County of Los Angeles
CHIEF EXECUTIVE OFFICE

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

WILLIAM T FUJIOKA
Chief Executive Officer

October 2, 2012

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

ADOPTED
PUBLIC WORKS FINANCING AUTHORITY
1-F October 2, 2012
Sachi A. Hamai
SACHI A. HAMAI
SECRETARY

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
LEASE REVENUE BONDS (MULTIPLE CAPITAL PROJECTS II) SERIES 2012
(ALL DISTRICTS) (4 VOTES)**

SUBJECT

The Chief Executive Officer and Treasurer and Tax Collector are seeking authorization to issue up to $400 million of lease revenue bonds to finance multiple health service, public safety, and general government capital projects. Proceeds from the sale of the bonds will be utilized to fund approximately $346 million of capital expenditures (including the redemption of tax-exempt commercial paper notes previously issued to fund project costs), provide for the payment of costs of issuance, and establish a debt service reserve fund.

The financing will be structured using tax-exempt lease revenue bonds with a final principal amortization period of not more than 30 years. As has been the case with prior long-term debt financings, the final size of the issuance may be adjusted to reflect market conditions at the time of the sale and to ensure compliance with State and federal law for municipal borrowings. The par amount of the lease revenue bond issuance is currently estimated at $333 million, which is below the maximum authorization of $400 million.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt the Resolution authorizing: (a) the issuance and sale of not-to-exceed $400 million in tax-exempt lease revenue bonds to finance multiple capital projects and to refund outstanding tax-exempt commercial paper notes; and (b) the execution and delivery of various legal documents required to issue the bonds and complete the proposed transaction.

2. Ratify a public hearing on the financing held by the Treasurer and Tax Collector on September 27, 2012, in accordance with Section 6586.5 of the California Government Code.

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

1. Adopt the Resolution authorizing: (a) the issuance and sale of not-to-exceed $400 million in tax-exempt lease revenue bonds to finance multiple capital projects and to refund outstanding tax-exempt commercial paper notes; and (b) the execution and delivery of various legal documents required to issue the bonds and complete the proposed transaction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommendations will authorize the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II) Series 2012 (2012 Bonds) and the execution and delivery of all related documents. The proceeds from the sale of the 2012 Bonds will be used to finance a total of seven capital projects (Projects). The Board has previously authorized the construction and financing of each of these seven Projects.

Based on a review of existing capital projects, it is the recommendation of the Chief Executive Officer (CEO) to finance $346 million of capital expenditures with the proceeds of long-term bonds. A summary of these Project costs is provided in the table shown below:

Project	New Project Costs	TECP Refunding	**Total Cost**
MLK MACC	$103,689,017	$63,396,983	**$167,086,000**
MLK Medical Center Data Center Move	221,275	5,278,725	**5,500,000**
High Desert MACC	103,655,060	37,768,575	**141,423,635**
Fire Station 128	0	4,780,344	**4,780,344**
Fire Station 132	0	7,715,580	**7,715,580**
Fire Station 150	3,600,000	8,382,438	**11,982,438**
Fire Station 156	0	7,117,214	**7,117,214**
TOTAL	$211,165,352	$134,439,859	**$345,605,211**

As referenced above, approximately $134.4 million of bond proceeds will be used by the County to refund outstanding tax-exempt commercial paper (TECP) notes previously issued in relation to the Projects. The remaining $211.2 million of Project fund deposits will be applied towards the future capital expenditures necessary to complete the Projects. The refunding of TECP notes is significant because the County is currently at its maximum $400 million capacity for TECP issuance. In order to sell additional TECP notes in the future, a portion of the current outstanding balance must first be refunded with proceeds from the 2012 Bonds. A summary description of each of the seven Projects included in this bond sale is provided below.

Martin Luther King, Jr. (MLK) Multi-Service Ambulatory Care Center

The new Multi-Service Ambulatory Care Center (MACC) Project to be located on the MLK Medical Center campus was approved by the Board on August 18, 2009. The new MLK MACC will consist of facility construction and site improvements for a new 136,500 square-foot four-story outpatient services building. The building provides an ambulatory surgery center, pharmacy, walk-in clinic, outpatient imaging center, and various other outpatient clinics. The Project also includes 34,000 square-feet of tenant improvements to the existing North Support Building, which will be used for administrative services. The site improvement portion of the Project includes parking, sidewalks, and landscaping for both the MACC and the MLK Medical Center campus. The Project cost is estimated to be $167,086,000, and such Project is expected to be completed in June 2014.

MLK Medical Center Data Center Move

The new data center on the MLK Medical Center campus will occupy approximately 2,100 square-feet adjacent to the current data center located within the North Support Building. The Project was approved by the Board on June 29, 2010, and consists of demolition and remodeling work in an unused portion of the existing data center, as well as architectural, mechanical, and electrical upgrades in the proposed location. The project cost is estimated at $5,500,000, and such Project is expected to be completed in December 2012.

High Desert Multi-Service Ambulatory Care Center

The High Desert MACC was approved by the Board on November 21, 2006. It will occupy a 142,000 square-foot facility that includes a two-story MACC building and two separate one-story service buildings (including a central plant) with surface parking and other related site and infrastructure improvements. The new MACC will provide various outpatient medical services, including primary care, urgent care, specialty care, and other outpatient services. The facility is being developed on approximately 14.91 acres located adjacent to the intersection of East Avenue I and 3rd Street East in the City of Lancaster. The Project cost is estimated at $141,423,635, and such Project is expected to be completed in June 2014.

Fire Station 128

Fire Station 128 was approved by the Board on August 7, 2007. It is a new 9,600 square-foot fire station located on 1.3 acres at 28450 Whites Canyon Road in Santa Clarita, and consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel. The facility was completed in March 2012 and the project is currently in the close-out phase. The amount being financed is estimated to be $4,780,344.

Fire Station 132

Fire Station 132 was approved by the Board on May 13, 2008, and is a new 9,400 square-foot fire station located on one acre at 29310 Sand Canyon Road in Canyon Country. It consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel. The facility was completed in March 2012 and the project is currently in the close-out phase. The amount being financed is estimated to be $7,715,580.

Fire Station 150

Fire Station 150 was approved by the Board on May 13, 2008, and will be located at 19190 Golden Valley Road in Santa Clarita. Fire Station 150 will be a new 19,667 square-foot Battalion Headquarters that consists of a three-bay apparatus room, main office, training room, day room, Battalion Chief's office with dormitory, Assistant Fire Chief's office with dormitory, and dormitory quarters for 10 shift personnel. The Project cost included in this financing is estimated to be $11,982,438, and such Project is expected to be completed in January 2013.

Fire Station 156

Fire Station 156 was approved by the Board on May 13, 2008, and is a new 11,050 square-foot fire station constructed on 1.27 acres adjacent to an existing temporary fire station located at 24505 Copper Hill Drive in Santa Clarita. The new fire station consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, dormitory quarters for seven personnel, and a detached dozer team facility for three additional personnel. The facility was completed in September 2011 and the Project is currently in the close-out phase. The amount being financed is estimated to be $7,117,214.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This action supports the County's Fiscal Sustainability (Goal 2) through the use of cost-effective financing for the construction of essential County infrastructure.

FISCAL IMPACT/FINANCING

It is estimated that approximately $333 million of lease revenue bonds will need to be issued in order to finance the cost of the Projects. Because the 2012 Bonds are expected to be sold at a significant premium to current yields, the total amount of proceeds generated from the current bond sale will be approximately $369 million. In addition to the $346 million of capital expenditures that are being financed, 2012 Bond proceeds will also be used to establish a debt service reserve fund and pay for costs of issuance.

Current Market Conditions

The timing of the proposed 2012 Bonds sale is very favorable to the County due to historically low interest rates in the municipal bond market. It is the objective of the Treasurer and Tax Collector to enter the bond market soon after the Board's approval and to price the 2012 Bonds on or about October 11, 2012. The forward calendar of pending bond sales indicates that October is likely to see a significant increase in supply as many issuers rush to enter the market prior to the November 6, 2012, General Election. The State of California, in particular, is planning to sell $548 million of lease revenue bonds on October 17, 2012, and $500 million of general obligation bonds on October 24, 2012. In order for the County to secure the most favorable interest rates, the Treasurer and Tax Collector recommends pricing the 2012 Bonds prior to the State's October bond sales.

Estimated Borrowing Costs

The Resolutions being presented to the Board require that the 2012 Bonds be issued at a true interest cost that is not to exceed 6.0 percent. Given the current interest rate environment, it is anticipated that actual borrowing costs will be significantly lower and should result in a true interest cost to the County of less than 4.5 percent. In structuring the individual maturities for the 2012 Bonds, the Treasurer and Tax Collector is recommending that the County employ a level-debt service approach with a principal amortization period of not more than 30 years. With an estimated par amount of $333 million, this structure will result in average annual principal and interest payments of approximately $22 to $24 million (actual debt service will depend on market conditions at the time of sale). The first debt service payment will not occur until the 2013-14 Fiscal Year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Lease Revenue Structure and Pledged Assets

The legal structure that will be employed to issue the 2012 Bonds is that of a lease-leaseback agreement between the County and the Los Angeles County Public Works Financing Authority (Authority). The Master Lease and Master Sublease that will provide the framework for this transaction were originally entered into by the County and the Authority in December 2010, when the County completed its last major long-term bond financing. The advantage of utilizing the existing Master Lease is that the County can leverage the value of the asset (the LAC+USC Medical Center) that was pledged as security for the 2010 Lease Revenue Bonds (2010 Bonds). Because the fair rental value associated with the LAC+USC Medical Center exceeded the debt service on the

2010 Bonds, this asset can also be used as partial security for the 2012 Bonds. The one additional asset that will be added to the Master Lease in support of the current bond issuance is the High Desert MACC, which is also being financed with proceeds of the 2012 Bonds. Each of these two pledged assets is considered to be highly essential to the County and will, therefore, be viewed as a credit positive by investors looking to purchase the 2012 Bonds. As required by State Law, the 2012 Bonds will be issued by the Authority and not the County. It is, however, the base rental payments made by the County to the Authority (pursuant to the Master Sublease) that will be used to pay debt service on both the 2012 Bonds and the outstanding 2010 Bonds.

Financing Team

Given the complexity of the current transaction, the Treasurer and Tax Collector is recommending that the sale of the 2012 Bonds be conducted on a negotiated basis. Based on the results of a competitive solicitation process, Citigroup was selected as the senior managing underwriter, with Goldman, Sachs & Co. and J.P. Morgan serving as co-senior managers for the transaction. Public Resources Advisory Group has been selected as the financial advisor, and Hawkins Delafield & Wood will serve as bond counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The issuance and sale of the 2012 Bonds will help ensure the completion of essential capital improvement projects in the areas of health service, public safety, and general government.

CONCLUSION

Upon approval of the attached Resolutions, it is requested that the Executive Officer of the Board of Supervisors return two originally executed copies to the Chief Executive Office and Treasurer and Tax Collector.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

MARK J. SALADINO
Treasurer and Tax Collector

WTF:MJS:RLR:DJT
SW:PB:mc

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Works
Health Services
Fire Department

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 SITE LEASE, A FIRST AMENDMENT TO SUBLEASE, A FIRST SUPPLEMENTAL INDENTURE AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE AMOUNT OF NOT TO EXCEED $400 MILLION, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to an Amended and Restated Trust Agreement, dated as of April 1, 2010, by and between the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") and Deutsche Bank National Trust Company, as trustee, the Corporation has issued its Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") from time to time for, among other purposes, the financing of capital projects of the County of Los Angeles (the "County"), including the interim financing of a portion of the capital improvement projects described on Exhibit A attached hereto and incorporated herein (collectively, the "Project"); and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the Corporation and the County entered into an Amended and Restated Sublease, dated as of April 1, 2010; and

WHEREAS, the County desires to provide long-term financing for all or a portion of such portion of the Project by refinancing a portion of the Commercial Paper Notes; and

WHEREAS, the County desires to provide long-term financing for the other portions of the Project; and

WHEREAS, the County previously refinanced and financed the acquisition, construction and installation of certain property and improvements owned by the County (the "2010 Project"); and

WHEREAS, in order to refinance and finance the 2010 Project, the County leased certain real property owned by the County, including the improvements thereto, known as the Los Angeles County+USC Medical Center (the "Los Angeles County+USC Medical Center"), to the Los Angeles County Public Works Financing Authority (the "Authority") pursuant to a Master Site Lease, dated as of November 1, 2010 (the "Master Site Lease"), and subleased the Los Angeles County+USC Medical Center back from the Authority pursuant to a Master Sublease, dated as of November 1, 2010 (the "Master Sublease"); and

WHEREAS, in order to provide the funds necessary to refinance and finance the 2010 Project, the Authority and the County provided for the issuance of $102,900,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt) and $688,005,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) (collectively, the "Series 2010 Bonds"), pursuant to a Master Indenture, dated as of November 1, 2010 (the "Master Indenture"), by and among the Authority, the County and U.S. Bank National Association, as trustee (the "Trustee"), payable from the base rental payments to be made by the County pursuant to the Master Sublease and the other assets pledged therefor under the Master Indenture; and

WHEREAS, all rights to receive such base rental payments were assigned without recourse by the Authority to the Trustee pursuant to the Master Indenture; and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2010 Bonds, the Authority may by execution of a Supplemental Indenture (as defined in the Master Indenture) provide for the issuance of Additional Bonds (as defined in the Master Indenture); and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the County and the Authority thereunder may be amended at any time by an amendment thereof to add to the covenants and agreements of the County or the Authority in the Master Site Lease or the Master Sublease and provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, the County desires to refinance and/or finance the Project, including certain costs of issuance, and provide funds to satisfy a portion of the reserve fund requirement; and

WHEREAS, in order to accomplish such financing, including the leasing of certain additional real property (together with the Los Angeles County+USC Medical Center, the "Property"), and the amendments described herein, the County and the Authority are entering into a First Amendment to Site Lease (the "First Amendment to Site Lease") and a First Amendment to Sublease (the "First Amendment to Sublease"); and

WHEREAS, the County, the Authority and the Trustee desire to enter into a First Supplemental Indenture (the "First Supplemental Indenture"), amending and supplementing the Master Indenture (as so amended, the "Indenture") in order to provide for the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds"); and

WHEREAS, all rights of the Authority to receive base rental payments in connection with the Series 2012 Bonds pursuant to the Sublease will be assigned by the Authority to the Trustee pursuant to the Indenture and noticed pursuant to a Memorandum of Assignment (the "2012 Memorandum of Assignment"), by and among the County, the Authority and the Trustee; and

WHEREAS, the Series 2012 Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code (the "Act"); and

WHEREAS, Citigroup Global Markets Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC, Goldman, Sachs & Co. and such other co-underwriters as may be selected by the Treasurer and Tax Collector of the County or any authorized deputy thereof (collectively, the "County Treasurer") and the Treasurer of the Authority prior to the sale of the Series 2012 Bonds (collectively, the "Underwriters"), has submitted to the Authority and the County a proposal to purchase the Series 2012 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 Series 2012 Bonds has been prepared; and

WHEREAS, the County is a member of the Authority and the Project is to be located within the boundaries of the County; and

WHEREAS, on September 27, 2012, the Office of the County Treasurer held a public hearing on the financing of the Project in accordance with Section 6586.5 of the Act, which hearing was held at the Treasurer and Tax Collector Executive Conference Room, Room 437, located at the Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California; and

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in the *Los Angeles Daily Commerce*, a newspaper of general circulation in the County; and

WHEREAS, the Board of Directors has been presented with the form of each document referred to herein relating to the actions 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 actions; 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 the actions 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 actions 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 Amendment to Site Lease, submitted to and 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, and such other officers of the Authority as the Treasurer of the Authority may designate (collectively, 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 Amendment to Site Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, which changes may include the removal or modification of the provisions pertaining to the reletting of the Property and the abatement of base rental payments under certain circumstances, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the First Amendment to Sublease, submitted to and 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 Amendment to Sublease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, which changes may include the removal or modification of the provisions pertaining to the reletting of the Property and the abatement of base rental payments under certain circumstances, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal portions of the base rental payments payable in connection with the Series 2012 Bonds shall not exceed $400 million, the term of the Master Sublease, as amended by the First Amendment to Sublease shall not exceed 35 years from the date of the Series 2012 Bonds (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest portions of the base rental payments in connection with the Series 2012 Bonds shall not exceed 6.0% per annum.

Section 4. Subject to the provisions of Section 5 hereof, the issuance of the Series 2012 Bonds in an aggregate principal amount of not to exceed $400 million, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved.

