29.5 million overnight visitors, representing a 3.4% increase from 2013. The newly built hotels in downtown Los Angeles, Beverly Hills 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 2014, with tourists and business travelers spending in excess of $18 billion. For the third year in a row the Los Angeles region was the one ranked destination for overseas visitors from China growing by over 20% from 2013.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market has experienced a steady recovery since 2012. 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 strong growth as the average median home price increased by 44% from the first quarter of 2012 to the fourth quarter of 2013 ($301,239 to $433,131). In 2014, the real estate market experienced moderate growth, as the average median home price increased by 7% to $464,865 in the fourth quarter of 2014. After a record high of 105,433 in 2009, notices of default recorded decreased by 83% to 17,883 in 2014 equaling a rate of approximately 1,490 notices per month, which represents a slight improvement over 2013 when the rate averaged 1,748 notices per month. Foreclosures, as measured by the number of trustees deeds recorded, decreased by over 87% from a cyclical high of 39,774 in 2008 to 5,124 in 2014. The number of trustees deeds recorded in 2014 represents a 29% decrease from the 7,248 recorded in 2013. The positive foreclosure trend continued in 2014, as the number of trustees deeds recorded was only 1,195 in the fourth quarter as compared to 1,334 in the first quarter of 2014. The County's residential real estate market is expected to show modest improvement in 2015.

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 2014-15, the County Assessor reported a Net Local Roll of $1.19 trillion, which represents a 5.5% increase from the Net Local Roll of $1.13 trillion in Fiscal Year 2013-14. The Net Local Roll in Fiscal Year 2014-15 represents a 14.3% increase from Fiscal Year 2010-11, and the fourth consecutive year of assessed valuation growth after the recent economic downturn.

The commercial real estate sector continued to experience steady improvement in 2014. Construction lending experienced a significant increase of 37% from $6.379 billion in 2013 to $8.750 billion in 2014. Office market vacancy rates improved from 2013 to 2014, with the average vacancy rate decreasing to 15.2% from 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 modest improvement in 2014, decreasing from 1.9% in 2013 to 1.6% in 2014, which is slightly higher than the 1.5% vacancy rate in 2007 prior to the economic downtown. Construction continued on the new Wilshire Grand Center 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 an InterContinental hotel, office space and condominiums, represents a $1 billion private investment in Downtown Los Angeles. The University of Southern California recently broke ground on a new mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The complex, which will include six residence halls for 2,700 students, a grocery store, a fitness center, a drugstore and 115,000 square feet of additional retail space is expected to cost the university approximately $1.1 billion to construct. The new complex is expected to be completed in 2018 and is projected to generate 12,000 new jobs during construction.

The County's residential housing market has continued to experience solid improvement in 2015, as the average median home price increased by 9.1% from the first quarter of 2014 to the first quarter of 2015 ($433,007 to $472,537). Notices of default recorded decreased by 12.6% in the first quarter of 2014 to the first quarter of 2015 (4,871 to 4,258) Foreclosures, as measured by the number of trustees deeds recorded, decreased by 9.1% from the first quarter of 2014 to the first quarter of 2015 (1,334 to 1,131). The County's residential real estate market is expected to show ongoing improvement for the remainder of 2015.

The commercial real estate sector continued to experience modest improvement during the first quarter of 2015. Office market vacancy rates decreased to 15% in the first quarter of 2015 from 16.2% in the first quarter of 2014. Industrial market vacancy rates have also experienced ongoing improvement in 2015, decreasing from 1.9% in first quarter of 2014 to 1.3% in first quarter of 2015. Construction lending experienced a slight decrease of 2.5% from $1.857 billion in the first quarter of 2014 to $1.812 billion in the first quarter of 2015. The County's commercial real estate sector is expected to show moderate improvement for the remainder of 2015.