Section 5. The form of the First Supplemental Indenture, submitted to and on file with the Secretary of the Authority, is hereby approved, and each of the Authorized Officers is 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 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 Series 2012 Bonds shall not exceed $400 million, the final maturity date of the Series 2012 Bonds shall be no later than the date which is 35 years from the date of the Series 2012 Bonds and the true interest cost applicable to the Series 2012 Bonds shall not exceed 6.0% per annum.

Section 6. The form of 2012 Memorandum of Assignment, submitted to and on file with the Secretary of the Board of Directors, is hereby approved, and each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the 2012 Memorandum of Assignment in substantially said form, with such changes 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 7. The form of Bond Purchase Agreement, submitted to and on file with the Secretary of the Board of Directors, is hereby approved, and each of the Authorized Officers is 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 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 underwriters' discount for the sale of the Series 2012 Bonds shall not exceed 0.40% of the aggregate principal amount of the Series 2012 Bonds. The Treasurer of the Authority is hereby authorized for and on behalf of the Authority to select additional co-underwriters from the County's underwriter pool as the Treasurer of the Authority determines to be in the best interest of the Authority, such determination to be conclusively evidenced by the inclusion of any such co-underwriter as an underwriter under the Bond Purchase Agreement and the execution and delivery of the Bond Purchase Agreement by an Authorized Officer.

Section 8. The form of Preliminary Official Statement, submitted to and on file with the Secretary of the Board of Directors, with such changes 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 Series 2012 Bonds is hereby authorized and approved. Each of the Authorized Officers is 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 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. The preparation and delivery of an official statement (the "Official Statement"), and its use by the Underwriters in connection with the offering and sale of the Series 2012 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. Each of the Authorized Officers is hereby authorized and directed, for and in the name of and on behalf of the Authority, to deliver the final Official Statement and any amendment or supplement thereto and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriters.

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 consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 11. 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 12. This Resolution shall take effect from and after its date of adoption.

The foregoing Resolution was on the 2nd day of October, 2012, adopted by the Board of Directors of the Los Angeles County Public Works Financing Authority.

SACHI A. HAMAI, Secretary of the Board
of Directors of the Los Angeles County
Public Works Financing Authority

By: Lachelle Smitherman
Deputy

COUNTY OF LOS ANGELES
CALIFORNIA

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: ______________________
Principal Deputy County Counsel

EXHIBIT A

DESCRIPTION OF THE PROJECT

The proceeds of the Series 2012 Bonds may finance the following projects:

1. Martin Luther King, Jr. Multi-Service Ambulatory Care Center. This project includes construction of and improvements to a multi-service ambulatory care center on the Martin Luther King, Jr. Medical Center campus. The project also includes tenant improvements to the existing North Support Building, located on the same campus, for administrative services.
2. Martin Luther King, Jr. Data Center. This project includes the acquisition of a data center on the Martin Luther King Jr. Medical Center Campus and the demolition and remodeling of an unused portion of the existing data center.
3. Fire Station 132. This project includes construction of Fire Station 132, including a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel.
4. Fire Station 128. This project includes construction of Fire Station 128, including a two-bay apparatus room, main office, training room, day room, kitchen, exercise room, and dormitory quarters for seven personnel.
5. Fire Station 150. This project includes construction of Fire Station 150, including a Battalion Headquarters that consists of a three-bay apparatus room, main office, training room, day room, Battalion Chief's office with dormitory, Assistant Fire Chief's office with dormitory, and dormitory quarters for ten shift personnel.
6. Fire Station 156. This project includes construction of Fire Station 156, including a two-bay apparatus room, main office, day room, kitchen, exercise room, dormitory quarters for seven personnel, and a detached dozer team facility containing dormitory quarters for three personnel, kitchen, day room, and bathroom.
7. High Desert Multi-Service Ambulatory Care Center. This project includes construction of a two-story multi-service ambulatory care center building and two separate one-story service buildings (building crafts and materials management/central plant) with surface parking and other related site and infrastructure improvements.

HDW - 9/18/12 Draft

TO BE RECORDED AND WHEN RECORDED
RETURN TO:
Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90071
Attention: Diane K. Quan

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 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 SITE LEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of October 1, 2012

TABLE OF CONTENTS

FIRST AMENDMENT TO SITE LEASE

THIS FIRST AMENDMENT TO SITE LEASE (this "First Amendment to Site Lease") executed and entered into as of October 1, 2012, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), as lessor, and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority organized and existing under and by virtue of the laws of the State of California (the "Authority"), as lessee.

RECITALS

WHEREAS, the County previously refinanced and financed the acquisition, construction and installation of certain property and improvements owned by the County (referred to and defined herein as the "2010 Project"); and

WHEREAS, in order to accomplish such refinancing and financing, the County leased certain real property owned by the County and the improvements thereto (the "Los Angeles County+USC Medical Center") to the Authority pursuant to a Master Site Lease, dated as of November 1, 2010 (the "Master Site Lease"), Recorder Instrument No. 2010-1688247, and subleased the Los Angeles County+USC Medical Center from the Authority pursuant to a Master Sublease, dated as of November 1, 2010 (the "Master Sublease"), Recorder Instrument No. 2010-1688248; and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refinance and finance the 2010 Project through the issuance of $102,900,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt) and $688,005,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) (collectively, the "Series 2010 Bonds") payable from Base Rental Payments (as defined in the herein referenced Master Indenture) to be made under the Master Sublease; and

WHEREAS, the Series 2010 Bonds were issued pursuant to the Master Indenture, dated as of November 1, 2010 (the "Master Indenture"), by and among the Trustee, the Authority and the County; and

WHEREAS, all rights to receive such Base Rental Payments were assigned by the Authority to the Trustee pursuant to the Master Indenture and noticed pursuant to a Memorandum of Assignment, dated as of November 1, 2010 (the "2010 Memorandum of Assignment"), Recorder Instrument No. 2010-1688249; and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2010 Bonds, the County, the Authority and the Trustee may by execution of a Supplemental Indenture (as defined in the Master Indenture) without the consent of the Owners, provide for the issuance of Additional Bonds (as defined in the Master Indenture) payable from additional Base Rental Payments; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the County and the Authority thereunder may be amended at any time by an amendment thereof, which shall become binding upon execution by the County and the Authority, subject to the requirements of Section 9.01 of the Master Sublease, without the consent of any Owners, in order to add to the covenants and agreements of the County or the Authority in the Master Site Lease or the Master Sublease and provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, the County desires to refinance and finance the 2012 Project (as defined in the Indenture), including certain Costs of Issuance (as defined in the Master Indenture), and to provide funds to satisfy a portion of the Reserve Requirement (as defined in the Master Indenture); and

WHEREAS, in order to accomplish such refinancing and financing, including the leasing of certain additional real property (together with the Los Angeles County+USC Medical Center, the "Property"), and the amendments described herein, the County and the Authority are entering into this First Amendment to Site Lease (the Master Site Lease as so amended is referred to as the "Site Lease") and a First Amendment to Sublease (the Master Sublease as so amended is referred to as the "Sublease"), in order to add certain covenants and agreements of the County and the Authority to permit the reletting of the Property and the abatement of Base Rental Payments under certain circumstances and make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, the Trustee, the Authority and the County are entering into a First Supplemental Indenture (the "First Supplemental Indenture") in order to provide for the issuance of the Series 2012 Bonds (hereinafter defined and designated) (the Master Indenture as so amended and supplemented is referred to as the "Indenture"); and

WHEREAS, all rights to receive Base Rental Payments in connection with the Series 2012 Bonds pursuant to the Sublease will be assigned by the Authority to the Trustee pursuant to the Indenture and noticed pursuant to a Memorandum of Assignment, dated as of October 1, 2012 (the "2012 Memorandum of Assignment"); 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 to Site Lease 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 to Site Lease;

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

ARTICLE I

DEFINITIONS AND AUTHORIZATION

Section 1.1. Definitions and Rules of Construction. Unless the context otherwise requires, the capitalized terms used herein but not defined in this First Amendment to Site Lease shall, for all purposes of this First Amendment to Site Lease, have the meanings specified in the Site Lease and the Indenture, together with any amendments thereof or supplements thereto permitted to be made thereunder; and the additional terms defined in this Section shall, for all purposes of this First Amendment to Site Lease, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this First Amendment to Site Lease, refer to this First Amendment to Site Lease as a whole.

Section 1.2. Authorization for First Amendment to Site Lease. This First Amendment to Site Lease is entered into in accordance with Section 9.01 of the Master Sublease.

ARTICLE II

AMENDMENTS TO MASTER SITE LEASE

Section 2.1. Amendment to Article III. Article III of the Master Site Lease is amended to read as follows:

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Property will be leased back to the County pursuant to the Sublease for the term thereof. It is further intended that, to the extent provided herein and in the Sublease, if an event of default occurs under the Sublease, the Authority, or its assignee, will have the right, for the then remaining term of this Site Lease to relet the Property for the term of the Sublease. Subject to any rights the County may have under the Sublease (in the absence of an event of default) to possession and enjoyment of the Property, the County hereby covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term hereof and will, at the request of the Authority and at the County's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

Section 2.2. Amendment to Section 7.01. Section 7.01 of the Master Site Lease is amended to read as follows:

Section 7.01. Term. The term of this Site Lease shall commence as of the date of commencement of the term of the Sublease and shall remain in full force and effect from such date to and including August 1, 20__, unless such term is extended or sooner terminated as hereinafter provided.

Section 2.3. Amendment to Section 7.02. Section 7.02 of the Master Site Lease is amended to read as follows:

Section 7.02. Extension; Early Termination. If, on [August 1, 20__], the Bonds shall not be fully paid, or provision therefor made in accordance with Article IX of the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Sublease shall have been abated at any time, then the term of this Site Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with Article IX of the Indenture, and the Indenture shall be discharged by its terms, except that the term of this Site Lease shall in no event be extended more than ten years. If, prior to [August 1, 20__], all Bonds shall be fully paid, or provisions therefor made in accordance with Article IX of the Indenture, and the Indenture shall be discharged by its terms, the term of this Site Lease shall end simultaneously therewith.

Section 2.4. Amendment to Exhibit A. Exhibit A to the Master Site Lease is amended restated and replaced in its entirety with Exhibit A attached hereto and made a part hereof.

ARTICLE III

MISCELLANEOUS

Section 3.1. Effect of First Amendment to Site Lease. This First Amendment to Site Lease 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 to Site Lease and the terms of the Master Site Lease (as in effect on the day prior to the effective date of this First Amendment to Site Lease), the terms of this First Amendment to Site Lease shall prevail.

Section 3.2. Binding Effect. This First Amendment to Site Lease shall inure to the benefit of and shall be binding upon the County and the Authority and their respective successors and assigns.

Section 3.3. Severability. In the event any provision of this First Amendment to Site Lease shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 3.4. Execution in Counterparts. This First Amendment to Site Lease 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.

Section 3.5. Applicable Law. This First Amendment to Site Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 3.6. Effective Date. This First Amendment to Site Lease shall become effective upon the Series 2012 Closing Date (as defined in the First Supplemental Trust Agreement).

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

COUNTY OF LOS ANGELES

By:____________________________

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By:____________________________

EXHIBIT A

DESCRIPTION OF PROPERTY

[To Come]

Los Angeles County+USC Medical Center

High Desert Multi-Service Ambulatory Care Center

TO BE RECORDED AND WHEN RECORDED
RETURN TO:

Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90071
Attention: Diane K. Quan

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 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 SUBLEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of October 1, 2012

TABLE OF CONTENTS

Page

FIRST AMENDMENT TO SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE (this "First Amendment to Sublease") executed and entered into as of October 1, 2012, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), as lessee, and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority organized and existing under and by virtue of the laws of the State of California (the "Authority"), as lessor.

RECITALS

WHEREAS, the County previously refinanced and financed the acquisition, construction and installation of certain property and improvements owned by the County (referred to and defined herein as the "2010 Project"); and

WHEREAS, in order to accomplish such refinancing and financing, the County leased certain real property owned by the County and the improvements thereto (the "Los Angeles County+USC Medical Center") to the Authority pursuant to a Master Site Lease, dated as of November 1, 2010 (the "Master Site Lease"), Recorder Instrument No. 2010-1688247, and subleased the Los Angeles County+USC Medical Center from the Authority pursuant to a Master Sublease, dated as of November 1, 2010 (the "Master Sublease"), Recorder Instrument No. 2010-1688248; and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refinance and finance the 2010 Project through the issuance of $102,900,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt) and $688,005,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) (collectively, the "Series 2010 Bonds") payable from Base Rental Payments (as defined in the herein referenced Master Indenture) to be made under the Master Sublease; and

WHEREAS, the Series 2010 Bonds were issued pursuant to the Master Indenture, dated as of November 1, 2010 (the "Master Indenture"), by and among the Trustee, the Authority and the County; and

WHEREAS, all rights to receive such Base Rental Payments were assigned by the Authority to the Trustee pursuant to the Master Indenture and noticed pursuant to a Memorandum of Assignment, dated as of November 1, 2010 (the "2010 Memorandum of Assignment"), Recorder Instrument No. 2010-1688249; and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2010 Bonds, the County, the Authority and the Trustee may by execution of a Supplemental Indenture (as defined in the Master Indenture) without the consent of the Owners, provide for the issuance of Additional Bonds (as defined in the Master Indenture) payable from additional Base Rental Payments; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the County and the Authority thereunder may be amended at any time by an amendment thereof, which shall become binding upon execution by the County and the Authority, subject to the requirements of Section 9.01 of the Master Sublease, without the consent of any Owners, in order to add to the covenants and agreements of the County or the Authority in the Master Site Lease or the Master Sublease and provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, the County desires to refinance and finance the costs of construction of the 2012 Project (as defined in the Indenture), including certain Costs of Issuance (as defined in the Master Indenture), and to provide funds to satisfy a portion of the Reserve Requirement (as defined in the Master Indenture); and

WHEREAS, in order to accomplish such refinancing and financing, including the leasing of certain additional real property (together with the Los Angeles County+USC Medical Center, the "Property"), and the amendments described herein, the County and the Authority are entering into a First Amendment to Site Lease, dated as of the date hereof (the "First Amendment to Site Lease" and the Master Site Lease as so amended is referred to as the "Site Lease") and this First Amendment to Sublease (the Master Sublease as so amended is referred to as the "Sublease"), in order to add certain covenants and agreements of the County and the Authority to permit the reletting of the Property and the abatement of Base Rental Payments under certain circumstances and make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, the Trustee, the Authority and the County are entering into a First Supplemental Indenture (the "First Supplemental Indenture") in order to provide for the issuance of the Series 2012 Bonds (hereinafter defined and designated) (the Master Indenture as so amended and supplemented is referred to as the "Indenture"); and

WHEREAS, all rights to receive Base Rental Payments in connection with the Series 2012 Bonds pursuant to the Sublease will be assigned by the Authority to the Trustee pursuant to the Indenture and noticed pursuant to a Memorandum of Assignment, dated as of October 1, 2012 (the "2012 Memorandum of Assignment"); 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 to Sublease 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 to Sublease;

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

ARTICLE I

DEFINITIONS AND AUTHORIZATION

Section 1.1. **Definitions and Rules of Construction**. Unless the context otherwise requires, the capitalized terms used herein but not defined in this First Amendment to Sublease shall, for all purposes of this First Amendment to Sublease, have the meanings specified in the Sublease and the Indenture, together with any amendments thereof or supplements thereto permitted to be made thereunder; and the additional terms defined in this Section shall, for all purposes of this First Amendment to Sublease, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this First Amendment to Sublease, refer to this First Amendment to Sublease as a whole.

Section 1.2. **Authorization for First Amendment to Sublease**. This First Amendment to Sublease is entered into in accordance with Section 9.01 of the Master Sublease.

Section 1.3. **Representations, Warranties, Covenants and Agreements.** The County and the Authority each confirm the representations, warranties, covenants and agreements made in the Master Sublease.

ARTICLE II

AMENDMENTS TO MASTER SUBLEASE

Section 2.1. **Amendments to Section 1.01.** Section 1.01 of the Master Sublease is hereby amended by modifying the following terms:

The term "Closing Date" means, as appropriate to the context, the Series 2010 Closing Date, the Series 2012 Closing Date and/or the closing date(s) for any series of Additional Bonds.

The term "High Desert Multi-Service Ambulatory Care Center" means that certain real property, including the improvements thereto, made subject to the Site Lease and the Sublease in connection with the issuance of the Series 2012 Bonds.

The term "Los Angeles County+USC Medical Center" means that certain property known as the Los Angeles County+USC Medical Center located in the County of Los Angeles and described in Exhibit A of the Master Sublease.

The term "Property" means the real property described in Exhibit A hereto and the improvements thereto, including the Los Angeles County+USC Medical Center, the High Desert Multi-Service Ambulatory Care Center and/or the additional or substituted property hereinafter subject to the Sublease.

The term "Scheduled Termination Date" means August 1, 20__.

The term "Series 2010 Closing Date" means the date upon which the Series 2010 Bonds are delivered to the Original Purchaser thereof, being November 23, 2010.

The term "Series 2012 Closing Date" means the date upon which the Series 2012 Bonds are delivered to the Original Purchaser thereof, being October __, 2012.

Section 2.2. **Amendment to Section 3.06**. Section 3.06 of the Master Sublease is amended to read as follows:

Section 3.06 **Rental Abatement.** Except as otherwise specifically provided in this Section, 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 due hereunder with respect to the Property shall be abated to the extent that the annual fair rental value of the portion of the Property in respect of which there is no substantial interference is less than the annual Rental Payments, in which case Rental Payments shall be abated only by an amount equal to the difference. The County waives the benefits of California Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate this Sublease by virtue of any such interference, and this Sublease shall continue in full force and effect. The amount of such abatement shall be agreed upon by the County and the Authority. 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 this Sublease shall be extended as provided in Section 2.02 hereof; 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.

Section 2.3. **Amendment to Section 4.07(b).** Section 4.07(b) of the Master Sublease is amended to read as follows:

(b) Unless the County shall have substituted alternate real property for the Los Angeles County+USC Medical Center pursuant to Section 7.02 hereof, so long as the OES Lien is effective, the County shall not take any action, or fail to take any action, if such action or failure to take such action would cause a "change in function" or a "change in status" of the Los Angeles County+USC Medical Center, within the meaning of the provisions of the OES Lien, to occur.

Section 2.4. **Amendment to Section 7.01.** Section 7.01 of the Master Sublease is amended to read as follows:

Section 7.01. Assignment and Subleasing. Neither this Sublease nor any interest of the County hereunder shall be sold, mortgaged, pledged, assigned, or transferred by the County by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the County, but only subject to the following conditions, which are hereby made conditions precedent to any such sublease:

(a) this Sublease and the obligation of the County to make all Rental Payments hereunder shall remain the primary obligation of the County;

(b) the County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the County shall cause the Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) any sublease of the Property by the County shall explicitly provide that such sublease is subject to all rights of the Authority under this Sublease, including the right to re-enter and re-let the Property pursuant to the terms hereof upon a default by the County hereunder; and

(e) the County shall have filed or caused to be filed with the Authority and the Trustee an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

Section 2.5. Amendment to Section 8.02. Section 8.02 of the Master Sublease is amended to read as follows:

Section 8.02. Action on Default. (a) In each and every case during the continuance of an Event of Default hereunder, the Authority shall have the right, without terminating this Sublease, (i) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Property, or (ii) to exercise any and all rights of entry and re-entry upon the Property; provided that there shall be no right of entry or re-entry with respect to the Los Angeles County+USC Medical Center so long as the OES Lien remains effective. The County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of this Sublease or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; provided that there shall be no right of re-let with respect to the Los Angeles County+USC Medical Center so long as the OES Lien remains effective. The County further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as herein provided, the County hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the County to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the County, and the County hereby indemnifies and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Sublease constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of this Sublease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise. The County further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the County of the completion and installation of such additions or alterations. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property.

(b) The County hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the County, or any other person, that may be in or upon the Property.

(c) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SUBLEASE, THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT TO TERMINATE THIS SUBLEASE REGARDLESS OF WHETHER OR NOT THE COUNTY HAS ABANDONED THE PROPERTY. Without limiting the generality of the foregoing, the Authority expressly waives the right to receive any amount from the County pursuant to California Civil Code Section 1951.2(a)(3).

Section 2.6. **<u>Amendment to Sections 8.03 and 8.05.</u>** References to subsection (b) of Section 8.02 appearing under Sections 8.03 and 8.05 of the Master Sublease are amended to reference subsection (c) of Section 8.02.

Section 2.7. **<u>Amendment to Exhibit A.</u>** Exhibit A to the Master Sublease is amended, restated and replaced in its entirety with Exhibit A attached hereto and made a part hereof.

ARTICLE III

MISCELLANEOUS

Section 3.1. **<u>Effect of First Amendment to Sublease</u>**. This First Amendment to Sublease 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 to Sublease and the terms of the Master Sublease (as in effect on the day prior to the effective date of this First Amendment to Sublease), the terms of this First Amendment to Sublease shall prevail.

Section 3.2. **<u>Binding Effect</u>.** This First Amendment to Sublease shall inure to the benefit of and shall be binding upon the County and the Authority and their respective successors and assigns.

Section 3.3. **<u>Severability</u>.** In the event any provision of this First Amendment to Sublease shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 3.4. **<u>Execution in Counterparts</u>**. This First Amendment to Sublease 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.

Section 3.5. **<u>Applicable Law</u>.** This First Amendment to Sublease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 3.6. **<u>Effective Date</u>**. This First Amendment to Sublease shall become effective upon the Series 2012 Closing Date (as defined in the First Supplemental Trust Agreement).

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

COUNTY OF LOS ANGELES

By: ______________________________

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ______________________________

EXHIBIT A

DESCRIPTION OF PROPERTY

[To Come]

Los Angeles County+USC Medical Center

High Desert Multi-Service Ambulatory Care Center

FIRST SUPPLEMENTAL
INDENTURE

by and among

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE

Dated as of October 1, 2012

Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds
(Multiple Capital Projects II), Series 2012

TABLE OF CONTENTS

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture"), is made and entered into as of October 1, 2012, by and among the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority 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 U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America (the "Trustee").

WITNESSETH:

WHEREAS, the County previously refinanced and financed the acquisition, construction and installation of certain property and improvements owned by the County (referred to and defined herein as the "2010 Project"); and

WHEREAS, in order to accomplish such refinancing and financing, the County leased certain real property owned by the County and the improvements thereto (the "Los Angeles County+USC Medical Center") to the Authority pursuant to a Master Site Lease, dated as of November 1, 2010 (the "Master Site Lease"), Recorder Instrument No. 2010-1688247, and subleased the Los Angeles County+USC Medical Center from the Authority pursuant to a Master Sublease, dated as of November 1, 2010 (the "Master Sublease"), Recorder Instrument No. 2010-1688248; and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to refinance and finance the 2010 Project through the issuance of $102,900,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt) and $688,005,000 original principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) (collectively, the "Series 2010 Bonds") payable from Base Rental Payments (as defined in the herein referenced Master Indenture) to be made under the Master Sublease; and

WHEREAS, the Series 2010 Bonds were issued pursuant to the Master Indenture, dated as of November 1, 2010 (the "Master Indenture"), by and among the Trustee, the Authority and the County; and

WHEREAS, all rights to receive such Base Rental Payments were assigned by the Authority to the Trustee pursuant to the Master Indenture and noticed pursuant to a Memorandum of Assignment, dated as of November 1, 2010 (the "2010 Memorandum of Assignment"), Recorder Instrument No. 2010-1688249; and

WHEREAS, the Master Indenture provides that, subject to the conditions set forth therein, in addition to the Series 2010 Bonds, the County, the Authority and the Trustee may by execution of a Supplemental Indenture (as defined in the Master Indenture) without the consent of the Owners, provide for the issuance of Additional Bonds (as defined in the Master Indenture) payable from additional Base Rental Payments; and

WHEREAS, the Master Sublease provides that the Master Sublease and the Master Site Lease and the rights and obligations of the County and the Authority thereunder may be amended at any time by an amendment thereof, which shall become binding upon execution by the County and the Authority, subject to the requirements of Section 9.01 of the Master Sublease, without the consent of any Owners, in order to add to the covenants and agreements of the County and the Authority in the Master Site Lease or the Master Sublease and provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; and

WHEREAS, the County desires to refinance and finance the costs of construction of certain public facilities described in Exhibit G hereto (the "2012 Project"), including certain Costs of Issuance (as defined in the Master Indenture), and provide funds to satisfy a portion of the Reserve Requirement (as defined in the Master Indenture); and

WHEREAS, in order to accomplish such refinancing and financing, including the leasing of certain additional real property (together with the Los Angeles County+USC Medical Center, the "Property"), and the amendments described herein, the County and the Authority are entering into a First Amendment to Site Lease, dated as of the date hereof (the "First Amendment to Site Lease" and the Master Site Lease as so amended is referred to as the "Site Lease") and a First Amendment to Sublease, dated as of the date hereof (the "First Amendment to Sublease" and the Master Sublease as so amended is referred to as the "Sublease"), in order to add certain covenants and agreements of the County or the Authority to permit the reletting of the Property and the abatement of Base Rental Payments under certain circumstances and make certain other modifications in order to provide for the issuance of Additional Bonds in accordance with the provisions of the Master Indenture; 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 2012 Bonds (hereinafter defined and designated) (the Master Indenture as so amended and supplemented is referred to as the "Indenture"); and

WHEREAS, all rights to receive Base Rental Payments in connection with the Series 2012 Bonds pursuant to the Sublease will be assigned by the Authority to the Trustee pursuant to the Indenture and memorialized pursuant to a Memorandum of Assignment, dated as of October 1, 2012 (the "2012 Memorandum of Assignment"); 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:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. **Definitions and Rules of Construction**. Unless the context otherwise requires, the capitalized terms used herein but not defined in this First Supplemental Indenture shall, for all purposes of this First Supplemental Indenture, have the meanings specified in the Sublease and the Master Indenture, together with any amendments thereof or supplements thereto permitted to be made thereunder; and the additional terms defined in this Section shall, for all purposes of this First Supplemental Indenture, have the meanings herein specified. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this First Supplemental Indenture, refer to this First Supplemental Indenture as a whole.

Section 1.2. **Authorization for First Supplemental Indenture**. This First Supplemental Indenture is entered into in accordance with Section 8.01(b)(i) and (iii) of the Master Indenture.

Section 1.3. **Exhibit G and Exhibit H Incorporated Herein**. By this reference Exhibit G and Exhibit H are incorporated into and made a part of the Indenture.

ARTICLE II

AMENDMENTS TO MASTER INDENTURE

Section 2.1. **Amendments to Section 1.01**. (a) Section 1.01 of the Master Indenture is hereby amended by modifying the following terms:

The term "2010 Project" means the capital improvement projects described in Exhibit F of the Master Indenture and the acquisition, construction, improvement, rehabilitation or replacement of other facilities the County deems a priority.

The term "2012 Project" means the capital improvement projects described in Exhibit G of this First Supplemental Indenture and the acquisition, construction, improvement, rehabilitation or replacement of other facilities the County deems a priority.

The term "Additional Project" means, to the extent identified by the County as such, the public facilities to be acquired and constructed with the proceeds of Additional Certificates.

The term "Closing Date" means, as appropriate to the context, the Series 2010 Closing Date, the Series 2012 Closing Date and/or the closing date(s) for any series of Additional Bonds.

The term "Continuing Disclosure Certificate" means, as appropriate to the context, each Continuing Disclosure Certificate dated the applicable Closing Date, of the County, with respect to the Series 2010 Bonds, the Series 2012 Bonds and/or any series of Additional Bonds.

The term "Interest Payment Date" means, as appropriate to the context, the Series 2010 Interest Payment Date, the Series 2012 Interest Payment Date and/or the interest payment date(s) for any series of Additional Bonds.

The term "Original Purchaser" means, as appropriate to the context, the Series 2010 Original Purchaser, the Series 2012 Original Purchaser and/or the original purchaser(s) for any series of Additional Bonds.

The term "Project" means, as appropriate, the 2010 Project, the 2012 Project and/or any Additional Project.

The term "Refunded Commercial Paper Notes" means, as appropriate to the context, the Series 2010 Refunded Commercial Paper Notes, the Series 2012 Refunded Commercial Paper Notes and/or the Refunded Commercial Paper Notes(s) relating to any series of Additional Bonds.

The term "Series 2010 Closing Date" means the date upon which the Series 2010 Bonds are delivered to the Original Purchaser thereof, being November 23, 2010.

The term "Series 2010 Interest Payment Date" means each February 1 and August 1, commencing August 1, 2011, so long as any Series 2010 Bonds remain Outstanding.

The term "Series 2010 Original Purchaser" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and on behalf of Barclays Capital Inc., Wells Fargo Bank, N.A., Blaylock Robert Van, LLC, Stone & Youngberg LLC and Wedbush Securities, being the original purchasers of the Series 2010 Bonds from the Authority.

The term "Series 2010 Refunded Commercial Paper Notes" means (a) the $114,000,000 aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes Series A (Tax-Exempt) maturing on December 1, 2010, (b) the $25,000,000 aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes Series B (Tax-Exempt) maturing on December 1, 2010, (c) the $25,000,000 aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes Series C (Tax-Exempt) maturing on December 1, 2010, and (d) the $5,000,000 aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Note Series D (Tax-Exempt) maturing on December 1, 2010.

The term "Series 2010 Tax Certificate" means, as applicable, the Tax Certificate and Agreement executed by the Authority and the County at the time of issuance of the Series 2010A Bonds and the Tax Certificate executed by the Authority and the County at the time of issuance of the Series 2010B Bonds, relating to the requirements of Section 148 of the Code, each as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

The term "Series 2012 Closing Date" means the date upon which the Series 2012 Bonds are delivered to the Original Purchaser thereof, being October __, 2012.

The term "Series 2012 Interest Payment Date" means each February 1 and August 1, commencing August 1, 2013, so long as any Series 2012 Bonds remain Outstanding.

The term "Series 2012 Original Purchaser" means Citigroup Global Markets Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC, Goldman, Sachs & Co., [other syndicate members], being the original purchasers of the Series 2012 Bonds from the Authority.

The term "Series 2012 Refunded Commercial Paper Notes" means ______________.

The term "Series 2012 Tax Certificate" means the Tax Certificate and Agreement executed by the Authority and the County at the time of issuance of the Series 2012 Bonds relating to the requirements of Section 148 of the Code, each as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

The term "Tax Certificate" means, as appropriate to the context, the Series 2010 Tax Certificate, the Series 2012 Tax Certificate and/or the Tax Certificate(s) relating to any series of Additional Bonds.

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

The term "Series 2012 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 issued pursuant to the Indenture.

Section 2.2. Terms of the Series 2012 Bonds. The Master Indenture is hereby amended and supplemented by adding the following provisions with respect to the Series 2012 Bonds:

(a) The Series 2012 Bonds shall be designated "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012." The aggregate principal amount of Series 2012 Bonds that may be issued and Outstanding under this Indenture shall not exceed $___________, except as may be otherwise provided in Section 2.11 of the Master Indenture. The Series 2012 Bonds shall initially be issued as Book-Entry Bonds.

The Series 2012 Bonds shall be issued in fully registered form without coupons in Authorized Denominations. The Series 2012 Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of $_________, shall mature on August 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 (August 1)	Principal Amount	Interest Rate

Interest on the Series 2012 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2012 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 2012 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2012 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 previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Except as otherwise provided in the Letter of Representations, interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2012 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; provided, however, that, in the case of an Owner of $1,000,000 or more in aggregate principal amount of Series 2012 Bonds, upon the written request of such Owner to the Trustee, received at least ten days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee.

The principal of and premium, if any, on the Series 2012 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.

The Series 2012 Bonds shall be in substantially the form set forth in Exhibit H hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

(b) The Authority may, at any time, execute the Series 2012 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2012 Bonds and deliver the Series 2012 Bonds to the Original Purchaser upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

(c) On the Closing Date, the proceeds of the sale of the Series 2012 Bonds received by the Trustee, $__________, shall be deposited by the Trustee as follows:

(i) the Trustee shall deposit the amount of $_________ in the Costs of Issuance Fund, which the Trustee shall reopen and reestablish pursuant to Section 4.03(d) of the Master Indenture and maintain in accordance with Sections 4.03(a), (b) and (c) of the Master Indenture;

(ii) the Trustee shall deposit the amount of $__________ in the Reserve Fund;

(iii) the Trustee shall deposit the amount of $________ in the Series 2012 Martin Luther King, Jr. Multi-Service Ambulatory Care Center Account of the Project Fund;

(iv) the Trustee shall deposit the amount of $________ in the Series 2012 Martin Luther King, Jr. Parking Lot Structure Account of the Project Fund;

(v) the Trustee shall deposit the amount of $________ in the Series 2012 Martin Luther King, Jr. Data Center Move Management Account of the Project Fund;

(vi) the Trustee shall deposit the amount of $________ in the Series 2012 Fire Station 132 Account of the Project Fund;

(vii) the Trustee shall deposit the amount of $________ in the Series 2012 Fire Station 128 Account of the Project Fund;

(viii) the Trustee shall deposit the amount of $________ in the Series 2012 Fire Station 150 Account of the Project Fund;

(ix) the Trustee shall deposit the amount of $________ in the Series 2012 Fire Station 156 Account of the Project Fund;

(x) the Trustee shall deposit the amount of $________ in the Series 2012 High Desert Multi-Service Ambulatory Care Center Account of the Project Fund;

(xi) the Trustee shall deposit the amount of $________ in a fund designated the "Refunded Commercial Paper Note Fund," which the Trustee shall establish and maintain, of which amount the Trustee shall deposit $__________ in an account therein designed the "Series 2012 Account" and on __________, the Trustee shall (1) transfer to the Commercial Paper Note Issuing and Paying Agent the amount of $________ from such Series 2012 Account to be deposited in the Base Rental Account of the Issuing and Paying Agent Fund (as such terms are defined in the Commercial Paper Note Trust Agreement) to be applied, with other funds therein, to reimburse the related letter of credit provider bank after the payment, at maturity, of the Refunded Commercial Paper Notes in accordance with the provisions of the Commercial Paper Note Trust Agreement, (2) transfer any remaining amount in the Series 2012 Account of the Refunded Commercial Paper Note Fund to the Series 2012 ___________ Account of the Project Fund, and (3) upon such transfers the Refunded Commercial Paper Note Fund shall be closed.