COUNTY OF LOS ANGELES
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

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

	2010	2011	2012	2013	2014
Los Angeles County	$543,740	$557,500	$577,500	$583,100	$640,700
State of California	1,901,072	1,958,900	2,045,700	2,202,700	2,311,600
United States	14,526,500	15,094,000	15,653,370	16,768,100	17,420,700
Los Angeles County as a % of California	28.60%	28.46%	28.23%	26.47%	27.72%

Source: Los Angeles Economic Development Corporation - 2015 2016 Economic Forecast and Industry Outlook February 2015

TABLE B: POPULATION LEVELS

	2010	2011	2012	2013	2014
Los Angeles County	9,825,200	9,862,400	9,946,900	10,013,300	10,069,000
State of California	37,309,400	37,570,100	37,867,500	38,164,000	38,499,400
Los Angeles County as a % of California	26.33%	26.25%	26.27%	26.24%	26.15%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

	2010	2011	2012	2013	2014
Los Angeles County	$404,500	$425,700	$455,800	$466,100	$487,900
Orange County	147,400	155,300	166,600	169,800	177,700
Riverside and San Bernardino Counties	126,500	134,200	140,300	144,700	151,900
Ventura County	37,100	39,400	41,700	42,400	44,300
State of California	1,578,600	1,685,600	1,805,200	1,856,600	1,943,100
Los Angeles County as a % of California	25.62%	25.26%	25.25%	25.11%	25.11%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

	2010	2011	2012	2013	2014
Los Angeles County	$116,900	$126,400	$135,300	$142,800	$151,200
State of California	477,300	520,600	558,400	590,800	624,400
Los Angeles County as a % of California	24.49%	24.28%	24.23%	24.17%	24.22%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE E: UNEMPLOYMENT RATES

	2010	2011	2012	2013	2014
Los Angeles County	12.6%	12.3%	10.9%	9.9%	8.2%
State of California	12.4%	11.8%	10.4%	8.9%	7.5%
United States	9.6%	8.9%	8.1%	7.4%	6.2%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2010	2011	2012	2013	2014
Wholesale & Retail Trade	589.4	598.1	612.2	623.7	632.6
Health Care & Social Assistance	526.1	528.8	558.4	594.2	617.0
Government	579.6	565.5	556.8	549.2	547.4
Leisure & Hospitality	384.8	394.6	415.3	436.7	446.4
Manufacturing	373.2	366.8	367.2	366.5	354.4
Professional, Scientific & Technical Services	245.6	255.3	268.2	276.3	285.5
Administrative & Support Services	228.7	232.4	245.1	256.3	270.6
Information	191.5	191.9	191.4	197.3	205.0
Transportation & Utilities	150.5	151.8	154.4	156.9	160.1
Finance & Insurance	137.8	136.8	138.6	137.1	135.5
Educational Services	111.1	114.2	115.7	119.2	122.6
Construction	104.5	105.0	109.1	116.5	124.7
Real Estate	71.7	71.6	72.1	74.7	76.4
Management of Enterprises	53.2	55.3	56.7	57.7	60.4
Other	140.8	140.9	145.9	150.1	152.7
Total	3,888.5	3,909.0	4,007.1	4,112.4	4,191.3

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

Type of Activity	2010	2011	2012	2013	2014
International Air Cargo (Tons)					
Los Angeles International Airport	1,125.2	1,080.7	1,135.8	1,119.5	1,176.3
As Percentage of Total Air Cargo	67.63%	57.80%	57.85%	58.12%	58.78%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,663.9	1,869.6	1,963.2	1,926.1	2,001.2
Long Beach Airport	26.1	25.4	24.4	24.4	25.5
Bob Hope Airport (Burbank)	44.4	43.9	47.4	52.9	56.3
Total	1,734.3	1,938.9	2,035.0	2,003.4	2,082.9
International Air Passengers					
Los Angeles International Airport	15,936.0	16,731.3	17,152.9	17,852.1	19,105.7
As Percentage of Total Passengers	26.98%	27.05%	26.93%	26.78%	27.04%
Total Air Passengers					
Los Angeles International Airport	59,070.1	61,862.5	63,688.1	66,667.6	70,662.2
Long Beach Airport	2,978.4	3,115.4	3,206.9	2,942.9	2,824.0
Bob Hope Airport (Burbank)	4,461.3	3,942.3	3,725.5	3,844.4	3,861.2
Total	66,509.8	68,920.2	70,620.5	73,454.9	77,347.4
Container Volume (TEUs)					
Port of Los Angeles	7,831.9	7,940.5	8,077.7	7,868.6	8,340.1
Port of Long Beach	6,263.5	6,061.1	6,045.7	6,730.6	6,820.8
Total	14,095.4	14,001.6	14,123.4	14,599.2	15,160.9