(d) Only such of the Series 2012 Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit H hereto for the Series 2012 Bonds, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

(e) The Series 2012 Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2012 Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after August 1, 20__, in whole or in part, in Authorized Denominations, from (i) prepaid Base Rental Payments paid pursuant to subsection (a) of Section 6.02 of the Master Sublease, 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.

(f) The Series 2012 Bonds maturing August 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on August 1 in each year, commencing August 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 (August 1)	Principal Amount to be Redeemed
(Maturity)	

If some but not all of the Series 2012 Bonds maturing on August 1, 20__ are redeemed pursuant to Section 3.01 of the Master Indenture, the principal amount of Series 2012 Bonds maturing on August 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2012 Bonds maturing on August 1, 20__ so redeemed pursuant to Section 3.01 of the Master Indenture, 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 2012 Bonds maturing on August 1, 20__ are redeemed pursuant to Section 2.2(e) hereof, the principal amount of Series 2012 Bonds maturing on August 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2012 Bonds maturing on August 1, 20__ so redeemed pursuant to Section 2.2(e) hereof, such reduction to be allocated among sinking fund redemption dates in Authorized Denominations, as designated by the County in a Written Certificate of the County.

(g) Whenever provision is made in this 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 (i) in accordance with Section 3.04 of the Master Indenture, (ii) with respect to any optional redemption of Series 2012 Bonds pursuant to Section 2.2(e) hereof, among maturities as directed in a Written Certificate of the County and (iii) with respect to

Series 2012 Bonds with the same maturity, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair.

Section 2.3. Project Fund. The Project Fund shall be maintained as set forth in Section 4.02 of the Master Indenture. Within the Project Fund, in connection with the Series 2012 Bonds, the Trustee shall establish and maintain a separate account designed the "Series 2012 Martin Luther King, Jr. Multi-Service Ambulatory Care Center Account," a separate account designated the "Series 2012 Martin Luther King, Jr. Parking Lot Structure Account," a separate account designated the "Series 2012 Martin Luther King, Jr. Data Center Move Management Account," a separate account designated the "Series 2012 Fire Station 132 Account," a separate account designated the "Series 2012 Fire Station 128 Account," a separate account designated the "Series 2012 Fire Station 150 Account," a separate account designated the "Series 2012 Fire Station 156 Account" and a separate account designated the "Series 2012 High Desert Multi-Service Ambulatory Care Center Account." On the Closing Date for the Series 2012 Bonds, the Trustee shall deposit in each account of the Project Fund the amount required to be deposited therein pursuant to Section 2.2(c) hereof.

Section 2.4. Tax Covenants.

(a) Neither the Authority nor the County shall 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 2012 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, each of the Authority and the County shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2012 Bonds.

(b) In the event that at any time the Authority or the County 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 or the County 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 or the County 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 2012 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 2.5. Continuing Disclosure. The County shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate relating to the Series 2012 Bonds. Notwithstanding any other provision of this Indenture, failure of the County to comply with the Continuing Disclosure Certificate relating to the Series 2012 Bonds shall not constitute an Event of Default hereunder; provided, however, that the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Series 2012 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee, or any holder or Beneficial Owner if the Series 2012 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE III

MISCELLANEOUS

Section 3.1. **Effect of First Supplemental Indenture**. This First Supplemental Indenture and all of the terms and provisions herein contained shall form part of the Master Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Master Indenture. The Master 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 Master 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.

Section 3.2. **Binding Effect.** This First Supplemental Indenture shall inure to the benefit of and shall be binding upon the County and the Authority and their respective successors and assigns.

Section 3.3. **Severability.** In the event any provision of this First Supplemental Indenture shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 3.4. **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.

Section 3.5. **Applicable Law.** This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 3.6. **Effective Date**. This First Supplemental Indenture shall become effective upon its execution and delivery.

IN WITNESS WHEREOF, the Authority has caused this First Supplemental Indenture to be signed in its name by its representative thereunto duly authorized, the County has caused this First Supplemental Indenture to be signed in its name by its representative thereunto duly authorized and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this First Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ______________________________

COUNTY OF LOS ANGELES

By: ______________________________

U.S. BANK NATIONAL ASSOCIATION

By: ______________________________
Authorized Officer

EXHIBIT G

DESCRIPTION OF 2012 PROJECT

The County plans to apply the proceeds of the Series 2012 Bonds to be deposited into the 2012 Project Fund established under the Indenture to certain capital improvement projects, collectively referred to as the "2012 Project," as follows:

1. Martin Luther King, Jr. Multi-Service Ambulatory Care Center. This project includes construction of and improvements to a multi-service ambulatory care center on the Martin Luther King, Jr. Medical Center campus. The project also includes tenant improvements to the existing North Support Building, located on the same campus, for administrative services.
2. Martin Luther King, Jr. Data Center. This project includes the acquisition of a data center on the Martin Luther King Jr. Medical Center Campus and the demolition and remodeling of an unused portion of the existing data center.
3. Fire Station 132. This project includes construction of Fire Station 132, including a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel.
4. Fire Station 128. This project includes construction of Fire Station 128, including a two-bay apparatus room, main office, training room, day room, kitchen, exercise room, and dormitory quarters for seven personnel.
5. Fire Station 150. This project includes construction of Fire Station 150, including a Battalion Headquarters that consists of a three-bay apparatus room, main office, training room, day room, Battalion Chief's office with dormitory, Assistant Fire Chief's office with dormitory, and dormitory quarters for ten shift personnel.
6. Fire Station 156. This project includes construction of Fire Station 156, including a two-bay apparatus room, main office, day room, kitchen, exercise room, dormitory quarters for seven personnel, and a detached dozer team facility containing dormitory quarters for three personnel, kitchen, day room, and bathroom.
7. High Desert Multi-Service Ambulatory Care Center. This project includes construction of a two-story multi-service ambulatory care center building and two separate one-story service buildings (building crafts and materials management/central plant) with surface parking and other related site and infrastructure improvements.

EXHIBIT H

FORM OF SERIES 2012 BOND

No. R- ***$***

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BOND (MULTIPLE CAPITAL PROJECTS II), SERIES 2012

MATURITY DATE	INTEREST RATE	DATED DATE	CUSIP NO.
August 1, 20__	___%	________, 2012	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: ___________________________ DOLLARS

The Los Angeles County Public Works Financing Authority (the "Authority"), for value received, hereby promises to pay to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof, payable semiannually on February 1 and August 1 in each year, commencing ________ 1, 20__ (the "Interest Payment Dates"), until payment of such Principal Amount in full. This Bond is issued pursuant to the Master Indenture, dated as of November 1, 2010 (the "Master Indenture"), as amended and supplemented by the First Supplemental Indenture, dated as of October 1, 2012 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and among the Authority, the County of Los Angeles (the "County") and U.S. Bank National Association, as trustee. Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

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, 20__, 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 at the principal corporate trust office of U.S. Bank National Association, as trustee, or any successor trustee under the Indenture (the "Trustee"), in Los Angeles, California, or such other office as may be specified to the Authority and the County by the Trustee in writing (the "Office of the Trustee"). Interest hereon is payable by check of 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.

This Bond is one of a series of a duly authorized issue of bonds designated "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 in the aggregate principal amount of $____________ (the "Series 2012 Bonds"). The Series 2012 Bonds are issued pursuant to the Indenture, and this reference incorporates the Indenture herein. Prior to the issuance of the Series 2012 Bonds, the Authority issued the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt) (the "Series 2010A Bonds"), in the original aggregate principal amount of $102,900,000, and Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds), in the original aggregate principal amount of $688,005,000 (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Series 2010 Bonds") under the Master Indenture. The Series 2012 Bonds are on a parity with the Series 2010 Bonds. Pursuant to and as more particularly provided in the Indenture, Additional Bonds may be issued by the Authority payable from Lease Revenues as provided in the Indenture on a parity with the Series 2010 Bonds and the Series 2012 Bonds. The Series 2010 Bonds, the Series 2012 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, constituting Section 6584 et seq. of the California Government Code (the "Act") and the laws of the State of California.

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 November 1, 2010, as amended by the First Amendment to Sublease, dated as of October 1, 2012 (collectively, the "Sublease"), each by and between the County, as lessee, and the Authority, as lessor, 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. 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 Bonds are issuable as fully registered Bonds without coupons in Authorized Denominations ($5,000 or any integral multiple thereof).

The Series 2012 Bonds are subject to extraordinary, optional and mandatory 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 manual or facsimile signature of the Chairman of the Authority, attested by the manual or facsimile signature of the Secretary of the Authority, all as of the Dated Date identified above.

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ______________________________
Chairman

ATTEST:

____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2012 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: ________________

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

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 guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

____

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.

HDW - 9/18/12 Draft

TO BE RECORDED AND WHEN RECORDED
RETURN TO:

Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90071
Attention: Diane K. Quan

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

MEMORANDUM OF ASSIGNMENT

by and among

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of October 1, 2012

THIS MEMORANDUM OF ASSIGNMENT (this "Memorandum of Assignment") executed and entered into as of October 1, 2012, is by and among the COUNTY OF LOS ANGELES (the "County"), a political subdivision of the State of California, as lessee, the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY (the "Authority"), a joint powers authority organized and existing under the laws of the State of California, as lessor, and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), who agree as follows:

Section 1.01. The Master Sublease. The County leases from the Authority and the Authority leases to the County, certain real property described in Section 2.01 hereof, upon the terms and conditions, and for the term, more fully set forth in the Master Sublease, dated as of November 1, 2010 (the "Master Sublease"), Recorder Instrument No. 2010-1688248, as amended by the First Amendment to Sublease, dated as of October 1, 2012 (the "First Amendment to Sublease" and, together with the Master Sublease, the "Sublease"), by and between the Authority, as lessor, and the County, as lessee, which is being recorded concurrently herewith, all of the provisions of which are hereby incorporated into this Memorandum of Assignment by reference.

Section 2.01. Property; Term. Pursuant to the Sublease, the Authority leases to the County and the County leases from the Authority, certain real property (the "Property"), which is located in the County of Los Angeles, State of California, and is described more fully in Exhibit A attached hereto and by this reference incorporated herein. The Sublease is for a term commencing on November 23, 2010, and ending August 1, 20__, unless such term is extended or sooner terminated as provided therein.

Section 3.01. Assignment. The Authority sells, assigns and transfers to the Trustee certain of its rights under the Sublease and under the Master Site Lease, dated as of November 1, 2010 (the "Master Site Lease"), Recorder Instrument No. 2010-1688247, as amended by the First Amendment to Site Lease, dated as of October 1, 2012 (the "First Amendment to Site Lease" and, together with the Master Site Lease, the "Site Lease"), by and between the County, as lessor, and the Authority, as lessee, which is being recorded concurrently herewith, upon the terms and conditions more fully set forth in the Master Indenture, dated as of November 1, 2010, as amended and supplemented by the First Supplemental Indenture, dated as of October 1, 2012 (collectively, the "Indenture"), by and among the Authority, the County and the Trustee, all of the provisions of which are hereby incorporated into this Memorandum of Assignment by reference. Pursuant to the Indenture, the Authority and the County have provided for the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt), in the original aggregate maturity value of $102,900,000, the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) in the original aggregate maturity value of $688,005,000, the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012, in the original aggregate maturity value of $_________, which are payable from Lease Revenues (as defined in the Indenture). The Lease Revenues include the Base Rental Payments (as defined in the Sublease) to be paid by the County under the Sublease.

Section 4.01. Provisions Binding on Successors and Assigns. Subject to the provisions of the Sublease relating to assignment and subletting, the Sublease shall inure to the benefit of and shall be binding upon the Authority and the County and their respective successors and assigns. The Indenture shall inure to the benefit of and shall be binding upon the Authority, the County and the Trustee and their respective successors and assigns.

Section 5.01. Purpose of Memorandum. This Memorandum of Assignment is prepared for the purpose of recordation, and it in no way modifies the provisions of the Sublease or the Indenture.

Section 6.01. Execution. This Memorandum of Assignment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, as lessor

By: ______________________________

COUNTY OF LOS ANGELES, as lessee

By: ______________________________

U.S. BANK NATIONAL ASSOCIATION, as trustee

By: ______________________________
Authorized Officer

EXHIBIT A

LEGAL DESCRIPTION

Los Angeles County+USC Medical Center

High Desert Multi-Service Ambulatory Care Center

$__________

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects II), Series 2012

BOND PURCHASE AGREEMENT

________, 2012

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, Citigroup Global Markets Inc., as Representative (the "Representative") on behalf of itself and the other underwriters set forth on Exhibit A 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. Purchase and Sale. 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, U.S. Bank National Association, 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 $__________ aggregate principal amount of Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued pursuant to the Master Indenture, dated as of November 1, 2010 (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, 2012, by and among the County, the Authority and the Trustee (the Original Indenture, as so amended and supplemented, the "Indenture").

The Series 2012 Bonds shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The Series 2012 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 2012 Bonds will be payable semiannually each February 1 and August 1, commencing on _____ 1, 20__. The Series 2012 Bonds shall otherwise be as described in the Official Statement (as defined herein) with respect to the Series 2012 Bonds, dated __________, 2012 (as further defined below), and be subject to redemption as provided therein.

The aggregate purchase price of the Series 2012 Bonds shall be $__________ (representing the aggregate principal amount of the Series 2012 Bonds of $__________, plus an original issue premium of $__________, and less an Underwriters' discount of $__________).

The Authority and the County acknowledge and agree that: (a) the purchase and sale of the Series 2012 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 2012 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, dated _______, 2012, 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 2012 Bonds. The Series 2012 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 2012 Bonds and certain matters relating thereto (the "the Authority Resolution"), and a Resolution of the County approving the issuance of the Series 2012 Bonds and certain matters relating thereto (the "County Resolution").

The Series 2012 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 November 1, 2010 (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, 2012, 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 November 1, 2010 (the "Original Site Lease"), as amended and supplemented by the First Amendment to Site Lease, dated as of _______ 1, 2012 (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 2012 Bonds. The proceeds of the Series 2012 Bonds will be used to finance and/or refinance certain capital improvement projects, including payment of Commercial Paper

Notes (as defined in the Indenture) issued by the County to finance certain capital improvement projects, to fund a portion of the Reserve Fund established under the Indenture and to pay certain costs of issuance incurred in connection with the issuance of the Series 2012 Bonds.