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	**2010**	**2011**	**2012**	**2013**	**2014**
Los Angeles, CA	$347,900	$387,500	$403,900	$414,700	$418,000
New York, NY	$326,800	$388,400	$381,900	$379,200	$387,100
Laredo, TX	$185,700	$216,300	$239,100	$253,200	$280,000
Detroit, MI	$219,200	$245,100	$253,200	$244,900	$260,400
Houston, TX	$211,400	$268,400	$274,000	$251,900	$253,300
New Orleans, LA	$194,400	$234,500	$243,600	$235,000	$234,600
Chicago, IL	$161,400	$176,600	$187,500	$192,500	$210,500
Seattle, WA	$111,100	$128,600	$138,800	$152,700	$152,500
Savannah, GA	$109,100	$126,500	$132,400	$129,500	$141,900
Cleveland, OH	$94,600	$109,400	$118,500	$122,500	$131,500

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)					
Port	**2010**	**2011**	**2012**	**2013**	**2014**
Los Angeles-Long Beach, CA	193,591	199,509	201,706	207,228	210,435
Tacoma, WA	27,507	28,428	30,975	31,820	34,970
Oakland, CA	29,475	30,285	30,305	30,901	30,543
Seattle, WA	31,337	29,856	25,549	18,118	14,405
Portland, OR	19,661	19,140	17,948	13,516	14,627
Kalama, WA	11,653	11,570	10,199	9,305	9,725
San Diego, CA	4,074	4,287	4,822	5,168	5,359
Port Hueneme	3,356	4,095	4,520	4,921	5,248
Vancouver, WA	6,110	6,198	4,915	2,001	2,855

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)					
Port	**2010**	**2011**	**2012**	**2013**	**2014**
Los Angeles-Long Beach, CA	14,095	14,002	14,124	14,600	15,161
New York, NY	5,292	5,503	5,530	5,467	5,772
Savannah, GA	2,825	2,945	2,966	3,034	3,346
Oakland, CA	2,330	2,343	2,344	2,347	2,394
Norfolk, VA	1,895	1,918	2,106	2,224	2,393
Tacoma, WA	977	1,022	1,265	1,445	2,040
Houston, TX	1,812	1,866	1,922	1,950	1,951
Charleston, SC	1,280	1,381	1,515	1,601	1,792
Seattle, WA	2,126	2,017	1,853	1,564	1,388

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

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

Indicator	2010	2011	2012	2013	2014
1. Construction Lending (in millions)	$ 2,128	$ 3,258	$ 4,601	$ 6,379	$ 8,750
2. Residential Purchase Lending (in millions)	$ 22,491	$ 20,469	$ 23,675	$ 27,910	$ 31,441
3. New & Existing Median Home Prices	$ 335,363	$ 316,469	$ 330,463	$ 412,795	$ 458,939
4. New & Existing Home Sales	77,313	74,216	83,686	84,229	76,201
5. Notices of Default Recorded	68,603	64,490	49,354	20,970	17,883
6. Unsold New Housing (at year-end)	1,997	1,517	845	561	552
7. Office Market Vacancy Rates	17.0%	17.0%	16.7%	16.9%	15.2%
8. Industrial Market Vacancy Rates	3.2%	2.9%	2.1%	1.9%	1.6%