4. Offering. (a) It shall be a condition to the Authority's obligation to sell and issue the Series 2012 Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for Series 2012 Bonds that the entire aggregate principal amount of the Series 2012 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 2012 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 2012 Bonds, provided that the Underwriters shall not change the interest rates set forth on Exhibit B. The Series 2012 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2012 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 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 2012 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 take any and all actions necessary 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 2012 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 _________, 2012 (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 2012 Bonds, in connection with the public offering and sale of the Series 2012 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 2012 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 2012 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 2012 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 2012 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 and the date which is 25 days following the End of the Underwriting Period (as defined herein), 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 2012 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 Authority) 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 2012 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 2012 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 2012 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 2012

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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds or the payment of principal and interest on the Series 2012 Bonds or in any way contesting or affecting the validity or enforceability of the Series 2012 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 2012 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 2012 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 2012 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 2012 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 and the date which is 25 days following the End of the Underwriting Period, 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 2012 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 Authority) 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 2012 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 2012 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 __________, 2012, 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 2012 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 Hawkins Delafield & Wood 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 2012 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 2012 Bonds is herein called the "Closing"). The Series 2012 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 2012 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 2012 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 2012 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 Hawkins Delafield & Wood LLP, Bond Counsel, dated the date of Closing and addressed to the Authority and the County, substantially in the form set forth in Appendix F 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 2012 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 2012 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS" and "TAX MATTERS," and in APPENDIX C – "Summary of Principal Legal Documents," insofar as such statements purport to summarize certain provisions of the Series 2012 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 Bond Counsel substantially in the form attached hereto as Exhibit C, subject to the satisfaction of the Underwriters, dated the date of Closing and addressed to the County and a reliance letter from Bond Counsel addressed to the Underwriters to the effect that the Underwriters may rely upon such opinion of Bond Counsel;]

(vii) 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 2012 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;

(viii) 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds or Legal Documents executed by the Authority; and the issuance of the Series 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the Series 2012 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 2012 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;

(ix) 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;

(x) 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;

(xi) 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds, or which, in any way, would adversely affect the validity of the Series 2012 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 2012 Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Series 2012 Bonds to the purposes specified in the Indenture;

(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 2012 Bonds; and

(B) the Series 2012 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 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;

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

(xv) 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;

(xvi) evidence that the conditions for the issuance of the Series 2012 Bonds as set forth in Sections 2.04 and 2.05 of the Original Indenture have been satisfied;

(xvii) 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;

(xviii) 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;

(xix) 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;

(xx) an executed copy of the Tax Certificate for the Series 2012 Bonds, in form and substance acceptable to Bond Counsel;

(xxi) evidence that the ratings on the Series 2012 Bonds are as described in the Official Statement; and

(xxii) 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 2012 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 2012

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 2012 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 2012 Bonds) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Series 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds, including any supplements or amendments thereto;

(g) the purchase of and payment for the Series 2012 Bonds by the Underwriters, or the resale of the Series 2012 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 2012 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; and (viii) 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 2012 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 2012 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:

Citigroup Global Markets Inc.

444 S. Flower Street, 27th Floor
Los Angeles, California 90071
Attention: Chris Mukai

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 2012 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,

Citigroup Global Markets Inc.,
as Representative, on behalf of itself and
the other underwriters set forth on Exhibit A hereto

By: ______________________________
Name:
Authorized Officer

ACCEPTED:

This ____ day of _______, 2012

COUNTY OF LOS ANGELES,CALIFORNIA

By: ______________________________
Mark J. Saladino
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By: ______________________________
Mark J. Saladino
Treasurer

Approved as to Form:

JOHN F. KRATTLI
County Counsel

____
Principal Deputy County Counsel

EXHIBIT A

UNDERWRITERS

Goldman, Sachs & Co.

J.P. Morgan Securities LLC

EXHIBIT B

MATURITY SCHEDULE

$_________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects II), Series 2012

Date (August 1)	Principal Amount	Interest Rate	Yield

$_________ ______% Term Bonds due August 1, 20__; Price - ____%

<u>EXHIBIT C</u>

OPINION OF BOND COUNSEL

PRELIMINARY OFFICIAL STATEMENT, DATED ________, 2012

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

In the opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2012 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

$________*

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects II), Series 2012

Dated: Date of Delivery **Due: August 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 Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds") are payable solely from Lease Revenues and the other assets pledged therefor under the Master Indenture, dated as of November 1, 2010, 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 U.S. Bank National Association, 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 Agreement, dated as of November 1, 2010, 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 2012 BONDS" herein.

The Authority has previously issued the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series A (Tax-Exempt) and the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) (collectively, the "Series 2010 Bonds") pursuant to the Indenture in the original aggregate principal amounts of $102,900,000 and $688,005,000, respectively. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2012 Bonds will be issued as Additional Bonds under the Indenture, and the Series 2010 Bonds, the Series 2012 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 2012 BONDS – Parity Obligations; Additional Bonds" herein.

The proceeds of the Series 2012 Bonds will be used to finance and/or refinance certain capital improvement projects described herein, including payment of Commercial Paper Notes (as described herein) issued by the County to finance certain capital improvement projects, to fund a portion of the Reserve Fund established for the Bonds and to pay certain costs of issuance incurred in connection with the issuance of the Series 2012 Bonds. See "THE PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2012 Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2012 Bonds will be dated their date of delivery and are payable with respect to interest semiannually each February 1 and August 1, commencing on August 1, 2013. The Series 2012 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 2012 Bonds. Ownership interests in the Series 2012 Bonds may be purchased in book-entry form only. Principal of and interest and redemption premium, if any, on the Series 2012 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 2012 Bonds. See APPENDIX D – "Book-Entry Only System" attached hereto.

The Series 2012 Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2012 BONDS – Redemption of the Series 2012 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 2012 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

---

* *Preliminary; subject to change.*

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 2012 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 2012 BONDS. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The Series 2012 Bonds are offered when, as and if issued, subject to the approval as to their validity by Hawkins Delafield & Wood 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 2012 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about ________, 2012.

Citi

Goldman, Sachs & Co. **J.P. Morgan**

Dated: ________, 2012

MATURITY SCHEDULE

\$_________*

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects II) Series 2012

(Base CUSIP†: 54473E)

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

\$________ _____% Term Bonds due August 1, 20__; Price - ___% CUSIP†: ________

* *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.

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS
(Multiple Capital Projects II) Series 2012

BOARD OF SUPERVISORS

Zev Yaroslavsky, *Third District, Chairman*
Gloria Molina, *First District*
Mark Ridley-Thomas, *Second District*
Don Knabe, *Fourth District*
Michael D. Antonovich, *Fifth District*
Sachi A. Hamai, *Executive Officer-Clerk Board of Supervisors*

COUNTY OFFICIALS

William T Fujioka, *Chief Executive Officer*
John F. Krattli, *County Counsel*
Mark J. Saladino, *Treasurer and Tax Collector*
Wendy L. Watanabe, *Auditor-Controller*

Bond Counsel
Hawkins Delafield & Wood LLP

Financial Advisor
Public Resources Advisory Group

Trustee
U.S. Bank National Association

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 2012 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 2012 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 County, and other sources that are believed by the Authority and 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 2012 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 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 2012 Bonds.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 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 2012 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.

TABLE OF CONTENTS

$\$$________*

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects II), Series 2012

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 Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds"). The Series 2012 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 November 1, 2010, by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Indenture, dated as of October 1, 2012, by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture").

The Series 2012 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 Agreement, dated as of November 1, 2010, by and between the County and the Authority, as amended and supplemented by the First Amendment to Sublease, dated as of October 1, 2012, 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 2012 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 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, 2011."

---

* *Preliminary; subject to change.*

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 2010 Bonds described herein, are not secured by the Lease Revenues, and the Series 2012 Bonds are not secured by any other assets or property of the Authority other the Lease Revenues and the other assets pledged to the payment of the Series 2012 Bonds under the Indenture.

Description of the Series 2012 Bonds

The Series 2012 Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Series 2012 Bonds will be dated their date of delivery and are payable with respect to interest semiannually each February 1 and August 1, commencing on August 1, 2013.

The Series 2012 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 2012 Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2012 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 2012 Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Series 2012 Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2012 BONDS – Redemption of the Series 2012 Bonds."

For a more complete description of the Series 2012 Bonds and the basic documentation pursuant to which they are being issued, see "THE SERIES 2012 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 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 November 1, 2010, by and between the County and the Authority, as amended and supplemented by the First Amendment to Site Lease, dated as of October 1, 2012, 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 2012 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 I), 2010 Series A (Tax-Exempt) (the "Series 2010A Bonds") and the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I), 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Series 2010 Bonds") pursuant to the Indenture in the original aggregate principal amounts of $102,900,000 and $688,005,000, respectively. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2012 Bonds will be issued as Additional Bonds under the Indenture, and the Series 2010 Bonds, the Series 2012 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.

The County has designated a portion of the Series 2010B Bonds as "Build America Bonds" and a portion of the Series 2010B Bonds as "Recovery Zone Economic Development Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). The County expects to receive periodic subsidy payments from the United States Treasury equal to 35% of the interest payable on the portion of the Series 2010B Bonds designated as Build America and 45% of the interest payable on the portion of the Series 2010B Bonds designated as Recovery Zone Economic Development Bonds. However, such subsidy payments are not pledged under the Indenture and the County is not obligated to apply any such payments to pay any portion of the Base Rental Payments. The County is obligated to pay the Base Rental Payments notwithstanding a delay or failure to receive any such subsidy payments from the United States Treasury relating to the Series 2010B Bonds.

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 2012 BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Reserve Fund

A reserve fund (the "Reserve Fund") has been established under the Indenture in order to secure the payment of principal of and interest on the Bonds issued under the Indenture. The Reserve Fund will be funded in an amount sufficient to satisfy the Reserve Requirement, which is defined as an amount equal to, as of any date of calculation, the least of (a) 10% of the original principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service. The initial deposit to the Reserve Fund was made from a portion of the proceeds of the Series 2010 Bonds and an additional deposit to the Reserve Fund will be made from a portion of the proceeds of the Series 2012 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS – Reserve Fund."

Parity Obligations; Additional Bonds

The Series 2012 Bonds will be issued as Additional Bonds under the Indenture. The Authority has previously issued the Series 2010 Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2012 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, 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 2012 BONDS – Parity Obligations; Additional Bonds" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – THE BONDS – Conditions for the Issuance of Additional Bonds " and "– Procedures for the Issuance of Additional Bonds."

Purpose of the Series 2012 Bonds

The proceeds of the Series 2012 Bonds will be used to finance and/or refinance certain capital improvement projects described herein (collectively, the "Projects"), including payment of a portion of the Commercial Paper Notes (as defined herein), to fund a portion of the Reserve Fund established for the Bonds and to pay certain costs of issuance incurred in connection with the issuance of the Series 2012 Bonds. See "THE PROJECTS" 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 2012 Bonds, the County has covenanted to provide, or cause to be provided, by not later than February 1 of each fiscal year, commencing on February 1, 2013, 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 2012 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." The County has never failed to comply in all material respects with any previous undertakings with regard to the Rule.

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 2012 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 2012 Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2012 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: 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Services.

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.

THE PROJECTS

The proceeds of the Series 2012 Bonds will be used to finance and/or refinance the Projects, including payment of the Commercial Paper Notes, to fund a portion of the Reserve Fund established for the Bonds and to pay certain costs of issuance incurred in connection with the issuance of the Series 2012 Bonds. The following are summary descriptions of the Projects:

Martin Luther King, Jr. Multi-Service Ambulatory Care Center. The multi-service ambulatory care center ("MACC") project, to be located on the Martin Luther King, Jr. Medical Center ("MLKMC") campus, consists of facility construction and site improvements for a new, 136,500 square-foot four-story outpatient services building. The building provides an ambulatory surgery center, pharmacy, walk-in clinic, outpatient imaging, and various other outpatient clinics. The building provides an ambulatory surgery center, pharmacy, walk-in clinic, outpatient imaging center, and various other outpatient clinics. The project also includes 34,000 square-feet of tenant improvements to the existing North Support Building on the MLKMC campus, which will be used for administrative services. The site improvement portion of the project includes parking, sidewalks, and landscaping for both the MACC and the MLKMC campus. The project cost is estimated to be $162,824,776, and such project is expected to be completed in June 2014.

Martin Luther King, Jr. Data Center. The new data center on the MLKMC campus will occupy approximately 2,100 square feet adjacent to the current data center located within the North Support Building. The project consists of demolition and remodeling work in an unused portion of the existing data center, as well as architectural, mechanical and electrical upgrades in the proposed location. The project cost is estimated at $5,500,000, and such project is expected to be completed in December 2012.

High Desert Multi-Service Ambulatory Care Center. The High Desert MACC will occupy a 142,000 square-foot facility that includes a two-story MACC building and two separate one-story service buildings (including a central plant) with surface parking and other related site and infrastructure improvements. The new MACC will provide various outpatient medical services, including primary care, urgent care, specialty care, and other outpatient services. The facility is being developed on approximately 14.91 acres of land located adjacent to the intersection of Avenue I and 3rd Street East in the City of Lancaster. The project cost is estimated at $141,279,908, and such project is expected to be completed in July 2014.

Fire Station 128. Fire Station 128 is a new 9,600 square-foot fire station located on 1.3 acres of land at 28450 Whites Canyon Road in Santa Clarita, California, and consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel. The facility was completed in March 2012 and the project is currently in the close-out phase. The amount of the project being financed with proceeds of the Series 2012 Bonds is estimated to be $4,780,344.

Fire Station 132. Fire Station 132 is a new 9,400 square-foot fire station located on one acre at 29310 Sand Canyon Road in Santa Clarita, California. It consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, and dormitory quarters for seven personnel. The facility was completed in March 2012 and the project is currently in the close-out phase. The amount of the project being financed with proceeds of the Series 2012 Bonds is estimated to be $7,715,580.

Fire Station 150. Fire Station 150 is to be located at 19190 Golden Valley Road in Santa Clarita, California. Fire Station 150 will be a new 19,667-square-foot Battalion Headquarters that consists of a three-bay apparatus room, main office, training room, day room, Battalion Chief's office with dormitory, Assistant Fire Chief's office with dormitory, and dormitory quarters for 10 shift personnel. The amount of the project being financed with proceeds of the Series 2012 Bonds is estimated to be $9,713,050, and such project is expected to be completed in January 2013.

Fire Station 156. Fire Station 156 is a new 11,050 square-foot fire station that will be constructed on 1.27 acres of land adjacent to an existing temporary fire station located at 24505 Copper Hill Drive in Santa Clarita, California. The new fire station consists of a two-bay apparatus room, main office, day room, kitchen, exercise room, dormitory quarters for seven personnel, and a detached dozer team facility containing dormitory quarters for three personnel, kitchen, day room, and bathroom. The facility was completed in September 2011 and the project is currently in the close-out phase. The amount of the project being financed with proceeds of the Series 2012 Bonds is estimated to be $7,117,214.

The Commercial Paper Notes to be refinanced with a portion of the proceeds of the Series 2012 Bonds consist of various series of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") issued pursuant to the Amended and Restated Trust Agreement, dated as of April 1, 2010, by and between the Los Angeles County Capital Asset Leasing Corporation and Deutsche Bank National Trust Company, as trustee. The Commercial Paper Notes were issued to finance certain capital improvement projects, including providing interim financing for a portion of the Projects.

DESCRIPTION OF THE PROPERTY

The Property consists of the Los Angeles County+USC Medical Center (the "Medical Center") and the High Desert Multi-Service Ambulatory Care Center (the "High Desert MACC").

Los Angeles County+USC Medical Center. The Medical Center is a 600-bed public teaching hospital located in the Boyle Heights neighborhood of the County. The Medical Center is a 1.5 million-square-foot facility which includes an 8-story, 600-bed inpatient tower, a 7-story outpatient building, a 5-story diagnostic and treatment building, and an underground central utility plant. The Medical Center complies with the strict seismic state requirements for inpatient hospitals and the inpatient tower and central utility plant are designed to remain operational following the maximum earthquake anticipated for the site. Construction of the Medical Center was completed and the Medical Center began operation in November, 2008. The total project budget for the Medical Center was approximately $924 million, of which the County paid approximately $451 million, net of grant moneys received. This is the largest capital project ever undertaken by the County.

The Medical Center is one of the largest public hospitals and medical training centers in the nation and is the largest single provider of healthcare in the County. The Medical Center provides a full spectrum of emergency, inpatient and outpatient services. The Medical Center provides healthcare services for the region's medically underserved, is classified as a Level I trauma center and tertiary care facility and treats a large percentage of the region's trauma victims. For the fiscal year ended June 30, 2012, the Medical Center had approximately 32,751 admissions, 536,641 outpatient visits and 142,449 emergency department visits.

The Medical Center is adjacent to the University of Southern California Health Sciences Campus, which includes the USC Keck School of Medicine, the USC School of Pharmacy, the USC University Hospital and the USC/Norris Comprehensive Cancer Center and Hospital. Some of the attending doctors at the Medical Center are faculty of the USC Keck School of Medicine. In addition, medical care is provided by approximately 900 medical residents.