Source: Real Estate Research Council of Southern California - 4th Quarter 2014

TABLE L: BUILDING PERMITS AND VALUATIONS

	2010	2011	2012	2013	2014
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,439	2,370	2,756	3,599	4,286
b. Multi-Family	5,029	8,033	7,950	12,631	14,595
Total Residential Building Permits	7,468	10,403	10,706	16,230	18,881
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 922	$ 1,032	$ 1,128	$ 1,507	$ 1,740
b. Multi-Family	811	1,222	1,416	1,921	2,310
c. Alterations and Additions	1,110	1,122	674	1,193	1,429
Residential Building Valuations Subtotal	$ 2,843	$ 3,376	$ 3,218	$ 4,621	$ 5,479
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 133	$ 156	$ 38	$ 246	$ 269
b. Retail Buildings	263	223	115	385	829
c. Hotels and Motels	28	24	5	145	359
d. Industrial Buildings	56	136	169	128	122
e. Alterations and Additions	1,662	1,774	1,095	2,012	3,155
f. Other	535	806	381	669	1,507
Non-Residential Building Valuations Subtotal	$ 2,677	$ 3,119	$ 1,803	$ 3,585	$ 6,241
Total Building Valuations (in millions)	$ 5,519	$ 6,495	$ 5,021	$ 8,207	$ 11,721

Source: Real Estate Research Council of Southern California - 4th Quarter 2014

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2014 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	35,991	173,952
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	17,000	65,300
3	Target Corp.	Retailer	Minneapolis, MN	15,000	366,000
4	Providence Health & Services	Health Care	Renton, WA	15,000	70,357
5	University of Southern California	Education-Private University	Los Angeles, CA	14,722	14,722
6	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,500	233,000
7	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	375,000
8	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,600	300,000
9	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	10,500	168,693
10	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,243	10,243
11	Walt Disney Co.	Entertainment	Burbank, CA	10,200	175,000
12	Wells Fargo	Diversified Financial Services	San Francisco, CA	10,000	221,000
13	UPS	Transportation and Freight	Atlanta, GA	8,984	395,000
14	AT&T Inc.	Telecommunications	Dallas, TX	8,900	248,170
15	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,400	110,000
16	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,094	9,062
17	Vons	Grocery Retailer	Pleasanton, CA	7,781	25,000
18	Edison International	Electric Utility	Rosemead, CA	7,700	13,677
19	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,600	231,500
20	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	7,400	N/A
21	Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	6,117	63,000
22	Dignity Health	Hospitals	San Francisco, CA	6,100	53,000
23	American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	6,000	10,000
24	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,000	20,000
25	Universal Services of America	Security Systems	Santa Ana, CA	5,960	40,000

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, September 2014

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES
CALIFORNIA

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and the Authority, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, the County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2015 Refunding Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2015 Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2015 Refunding Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2015 Refunding Bonds. The Series 2015 Refunding Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each maturity of the Series 2015 Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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**.

Purchases of the Series 2015 Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Refunding Bond ("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 Series 2015 Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015 Refunding Bonds, except in the event that use of the book-entry system for the Series 2015 Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2015 Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2015 Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015 Refunding Bond documents. For example, Beneficial Owners of the Series 2015 Refunding Bonds may wish to ascertain that the nominee holding the Series 2015 Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 Refunding Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2015 Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2015 Refunding Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Refunding Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2015 Refunding Bond certificates will be printed and delivered to DTC.

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

NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2015 REFUNDING BONDS FOR PREPAYMENT.

None of the Authority, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2015 Refunding Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Series 2015 Refunding Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2015 Refunding Bond certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF LOS ANGELES
CALIFORNIA

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds") and the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable) (the "Series 2015C Bonds" and, together with the Series 2015B Bonds, the "Bonds") by the Los Angeles County Public Works Financing Authority (the "Authority"). The Bonds are being issued pursuant to the Master Indenture, dated as of February 1, 2015, by and among the County, the Authority and Zions First National Bank, as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Indenture, dated as of September 1, 2015, by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters (Series 2015 B/C Bonds) in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, 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:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter (Series 2015 B/C Bonds)" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2015 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with (1) generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and (2) reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the County, the Annual Report shall also include the following:

(1) Assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(2) Summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(3) Summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(4) Summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

(5) Summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and

(6) The ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

(9) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the County determines would be material under applicable federal securities laws, the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. 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 Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. 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 Bonds 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 Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters (Series 2015 B/C Bonds) and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2015.