The County currently has full use and possession of all of the Medical Center. In connection with the construction of the Medical Center, the County received a grant (the "Grant") from the State in the amount of approximately $473 million from funds made available by the Federal Emergency Management Agency ("FEMA") to fund a portion of the construction costs of the Medical Center. In connection therewith, the County provided the Office of Emergency Services of the State a lien encumbering the Medical Center (the "OES Lien") to secure the County's agreement to maintain the Medical Center's status as an acute care hospital facility. The OES Lien provides that the State may recover all or a portion of the amount of the Grant in the event there is a "Change in Function" or a "Change in Status" of the Medical Center. A "Change in Function" would occur if the Medical Center is no longer operated and maintained as an acute care inpatient hospital. A Change in Status would occur if the County sells, transfers, leases or otherwise disposes of a material amount of the Medical Center to a for profit entity or transfers control, responsibility or governance of a material amount of the assets or operations of the Medical Center to a for profit entity. The amount owed by the County in the event there is either a Change in Function or Change in Status of the Medical Facility is reduced based on a forty-year depreciation factor but such potential liability will terminate in November 2016, which date is eight years after the first license was issued to operate the Medical Center as an acute care hospital. Presently, if a Change in Status or a Change in Function were to occur, this amount would be approximately $425 million. In the event there is either a Change in Function or Change in Status of the Medical Facility prior to November 2016, unless waived by FEMA, the OES Lien could be foreclosed upon in accordance with State law and title to the Medical Center could be transferred or sold to another party. However, any such party, including the State, would be required to obtain a license to maintain the Medical Center in accordance with the provisions of the OES Lien.

The County is liable to repay a portion of the Grant only upon the occurrence of a Change in Status or a Change in Function. The full or partial loss of the Medical Center from an insured or uninsured event does not constitute a Change in Function or a Change in Status. The casualty and other insurance required to be maintained under the Sublease is not available to the State to repay any amount due under the OES Lien. The Medical Center is designed specifically to be operated as an acute care hospital facility. The County has no intention to operate the facility other than as an acute care hospital facility. Under the Sublease, there is no right of the Authority to re-enter and relet the Medical Center so long as the OES Lien remains effective. Under the Sublease, the County has agreed that, unless the County shall have substituted alternate real property for the Medical Center in accordance with the provisions of the Sublease, so long as the OES Lien is effective, the County will not take any action or fail to take any action if such action or failure to take such action would cause a Change in Function or Change in Status of the Medical Center within the meaning of the provisions of the OES Lien to occur. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – REPRESENTATIONS AND WARRANTIES; COVENANTS AND AGREEMENTS – Use of the Property; Covenants with respect to OES Lien."

High Desert Multi-Service Ambulatory Care Center. As described above, the High Desert MACC is being financed with proceeds of the Series 2012 Bonds and will consist of an approximate 142,000 square-foot facility that includes a two-story MACC building and two separate one-story service buildings (including a central plant) with surface parking and other related site and infrastructure improvements. The facility is being developed on approximately 14.91 acres of land located adjacent to the intersection of Avenue I and 3rd Street East in the City of Lancaster, California. The High Desert MACC will provide various outpatient medical services, including primary care, urgent care, specialty care, and other outpatient services. The estimated cost of the High Desert MACC is estimated at approximately $141 million, including the land costs, and the High Desert MACC is expected to be completed in July 2014.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2012 Bonds are expected to be applied approximately as set forth below:

Sources of Funds:	
Principal Amount of the Series 2012 Bonds	
Net Original Issue Premium/Discount	
TOTAL SOURCES	
Uses of Funds:	
Payment of Commercial Paper Notes	
Project Fund	
Reserve Fund(1)	
Costs of Issuance(2)	
TOTAL USES	

(1) Amount, together with amount on deposit in the Reserve Fund ($________) prior to the issuance of the Series 2012 Bonds, represents the Reserve Requirement as of the date of the delivery of the Series 2012 Bonds.

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

THE SERIES 2012 BONDS

The following is a summary of certain provisions of the Series 2012 Bonds. Reference is made to the Series 2012 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 2012 Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2012 Bonds will be dated their date of delivery and are payable with respect to interest semiannually each February 1 and August 1, commencing on August 1, 2013.

The Series 2012 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 2012 Bonds. Ownership interests in the Series 2012 Bonds may be purchased in book-entry form only. Principal of and interest and premium, if any, on the Series 2012 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 2012 Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Redemption of the Series 2012 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 2012 Bonds. The Series 2012 Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The

Series 2012 Bonds maturing on or after August 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after August 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 2012 Bonds. The Series 2012 Bonds maturing August 1, 20__ (the "20__ Series 2012 Term Bonds") shall be subject to mandatory sinking fund redemption, in part, on August 1 in each year, commencing August 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 (August 1)	Principal Amount to be Redeemed
(Maturity)	

If some but not all of the 20__ Series 2012 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 20__ Series 2012 Term Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the 20__ Series 2012 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 20__ Series 2012 Term Bonds are redeemed pursuant to the optional redemption provisions as described herein under the caption "– Optional Redemption of the Series 2012 Bonds," the principal amount of 20__ Series 2012 Term Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the 20__ Series 2012 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 2012 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 the Series 2012 Bonds, among maturities as directed by the County, and (c) with respect to Series 2012 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 2012 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 Series 2012 Bonds to be redeemed (except in the event of redemption of all of the Series 2012 Bonds of such maturity or maturities in whole), and shall require that such Series 2012 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 2012 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 2012 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 2012 Bonds, unless at the time such notice is given the Series 2012 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 2012 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 2012 Bonds. In the event a notice of redemption of Series 2012 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2012 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 Persons 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 2012 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 2012 Bonds shall become due and payable on said date and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2012 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 2012 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 2012 Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2012 Bonds shall be held in trust for the account of the Owners of the Series 2012 Bonds so to be redeemed without liability to such Owners for interest thereon.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS

Special Obligations; Pledge of Lease Revenues

The Series 2012 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 2012 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 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.

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, the Sublease provides that the Rental Payments shall be abated by an amount equal to the annual Rental Payments for the Property less the annual fair rental value of that portion of the Property in respect of which there is no substantial interference (provided that there shall be no abatement if the annual Rental Payments for the Property is less than the annual fair rental value of that portion of the Property in respect of which there is no substantial interference), and the Sublease shall continue in full force and effect. 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, except that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date (as defined in the Sublease); provided, however, that during abatement 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. Failure of the County to pay Base Rental Payments during any such abatement period shall not constitute a default under the Sublease, the Indenture or the Bonds. 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 2010A Bonds		Series 2010B Bonds		Series 2012 Bonds		Total Base Rental Payments[1]
	Principal	Interest[1]	Principal	Interest[1][2]	Principal	Interest[1]	
2012							
2013							
2014							
2015							
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2040							
2042							
2043							
Total[1]:							

[1] Amounts reflect individual rounding.

[2] The County expects to receive periodic subsidy payments from the United States Treasury equal to 35% of the interest payable on the portion of the Series 2010B Bonds designated as Build America Bonds and 45% of the interest payable on the portion of the Series 2010B Bonds designated as Recovery Zone Economic Development Bonds. See "THE SERIES 2012 BONDS – Security and Sources of Payment for the Bonds." However, such subsidy payments are not pledged under the Indenture and the County is not obligated to apply any such subsidy payments to pay any portion of the Base Rental Payments. Amounts shown do not take into account the receipt of any subsidy payments.

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

A Reserve Fund has been established under the Indenture in order to secure the payment of principal of and interest on the Bonds issued under the Indenture. The Reserve Fund will be funded in an amount sufficient to satisfy the Reserve Requirement, $_______ at the time of delivery of the Series 2012 Bonds, which is defined as an amount equal to, as of any date of calculation, the least of (i) 10% of the original principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service. The initial deposit to the Reserve Fund was made from a portion of the proceeds of the Series 2010 Bonds and an additional deposit to the Reserve Fund will be made from a portion of the proceeds of the Series 2012 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

"*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); provided, however, that, in connection with the calculation of the Reserve Requirement, including any calculation of Average Annual Debt Service and/or Maximum Annual Debt Service in connection therewith, the interest due on the Outstanding Bonds in each Bond Year shall be net of any subsidy expected to be received from the United States with respect to such Bonds or the interest thereon (whether or not such subsidy is to be paid to the Trustee). "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. "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made. See APPENDIX C — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – DEFINITIONS."

If the amount on deposit in the Reserve Fund is less than the Reserve Fund Requirement, the first 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 to increase the amount on deposit in the Reserve Fund so that the amount on deposit in the Reserve Fund shall equal the Reserve Requirement. See APPENDIX C — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Reserve Fund." The Indenture does not provide for satisfaction of the Reserve Requirement through deposit of a surety policy in the Reserve Fund.

See also "THE SERIES 2012 BONDS – Security and Sources of Payment for the Bonds" for a discussion regarding the County's designation of the Series 2010B Bonds as Build America Bonds and a portion of the Series 2010B Bonds designated as Recovery Zone Economic Development Bonds. The County expects to receive periodic subsidy payments from the United States Treasury equal to 35% of the interest payable on the portion of the Series 2010B Bonds designated as Build America Bonds and 45% of the interest payable on the portion of the Series 2010B Bonds designated as Recovery Zone Economic Development Bonds. As a result, for purposes of calculating the Reserve Requirement, the interest due on the Outstanding Series 2010B Bonds in each Bond Year shall be net of such subsidy payments, as described above. Although the expected receipt of the subsidy payments effects the calculation of the Reserve Requirement as set forth above, such payments are not pledged under the Indenture and the County is not obligated to apply any such payments to pay any portion of the Base Rental Payments.

Parity Obligations; Additional Bonds

The Series 2012 Bonds will be issued as Additional Bonds under the Indenture. The Authority has previously issued the Series 2010 Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2012 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, 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 "– Procedures for the Issuance of Additional Bonds."

Insurance

The Sublease requires the County to cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake), subject to a $100,000 loss deductible provision, in an amount equal to the full insurable value of the Property.

The casualty insurance required by the Sublease may be maintained in the form of self insurance by the County, in compliance with the terms of the Sublease.

The Sublease requires the County to cause to be maintained, throughout the term of the Sublease, rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments caused by perils covered by the casualty insurance described above, in an amount not less than two times Maximum Annual Debt Services. The County may not self-insure for rental interruption insurance.

The County is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the County and worker's compensation insurance as described under Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance."

The County is 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 , (i) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property, or (ii) to exercise any and all rights of entry and re-entry upon the Property; provided that there shall be no right of entry or re-entry with respect to the Medical Center so long as the OES Lien remains effective. (See "DESCRIPTION OF THE PROPERTY" for a discussion of the OES

Lien.) 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, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Sublease or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; provided that there shall be no right of re-let with respect to the Medical Center so long as the OES Lien remains effective. Notwithstanding anything to the contrary contained in the Sublease, the Authority in the Sublease expressly waives any right to terminate the Sublease regardless of whether or not the County has abandoned the Property, and 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 2012 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 2012 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 2012 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 2012 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 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 by an amount equal to the annual Rental Payments for the Property less the annual fair rental value of that portion of the Property in respect of which there is no substantial interference (provided that there shall be no abatement if the annual Rental Payments for the Property is less than the annual fair rental value of that portion of the Property in respect of which there is no substantial interference), and the Sublease shall continue in full force and effect. 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, except that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date; provided, however, that during abatement, 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 2012 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 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 2012 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 2012 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 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 2012 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 2012 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 (or the Site Lease) to a third party, regardless of the terms of the transaction documents. In the event the County rejects the Site Lease, the Trustee, on behalf of the Owners of the Series 2012 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 2012 Bonds. Moreover, such rejection may terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder.

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 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 2012 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 2012 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, 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. Under such circumstances, 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 2012 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 2012 Bonds. Moreover, such rejection would terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder. In the event the Authority rejects the Sublease, the Trustee, on behalf of the Owners of the Series 2012 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 2012 Bonds. Moreover, such rejection may terminate the Sublease and the County's obligations to make payments thereunder. 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.

Limitations on Remedies; No Acceleration Upon an Event of Default

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 , (i) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property, or (ii) to exercise any and all rights of entry and re-entry upon the Property; provided that there shall be no right of entry or re-entry with respect to the Medical Center so long as the OES Lien remains effective. (See "DESCRIPTION OF THE PROPERTY" for a discussion of the OES Lien.) 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, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Sublease or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; provided that there shall be no right of re-let with respect to the Medical Center so long as the OES Lien remains effective. The County further agrees in the Sublease to pay said Rental Payments punctually at the same time and in the same manner as provided in the Sublease for the payment of Rental Payments under the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease. In addition, the Sublease provides that 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 or, in the event re-letting occurs, any resulting deficiency in the 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.

Due to the specialized nature of the Medical Center and the High Desert MACC, no assurance can be given that the Trustee would be able to re-let any portion of the Property so as to provide rental income sufficient to make payments of principal and on the Bonds in a timely manner, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Bonds. In addition, due to the governmental function of the Property, it is not certain whether a court would permit the exercise of the remedies of re-entry and re-letting with respect thereto. Moreover, there can be no assurance that such re-letting would not adversely affect the exclusion of any interest on Tax-Exempt Bonds from federal or state income taxation.

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 Property is located within a seismically active area, and damage to the Property from an earthquake could be substantial. Under the Sublease, the County is not required to maintain earthquake insurance. The County presently maintains earthquake insurance on certain of its properties, including the Property. However, such insurance is less than the value of all the insured properties, is less than the initial principal amount of the Series 2012 Bonds and is not required to be used, if obtained, to replace or repair the Property or to redeem the Series 2012 Bonds. If the proceeds of any earthquake insurance were not used or were insufficient to replace or repair the damage caused to the Property, the County would be limited to its general fund, reserves and emergency grants, if any, in seeking to make appropriate repairs. Pending such repairs, the County's obligation to make Base Rental Payments under the respective Sublease would be 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 2012 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 2012 Bonds, the County has covenanted in the Sublease 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 2012 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2012 Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Series 2012 Bonds were issued, as a result of acts or omissions of the County in violation of the Code. Should such an event of taxability occur, the Series 2012 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

General

In the opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2012 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2012 Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2012 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2012 Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2012 Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2012 Bonds in order that interest on the Series 2012 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2012 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2012 Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2012 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2012 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2012 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2012 Bonds.

Prospective owners of the Series 2012 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2012 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2012 Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2012 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2012 Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series 2012 Bonds having OID (a

"Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2012 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2012 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2012 Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2012 Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2012 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2012 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2012 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2012 Bonds under Federal or state law and could affect the market price or marketability of the Series 2012 Bonds.

Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Series 2012 Bonds, the County has covenanted to provide, or cause to be provided, by not later than February 1 of each fiscal year, commencing on February 1, 2013, 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 2012 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 has never failed to comply in all material respects with any previous undertakings with regard to the Rule.

CERTAIN LEGAL MATTERS

The validity of the Series 2012 Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood 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 2010-11 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 15, 2011.

FINANCIAL ADVISOR

Public Resources Advisory Group, has served as Financial Advisor to the County in connection with the issuance of the Series 2012 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 2012 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 2012 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 Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") have assigned the Series 2012 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 2012 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 2012 Bonds.

UNDERWRITING

The Series 2012 Bonds are being purchased by Citigroup Global Markets Inc., 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 the Series 2012 Bonds from the County and the Authority at an aggregate purchase price of $________ (consisting of the aggregate principal amount of the Series 2012 Bonds of $__________, plus an original issue premium/discount of $__________ and less underwriters' discount of $__________), pursuant to the terms of the Bond Purchase Agreement. 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 2012 Bonds offered under the Bond Purchase Agreement if any of the Series 2012 Bonds offered thereunder are purchased.

Citigroup Global Markets Inc. ("Citigroup"), Goldman, Sachs & Co. ("Goldman Sachs") and J.P. Morgan Securities LLC ("JPMS") has each provided the information contained in its respective paragraph below for inclusion in this Official Statement.

Citigroup Inc., the parent company of Citigroup, one of the underwriters of the Series 2012 Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012 Bonds.

Goldman Sachs, one of the Underwriters of the Series 2012 Bonds, has entered into a master dealer agreement (the "Master Dealer Agreement") with Incapital LLC ("Incapital") for the distribution of certain municipal securities offerings, including the Series 2012 Bonds, to Incapital's retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase Series 2012 Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that Incapital sells.

JPMS, one of the Underwriters of the Series 2012 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2012 Bonds, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2012 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that such firm sells.

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: 633 West Fifth Street, 24th Floor, 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 2012 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 2012 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

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 over 9.9 million in 2011, the County is the most populous of the 58 counties in California and has a larger population than 43 states. As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes.

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

COUNTY GOVERNMENT

The County of Los Angeles is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts. Supervisors serve four-year alternating terms with elections held every two years. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving three consecutive terms commencing as of December 2002. On September 27, 2011, the Board of Supervisors adopted a final 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. 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 change in administrative structure was designed to improve the operational efficiency of County governance. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational directions. In May 2011, the Board of Supervisors revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

COUNTY SERVICES

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

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

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

Health and Welfare

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

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

Disaster Services

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

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 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's botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, provide County residents with a valuable educational resource. The County also manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 90 local and community regional parks and 19 golf courses.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by certified employee organizations. These organizations include sixty (60) collective bargaining units, which are represented either by the Services Employees International Union ("SEIU") Local 721, which covers the vast majority of County employees, the Coalition of County Unions ("CCU"), which includes nine (9) unions, or by one of eight (8) Independent Unions. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and two (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 March 20, 2012, the Board of Supervisors approved new amendments to the eight (8) MOUs covering wages, salaries and special pay practices for the Independent Unions representing fire fighters, peace officers, public defender investigators, beach lifeguards and deputy probation officers (the "Public Safety Unions"). The amendments extended the terms and conditions of the original MOUs negotiated in 2009 for an additional one-year period through December 31, 2012 or January 31, 2013, depending on the specific bargaining unit, and provided for the continuation of existing salaries with no cost-of-living adjustments.

On July 17, 2012 the Board of Supervisors approved amendments to seventeen (17) Memoranda of Understanding ("MOUs") covering wages, salaries and special pay practices with collective bargaining units represented by SEIU Local 721 and the CCU representing non-safety personnel. The amendments extended the terms and conditions of the existing MOUs for an additional one-year period through September 30, 2013, and provided for the continuation of existing salaries with no cost-of-living adjustments. Similar agreements with an additional twenty-eight (28) bargaining units were approved by the Board of Supervisors on September 4, 2012. The County expects to achieve the same result with the MOUs covering the remaining collective bargaining units.

On September 4, 2012, the Board of Supervisors also approved a new fringe benefit agreement for the collective bargaining units represented by SEIU Local 721, and amendments to the fringe benefit agreement covering the collective bargaining units represented by the CCU. The fringe benefit agreements, which will expire on September 30, 2013, include a 7.2 percent increase in the County's contribution toward employee cafeteria plan benefits in 2013 to offset the higher cost of health insurance premiums. The same benefit will be extended to non-represented personnel by reducing the cost of health insurance premiums for employees participating in the Flex and Megaflex benefit plans.

RETIREMENT PROGRAM

General Information

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

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification (*i.e.*, law enforcement officers, firefighters, foresters and lifeguard classifications are included as "safety" employees and all other occupational classifications are included as "general" employees). County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C & D), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through D) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2011 was 160,115, consisting of 69,097 active vested members, 23,689 non-vested active members, 55,371 retired members and 11,958 terminated vested (deferred) members. Of the 92,786 active members (vested and non-vested), 80,145 are general members in General Plans A through E, and 12,641 are safety members in Safety Plans A or 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 the Plan A benefits. The Plan A retirement benefits are considerably more generous than other plan options currently available to County employees.

As of June 30, 2011, approximately 65% of general members were enrolled in General Plan D, and 99% of all safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. As a result, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary. 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.

Contributions

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

Investment Policy

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

Actuarial Valuation

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

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

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

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

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

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

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

For the June 30, 2010 Actuarial Valuation (the "2010 Actuarial Valuation"), Milliman recommended a decrease in the assumed rate of inflation from 3.5% to a range of 3.00% to 3.25%, and a decrease in the assumed investment rate of return from 7.75% to a range of 7.25% to 7.5%. In December 2010, the Board of Investments decided to leave the assumed rate of inflation and the assumed investment rate of return unchanged at 3.5% and 7.75%, respectively. However, the Board of Investments voted to adopt Milliman's recommendations regarding changes to the demographic assumptions, which were reflected in the 2010 Actuarial Valuation.

In October 2011, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return will be 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively. The lower assumed rates of return are projected to increase the County's required contribution to LACERA by $24.6 million in Fiscal Year 2012-13, $57.7 million in Fiscal Year 2013-14, and $90.7 million in Fiscal Year 2014-15. The cumulative impact of the lower assumed rates of return are projected to be $173.0[illegible] million for the three-year period ended June 30, 2015.

UAAL and Deferred Investment Returns

The 2010 Actuarial Valuation reported a rate of return on Retirement Fund assets of 11.6% for the Fiscal Year ended June 30, 2010, which corresponds to a $2.93[illegible] billion or 9.6% increase in the market value of assets from June 30, 2009. The market rate of return compared favorably to the 7.75% assumed rate of return, but was more than offset by the large deferred asset losses from Fiscal Year 2008-09 that were partially recognized in the 2010 Actuarial Valuation. The actuarial value of Retirement Fund assets decreased by $703 million to $38.839 billion and the Funded Ratio decreased from 88.9% to 83.3% as of June 30, 2010. The 2010 Actuarial Valuation reported that the AAL increased by $2.177 billion to $46.646 billion, and the UAAL increased by $2.88 billion to $7.807 billion from June 30, 2009.

The 2010 Actuarial Valuation did not include $6.211 billion of net deferred investment losses that will be recognized over the next three fiscal years. The large deferred loss is primarily due to the fact that the 5-year asset smoothing method recognized only two-fifths of the substantial investment losses that occurred in Fiscal Year 2008-09. To demonstrate the impact of utilizing an asset smoothing period, the actuary estimated that the Funded Ratio would have been 69.9% as of June 30, 2010, and the required County contribution rate would be 20.9% for Fiscal Year 2011-12, if the actual market value of Retirement Fund assets was used as the basis for the actuarial calculations.

The 2010 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2011. For Fiscal Year 2011-12, the County's required contribution rate increased by 2.09% to 16.31% of covered payroll. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 4.12% to 6.47%, and a decrease in the normal cost contribution rate from 10.10% to 9.84%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of the significant actuarial investment losses from prior years, which caused an increase in the required contribution rate of 2.51%. The impact of the actuarial investment losses on the required contribution rate was partially offset by strong investment returns in Fiscal Year 2009-10 and other positive variances from the economic and demographic assumptions. The changes in the demographic assumptions adopted by LACERA from the 2010 Investigation of Experience resulted in a 0.27% reduction in the required contribution rate.

For the June 30, 2011 Actuarial Valuation (the "2011 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 20.[illegible]%, which corresponds to a $6.018 billion or 18.0% increase in the market value of assets from June 30, 2010. The market rate of return compared favorably to the 7.70% assumed rate of return, but was more than offset by the large deferred asset losses from Fiscal Year 2008-09 that were partially recognized in the 2011 Actuarial Valuation. The actuarial value of Retirement Fund assets increased by $355 million to $[illegible]9.19[illegible] billion, and the Funded Ratio decreased from 83.3% to 80.6% as of June 30, 2011. The 2011 Actuarial Valuation reported that the AAL increased by $1.953 billion to $48.599 billion, and the UAAL increased by $1.598 billion to $9.405 billion from June 30, 2010 to June 30, 2011.

The 2011 Actuarial Valuation does not include $606.8 million of net deferred investment losses that will be recognized in future years. The net deferred loss is primarily due to the fact that the 5-year asset smoothing method has recognized only three-fifths of the substantial investment losses that occurred in Fiscal Year 2008-09, which has been largely offset by strong investment performance during Fiscal Years 2009-10 and 2010-11. If the actual market value of Retirement Fund assets was used as the basis for valuation, the actuary estimates that the Funded Ratio would have been 79.4% as of June 30, 2011, and the required County contribution rate would be 18.05% for Fiscal Year 2012-13.

The 2011 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2012. The County's required contribution rate will increase from 16.31% to 17.54% of covered payroll in Fiscal Year 2012-13. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 6.47% to 7.89%, and a decrease in the normal cost contribution rate from 9.84% to 9.65%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of the significant actuarial investment losses from prior years, but was partially offset by strong investment returns in Fiscal Years 2009-10 and 2010-11, and other positive variances from the economic and demographic assumptions.

For Fiscal Year 2011-12, LACERA reported a 0.3% return on Retirement Fund assets, which is well below the actuarial assumed investment rate of return of 7.6%. The asset allocation percentages for the Retirement Fund as of June 30, 2012 were 23.6% domestic equity, 26.2% international equity, 25.0% fixed income, 10.2% real estate, 11.1% private equity, 2.4% commodities and 1.5% 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-9.

Pension Funding

The County has funded 100% or more of its annual required contribution to LACERA in each of the last thirteen years. In Fiscal Years 2010-11 and 2011-12, the County's total contributions to the Retirement Fund were $898.8 million and $1.027 billion respectively. For Fiscal Year 2012-13, the County's required contribution payments are estimated to increase by $100.0 million to $1.127 billion. . A summary of employer contributions for the seven years ended June 30, 2011 is presented in Table 3 ("County Pension Related Payments") on page A-9.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, however, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") that can be used by the County to fund retirement program costs is $470.71 million as of June 30, 2011. The future use of these funds will not be affected by the 2009 Funding Policy and have never been included in the actuarial valuation of Retirement Fund assets.

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, 2011, $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 2011 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase from 17.54% to 18.06%, and the Funded Ratio would decrease from 80.6% to 79.4% in Fiscal Year 2012-13. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $32 million in Fiscal Year 2012-13.

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.

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 Year 2010-11, total payments from the County to LACERA for postemployment health care benefits were $406.9 million. In Fiscal Year 2011-12, total payments from the County to LACERA for postemployment health care benefits were $424.0 million. For Fiscal Year 2012-13, the County is estimating $440.3 million in payments to LACERA for retiree health care.

Financial Reporting for Other Postemployment Benefits

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

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

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

The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. GASB 45 does not require the funding of any OPEB liability related to the implementation of this reporting standard.

OPEB Actuarial Valuation

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

In accordance with the requirements of GASB 43, Milliman completed its third OPEB actuarial valuation as of July 1, 2010 (the "2010 OPEB Valuation"), which was issued in March 2011. In the 2010 OPEB Valuation, Milliman reported an AAL of $24.031 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $22.94 billion, which represents a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.86 billion, which represents approximately 29% of the County's payroll costs, and a 12% increase from the prior OPEB Valuation.

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

For the Fiscal Year ended June 30, 2011, the County reported an OPEB ARC of $1.96 billion and a net increase in the OPEB liability of $1.550 billion. The $411 million "pay-as-you-go" contribution is 21% of the County's OPEB ARC, representing a decrease from the 23.9% funding level in Fiscal Year 2009-10. As of June 30, 2011, the County reported an unfunded Net OPEB obligation of $5.348 billion.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL, including the establishment of a tax-exempt trust to pre-fund the County's OPEB liability. On May 15, 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") to be entered into between LACERA and the County. 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. The County has secured the required approval of its collective bargaining units for the creation of the OPEB Trust.

The County is planning to use at least $400 million of the remaining $470.71 million of County Contribution Credit Reserve with LACERA to fund the OPEB Trust. In addition, the County has set aside $11.8 million in a reserve to be used for the OPEB Trust, and intends to deposit any surplus funds on an annual basis from a health insurance premium reserve maintained by LACERA. Beyond these measures, the County may also consider applying general fund revenues to supplement future deposits to the OPEB Trust.

The County is also evaluating various cost-reduction options in relation to its retiree health benefits. For new hires to the County, certain potential changes include the following: 1) changing the benchmark health insurance; 2) requiring retirees to enroll in Medicare at age 65; 3) reducing dependent coverage; 4) reducing the annual County contribution; and 5) requiring employees to contribute up to 2.0% of their salaries towards retiree health. Furthermore, the County is also considering a requirement that both active employees and new hires enroll in Medicare at age 65. If this requirement was to be implemented by the County, it is estimated that the OPEB liability would be reduced by more than [illegible]2% over the next thirty years.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare an actuarial valuation of the long-term disability portion of its DBP. The County has determined that this liability is an additional OPEB obligation and included the ARC for long-term DBP obligations as a component of the OPEB ARC in the CAFR. As of July 1, 2009, the most recent actuarial valuation of the County's long-term DBP reported an AAL of $951.8 million, which represents a 2.4% increase from the previous valuation. In Fiscal Year 2010-11, the County made total DBP payments of $35 million. In Fiscal Year 2011-12, the County made total DBP payments of $37.0 million. For Fiscal Years 2012-13, the County is estimating total DBP payments of $39.3 million. . The $951.8 million AAL for the County's long-term DBP is reported as a component of the $5.348 billion net OPEB obligation as of June 30, 2011. 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 the recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the *Bamonte* decision, both ALADS and PPOA filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County's motion with regard to most of the plaintiffs' claims in the two remaining collective actions and granted the County's motion to decertify the collective classes, which resulted in the dismissal of all of the "opt-in" plaintiffs. Following the Federal court's ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County's liability exposure. The County has filed a State court action challenging the proposed proceedings involving the class grievances, which is still in the early stages of the litigation process.

Other Litigation

In 1999, a lawsuit entitled *Roger E. [illegible] v. Alan T. Sasaki* was filed against the County challenging the County Auditor-Controller's method of calculating interest on property tax refunds. A bench trial was held on January 9, 2006 regarding two test claims, and the trial court only partially sustained the Auditor-Controller's position. In August 2009, the Board of Supervisors approved a settlement of the case. The trial court gave preliminarily approval of the proposed settlement, which provided for a total maximum payout amount, including all fees and costs, of $45 million. The trial court entered judgment in September 2011, approving the final resolution of the litigation, and barring any recovery for those who did not file claims. The County reserved $35 million for the expected fees and costs to settle this lawsuit, and has paid all submitted and approved claims, including legal fees, in the total amount of $30 million.

In March, 2008, a lawsuit entitled *Natural Resources Defense Counsel v. County of Los Angeles, et al.*, was filed against the County and the Los Angeles County Flood Control District (the "Flood Control District") under the citizen suit provision of the Federal Clean Water Act. The case was bifurcated to first determine liability, and if liability was found, then to determine the penalties and remedies. The trial judge issued rulings on cross-motions for summary judgment that disposed of most of the liability issues. The County and the Flood Control District were found to have violated water quality standards at one location in Malibu. Part of the summary judgment granted to the County and Flood Control District was appealed to the Ninth Circuit, which upheld the trial court's ruling with the exception of deciding that the Flood Control District was liable for violations in two watersheds. After the Ninth Circuit denied the Flood Control District's motion for reconsideration, the Flood Control District filed a petition for writ of certiorari with the U.S. Supreme Court. The Supreme Court has granted the petition, and is expected to hear oral arguments before the end of the year. The cost of the injunctive relief sought has yet to be determined, in the event that such relief is ordered. In March 2009, the County and Flood Control District filed administrative claims under the Government Tort Claims Act against 58 cities and other public entities for equitable indemnity and contribution. In March 2010, the County and the Flood Control District filed a complaint in state court for equitable indemnity, contribution, and nuisance against two cities. The complaint was dismissed in November 2011, and an appeal of the dismissal is pending. If the only liability found is for the Malibu site, this appeal will be dismissed. Any potential liabilities to the County or the Flood Control District is not expected to have a significant and material impact to the County budget.

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et. al*, the school district alleged that the Auditor-Controller improperly calculated statutory payments due to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's Petition for Review was denied by the California Supreme Court. On Remand in January 2012, the trial court issued a statement of decision regarding calculation of the statutory payments which reduced the County's exposure from the previously reported range of $2[illegible] to $38 million to a range of $3 to $8 million. The court has requested additional briefing on this issue, which is scheduled for September 14, 2012. LAUSD has indicated that it may file an appeal of the trial court's ruling, which must be completed by September 7, 2012. The County has reserved $[illegible]1.5 million for the expected resolution of this lawsuit.

In 2008, the City of Alhambra, along with 46 other plaintiff cities, filed a *Petition for Writ of Mandate* against the County alleging that the County and its Auditor-Controller deducted excessive administrative fees from the property tax allocations of the 88 incorporated cities within Los Angeles County. In June 2009, a judgment denying the writ was entered in favor of the County. The plaintiffs filed a notice of appeal in August 2009, and in July 2010, the Court of Appeal reversed the trial court ruling. In October 2010, the County's Petition for Review with the California Supreme Court was granted. The case was briefed in March 2011; Supplemental Letter Briefs were filed in November 2011; and oral arguments took place on September 5, 2012. The court is expected to render its decision by no later than December 2012.and at the Court's request, Supplemental Letter Briefs were filed in November 2011.

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

Subsequently, the California Legislature enacted legislation clarifying that counties no longer have a mandate to provide educationally related mental health services and that this mandate belongs to local school districts. The County is in the process of transferring these services to the local districts. The districts also will have the option of continuing to obtain the services from the County, and to pay for them under negotiated MOUs.

In September 2011, a lawsuit entitled City of Cerritos et. al., vs. State of California, et. al. was filed against the State and other defendants, including the County. The lawsuit challenges the constitutionality of the redevelopment dissolution legislation (ABX1 26). On January 27, 2012, the trial court denied the petitioners motion for a preliminary injunction. The petitioners have filed an appeal of the trial court's decision, with respondent briefs due October 22, 2012. If the petitioners were to prevail, the court could retroactively reinstate redevelopment agencies and require the County to return any residual property tax revenue that it received from the Redevelopment Property Tax Fund. A detailed discussion of ABX1 26 and the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt service obligations.