COUNTY OF LOS ANGELES

By: ____________________________________
Authorized Signatory

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	County of Los Angeles
Name of Bond Issue:	Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series B (Tax-Exempt) and Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds (Master Refunding Project), 2015 Series C (Federally Taxable)
Date of Issuance:	________, 2015

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the County, dated the Date of Issuance. [The County anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

COUNTY OF LOS ANGELES

By: ____

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES

CALIFORNIA

Upon delivery of the Series 2015 Refunding Bonds, Norton Rose Fulbright US LLP, Bond Counsel to the Authority, proposes to issue an approving opinion in substantially the following form:

Los Angeles County Public Works Financing Authority
500 W. Temple Street
Los Angeles, California 90012

County of Los Angeles
500 W. Temple Street
Los Angeles, California 90012

Re: $___________ Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, Series B (Tax-Exempt)

$___________ Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, Series C (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Los Angeles County Public Works Financing Authority (the "Authority") in connection with the issuance by the Authority of the above-caption bonds (the "Series 2015B Bonds" or the "Series 2015C Bonds," and collectively, the "Bonds"). The Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Bond Law"), and pursuant to a Master Indenture, dated as of February 1, 2015, by and among the Authority, the County of Los Angeles (the "County") and Zions First National Bank, as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Indenture, dated as of September 1, 2015, by and among the Authority, the County and the Trustee (as so amended and supplemented, the "Indenture").

The Bonds are special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. The Lease Revenues include Base Rental Payments payable by the County pursuant to a Master Sublease Agreement, dated as of February 1, 2015, by and between the County and the Authority, as amended and supplemented by the First Amendment to Master Sublease, dated as of September 1, 2015, by and between the County and the Authority (as so amended and supplemented, the "Sublease"), including any prepayments thereof. The County has leased certain real property and improvements (the "Leased Property") to the Authority pursuant to the Master Site Lease, dated as of February 1, 2015, by and between the County and the Authority, as amended and supplemented by the First Amendment to Master Site Lease, dated as of September 1, 2015, by and between the County and the Authority (as so amended and supplemented, the "Site Lease").

As Bond Counsel, we have reviewed the Indenture, the Site Lease, the Sublease and certifications of the Authority, the County, the Trustee and others, opinions of counsel to the Authority, the County and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding special obligations of the Authority as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and the County and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority and the County, enforceable against the Authority and the County in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Lease Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.

3. The Sublease and Site Lease have been duly and validly authorized, executed and delivered by the Authority and the County and constitute the legally valid and binding obligations of the Authority and the County, enforceable against the Authority and the County in accordance with their terms.

4. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the Series 2015B Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 (the "Code") from the gross income of the owners thereof for federal income tax purposes. It is our further opinion, under existing statutes, regulations, rulings and court decisions, that the Series 2015B Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the Series 2015B Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Series 2015B Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2015B Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Series 2015B Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Series 2015B Bonds. Pursuant to the Indenture and in the Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986 being delivered by the County and the Authority in connection with the issuance of the Series 2015B Bonds, each of the County and the Authority is making representations relevant to the determination of, and is undertaking certain covenants regarding or affecting, the exclusion of interest on the Series 2015B Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of such representations and the present and future compliance by each of the County and the Authority with its covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Series 2015B Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

The opinions expressed in paragraphs 1, 2 and 3 above are qualified to the extent the enforceability of the Bonds, the Indenture, the Sublease and the Site Lease may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds, the Indenture, the Sublease and the Site Lease is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully,

COUNTY OF LOS ANGELES

CALIFORNIA