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

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2006	$35,185,589	$32,819,725	$36,258,929	$3,439,204	90.51%
06/30/2007	40,908,106	37,041,832	39,502,456	2,460,624	93.77%
06/30/2008	38,724,671	39,662,361	41,975,631	2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2011.

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

Fiscal Year	Market Value of Plan Assets	Market Rate of Return
2005-06	$35,[illegible]5,589	13.0%
2006-07	40,908,[illegible]	19.1%
2007-08	[illegible]8,724,67[illegible]	-1.5%
2008-09	30,[illegible]981	-18.3%
2009-10	[illegible]3,[illegible]3,8[illegible]	11.6%
2010-11	3[illegible]452,011	20.4%

Source: Milliman Actuarial Valuation (of LACERA) [illegible] June 3[illegible]

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

Fiscal Year	Cash Payment to LACERA	Retiree Health Care Payments	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2005-06	$856,035	$307,156	$356,883	$1,520,074	-
2006-07	863,626	317,105	381,235	1,561,966	2.8%
2007-08	827,789	352,031	381,603	1,561,423	0.0%
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	1,027,000	424,000	-	1,451,000	-13.5%
2012-13	1,127,000 *	440,300 *	-	1,567,300 *	8.0%

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

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

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

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

COUNTY BUDGET OVERVIEW

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

The General County Budget accounts for approximately 77.0% of the 2012-13 Adopted Budget 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 10.2% of the 2012-13 Adopted Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, courthouse construction programs and operations, and specific automation projects.

Capital Project Special Funds account for approximately 1.8% of the 2012-13 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 account for approximately 8.2% of the 2012-13 Adopted Budget and are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.8% of the 2012-13 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 of local governments for "proceeds of taxes." The County's appropriation limit for "proceeds of taxes" for Fiscal Year 2012-13 is $17,435,995,436. The 2012-13 Final Adopted Budget included proceeds from taxes of $6,510,540,000, which is well below the statutory limit.

Proposition 62

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

In February 2005 a claim was filed, and it was followed in May 2005 by a lawsuit entitled *Oronoz v. County of Los Angeles* that contends the County's Utility User Tax ("UUT") did not meet the requirements of Proposition 62 and is therefore invalid. In November 2006, the trial court certified the case as a class action. In July 2008, the parties agreed to a tentative settlement of the case, which was finally approved by the court in March 2009. The settlement, which is currently in the process of being implemented, calls for a total expenditure by the County of $75 million to be used for tax refunds to class members and enhanced services within the areas of the County from which the tax was collected. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation, with the reserve more than sufficient to fully fund the entire $75 million settlement. With the exception of administrative reviews of previously denied claims, claim processing for the settlement has been completed and all refunds have been issued. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62. The plaintiffs filed a motion alleging that the 2008 election was improperly conducted, which was denied on April 26, 2012. The plaintiffs have filed an appeal, which is currently pending and not anticipated to be resolved until late 2013.

On August 11, 2009, a lawsuit, *Patrick Owens and Patricia Munoz v. County of Los Angeles* was filed in Los Angeles Superior Court, challenging the imposition of the County's UUT after its passage at the election held on November 4, 2008. The complaint alleges that the impartial analysis prepared by County Counsel failed to inform the voters that: 1) the material provisions of the prior UUT were being rescinded regardless of the outcome of the election; and 2) it was not a "continuation" of an existing tax, but rather was the enactment of a completely new UUT. The County filed a demurrer and motion to strike plaintiffs' complaint on October 16, 2009. A hearing was held on April 15, 2010 in which the Court denied the County's demurrer in light of the early phase of the litigation process. The County then filed a motion on November 12, 2010 to dispose of the issues [illegible] the legality of the election. A hearing was held on February 16, 2011 in which the Court denied the County's motion as the plaintiff raised a constitutional question, which the Court determined must be ruled on together with the motion in the Oronoz case related to the 2008 election issue. The case proceeded with the discovery phase and was set for a bench trial, which was heard with the Oronoz motion on April 26, 2012. The court ruled in favor of the County and issued final judgment. Plantiffs have filed an appeal, which is currently pending and not anticipated to be resolved until late 2013. In the event of a successful appeal, the County may be required to resolve issues regarding a potential class certification. Since the November 4, 2008 election, the County estimates that approximately $216.9 million in UUT revenue has been collected and continues to be collected at an average rate of $4.5 million per month.

On March 4, 2011, a new lawsuit filed as a class action alleges that the County's 2% increase to the Transient Occupancy Tax ("TOT") violated Proposition 62 by not receiving voter approval. The County demurred to the complaint on all theories on October 12, 2011. The court sustained the County's demurrer as to all theories except for one. The Court ruled that the alleged Proposition 62 violation survived demurrer and could proceed on a class basis. The County anticipates that it will defend the action on the grounds that a class claim in this matter is barred by local ordinance, and that the increase in the TOT does not impose a new tax subject to Proposition 62. The County placed the TOT on the June 2012 ballot for ratification, and it was approved by the electorate. The Plaintiff's summary judgment and class motions will be considered by the Court at a hearing scheduled for October 3, 2012.

On August 1, 2012, a lawsuit, *Harlan Green v. Dean Logan, Registrar-Recorder*, was filed in Los Angeles Superior Court as an election contest and writ petition challenging the ballot materials that were printed and distributed to the voters for Measure H (the TOT ratification measure), and Measure L, a tax on landfill operators in the County, which was also approved by voters. The complaint alleges that ratification of the prior collection of taxes is unconstitutional and in violation of Propositions 62 and 218. The complaint further alleges that: (1) the impartial analysis prepared by County Counsel failed to inform voters of the effect of a "no" vote, (2) the Board of Supervisors was required to order a fiscal impact statement for the measures if they would increase or decrease the revenues or costs to the County, and (3) the resolutions ordering the elections and the arguments in favor of the two measures resulted in improper advocacy by the County that mislead the voters. This matter has not yet been heard by the courts and the County continues to evaluate its position on the lawsuit.

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

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

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease 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 1A Securitization

In July 2009, the State adopted legislation pursuant to the requirements of Proposition 1A that authorized the State to borrow eight percent of the property tax revenues apportioned to cities, counties, special districts and affiliated public agencies. The State is required to repay the property tax revenue by June 30, 2013. Under the terms of the borrowing, the California Statewide Communities Development Authority was authorized to issue bonds that were secured by the State's obligation to repay the property tax revenue to the affected public agencies (the "Proposition 1A Securitization"). The participating local governments and affiliated agencies received their share of the borrowed property tax apportionment in a timely manner from the bond proceeds. All of the costs related to the Proposition 1A Securitization, including interest costs, were paid by the State.

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

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repeals recent State laws that are in conflict with the measure, unless they are approved again by two-thirds of each house of the State Legislature. The State Legislative Analyst's Office asserts that Proposition 26 will make it more difficult for State and local governments to pass new laws that raise revenues and could reduce government revenues and spending statewide by billions of dollars annually.

In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund. Additional effects of Proposition 26 on the future financial condition of the County are unknown at this time.

Future Initiatives

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

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the federal and State governments. As indicated in the table "Historical Funding Requirements and Revenue Sources" on page A-xx of this Appendix A, $5.0 billion of the $18.9 billion 2012-13 Adopted General County Budget is received from the federal government and $5.1 billion is funded by the State. The remaining $8.8 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 53% of General County funding is provided by the State and Federal governments underscores the County's significant reliance on outside funding sources.

Federal Budget Update

President Obama released his Proposed Federal Fiscal Year (FFY) 2013 Budget on February 13, 2012. If enacted, the net overall fiscal impact on the County of the President's FFY 2013 Budget is expected to be minimal. This is largely because the President is proposing a relatively small reduction in spending on mandatory entitlement programs, and to fund most discretionary programs, through which the County currently receives funding, at or near the FFY 2012 funding levels. Mandatory entitlement programs, such as Medicaid, Title IV-E Foster Care and Adoption Assistance, Temporary Assistance for Needy Families (TANF), and Child Support Enforcement, currently account for over three-fourths of total Federal aid to state and local governments and an even higher percentage of total Federal revenue received by the County.

Although Congress has not taken any formal action toward enacting the President's FFY 2013 Budget, the congressional leadership in both the House of Representatives and the Senate have indicated that they have reached agreement on a six month FFY 2013 Continuing Resolution to temporarily fund Federal programs and activities until next year after the 113th Congress takes office. As a result, the FFY 2013 appropriations bills, which fund discretionary programs, are unlikely to be finalized until March 2013 or later.

Pursuant to the Budget Control Act of 2011, approximately $109.4 billion in across-the-board FFY 2013 sequestration spending cuts are to be imposed in January 2013, half of which would be cut from non-defense programs. Since the County receives most of its Federal revenue to fund mandatory entitlement programs, which are exempt from the sequestration cuts, the fiscal impact to the County is expected to be minimal. Furthermore, Federal discretionary spending programs, which are subject to sequestration cuts, generally do not fund the types of services that are financed by County General Fund revenues.

Barring changes in current Federal law, the County's Federal revenue should increase over the next few years due to the expansions of Medicaid eligibility and increases in Federal financial participation for Medicaid under the health care reform law.

State Budget Process

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

Fiscal Year 1991-92 Realignment Program

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

Property Tax Shift

In response to the 1993-94 recession, the State shifted $2.1 billion in property taxes from counties and $500 million from cities, special districts and redevelopment agencies to school and community college districts. This action reduced the County's primary source of discretionary revenue. The reduction in State funding has been partially offset by revenues from the County's share of the Proposition 172 one-half cent public safety sales tax. The Proposition 172 public safety sales tax, which was approved in 1993, was the State's response to help lessen the impact of the shift in property tax revenue to education, and has no expiration date.

2011-12 STATE BUDGET

On June 30, 2011, the Governor signed the Fiscal Year 2011-12 State Budget Act (the "2011-12 State Budget Act"). After accounting for budgetary actions adopted by the State Legislature in March 2011, higher than expected revenues and updated expenditure projections, the Fiscal Year 2011-12 State Budget estimates revenues and transfers of $88.456 billion, total expenditures of $85.937 billion and a year-end surplus of $1.313 billion (net of the negative $1.206 billion prior-year State General Fund balance). The 2011-12 State Budget Act allocated the projected surplus to the reserve for the liquidation of encumbrances ($770 million) and the special fund for economic uncertainties ($543 million).

The Governor and the State Legislature also approved Assembly Bills 109 and 117 related to the Public Safety Realignment Plan ("Public Safety Realignment"), which transferred responsibility for supervising specific low-level inmates and parolees, from the California Department of Corrections and Rehabilitation (CDCR) to counties. The 2011-12 State Budget Act provided $5.5 billion to fund Public Safety Realignment and is financed by redirecting 1.0625% of the existing State sales tax ($5.1 billion) and a portion of VLF revenues ($453.0 million) from the State to counties. The Public Safety Realignment legislation provided $500.0 million of funding for local public safety programs previously funded by the additional 0.15% increase to the VLF that expired on June 30, 2011. Although the State budget plan did not provide constitutional funding protections to counties for the Public Safety Realignment, the Governor proposed a November 2012 ballot initiative to seek voter approval for a constitutional amendment to provide such funding protection.

The financial impact to the County from the State Budget Act was an estimated funding reduction of $363.3 million in Fiscal Year 2011-12. The major elements of the cuts reduced Medi-Cal, redirected Mental Health Services Act Funds, reduced CalWORKS grants and implemented program reductions to In-Home Supportive Services ("IHSS"). Although the financial impact was estimated at $363.3 million, the 2011-12 Final Adopted County Budget (the "2011-12 Final Adopted Budget") included funding reductions of only $141.5 million. This difference was primarily related to the redirection of Mental Health Services Act funding that would have been available to the County for Proposition 63 mental health services but had not yet been programmed into the County budget.

In response to Public Safety Realignment, the County adopted the Los Angeles County Public Safety Realignment Implementation Plan on August 30, 2011. Until constitutional funding protection is established by the State for Public Safety Realignment, all required staff will be hired as temporary monthly employees or existing departmental staff will be offered temporary promotions pursuant to County Code. The County has decided to develop and approve the Public Safety

Realignment budget on a quarterly basis to better implement and manage this transfer of responsibilities from the State within the current funding allocation. The State allocated $124.5 million to the County to fund the custody, legal, probation supervision, and community services necessary to manage the increase in the local inmate, parolee and probationer populations.

The 2011-12 State Budget Act also included provisions for automatic trigger cuts if projected revenues fail to meet certain target levels. On December 13, 2011, Governor Brown announced that State revenue projections would be $2.2 billion short of budgeted amounts, which triggered $908.8 million in funding reductions as of January 1, 2012. The following table provides an estimate of the budgetary effect on County programs from the State's budget cuts.

Program Description	Budget Cost/(Savings)
Medi-Cal Managed Care Plan	$1,000,000
IHSS Anti-Fraud Initiatives	(1,500,000)
Reduction to IHSS Service Hours	(20,100,000)
Youthful Offenders Placements	20,000,000
Vertical Prosecution Grants	700,000
Public Library Grants	300,000
Overall Estimated Impact	**$400,000**

On December 1, 2011, a federal district court issued a temporary restraining order requiring the State to halt all actions to implement the 20% reduction to IHSS service hours. In January 2012, a district judge issued a preliminary injunction that continues to block implementation of the reduction of hours. The State is expected to appeal the order, and as a result, any savings to the County associated with service hour reductions are on hold until the matter is resolved by the courts. In addition, the changes impacting Youthful Offender Placements were placed on hold by the Governor and did not have a budgetary impact in Fiscal Year 2011-12.

Redevelopment Agencies

In response to an ongoing budget crisis, the 2011-12 State Budget Act included two measures intended to stabilize school funding by reducing or eliminating the diversion of property taxes from school districts to the State's community redevelopment agencies. ABX1 26 (the "Redevelopment Dissolution Act") prohibited redevelopment agencies from engaging in new business and provided for their wind down and dissolution. ABX1 27 (the "Alternative Redevelopment Program") would have allowed redevelopment agencies to continue if the cities and counties that created them agree to make payments into funds benefiting the state's schools and special districts.

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

ABX1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations and not incur 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 government agencies.

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 government agencies, including the County. Oversight Boards have been established for each of the 71 successor agencies within the County. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The Auditor-Controller is also responsible for conducting an initial audit and disbursing future tax increments in accordance with provisions of ABX1 26 and applicable amendments. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million.

On June 1, 2012, the Auditor-Controller distributed property tax revenues in accordance with ABX1 26. The County's General Fund received $37.5 million of residual property tax revenues. On June 27, 2012, AB 1484 was enacted as part of a trailer bill package in conjunction with the 2012-13 State Budget. Provisions of AB 1484 required the Auditor-Controller to identify the 2011-12 property tax revenues that were distributed to each agency prior to the February 1, 2012 dissolution date. This amount was to be compared with approved enforceable obligations for the period from January 1, 2012 to June 30, 2012. If revenues exceeded the obligations, the Auditor-Controller was required by AB 1484 to issue a demand letter to each successor agency, seeking the return of such excess revenues.

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

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

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 and the dissolution of County related projects is expected to have minimal impact, if any, to the County's overall financial condition.

2012-13 PROPOSED STATE BUDGET

On January 5, 2012, the Governor released his Fiscal Year 2012-13 Proposed State Budget (the "Proposed State Budget"), which estimated that, without corrective action, the State would end Fiscal Year 2012-13 with a $9.2 billion deficit. The deficit was comprised of a $4.1 billion State General Fund deficit through the end of Fiscal Year 2011-12 (rather than the $1.5 billion reserve balance assumed in the 2011-12 State Budget Act) and a $5.1 billion excess of expenditures over revenues for Fiscal Year 2012-13. The Proposed State Budget included $10.3 billion in expenditure reductions and increased revenues generated from a temporary increase in income and sales taxes, which would be authorized by a proposed November 2012 ballot initiative (the "2012 Tax Initiative") to balance the State budget for Fiscal Year 2012-13 and to rebuild its reserves.

Assuming passage of the 2012 Tax Initiative, the Proposed State Budget estimated Fiscal Year 2012-13 revenues and transfers of $95.4 billion, total expenditures of $92.6 billion and a year-end surplus of $1.9 billion (net of the negative $985 million prior year State General Fund balance). The projected surplus would be allocated to the Reserve for Liquidation of Encumbrances ($719 million) and the Special Fund for Economic Uncertainties ($1.1 billion).

The Proposed State Budget relied in part on passage of the 2012 Tax Initiative, pursuant to which the personal income tax rates for certain high income earners would increase for five years (2012 through 2016) and State sales and use tax would increase by one-half percent for four years (2013 through 2016). The 2012 Tax Initiative, if approved by voters, was projected to generate approximately $6.9 billion in Fiscal Year 2012-13, and billions of dollars per year thereafter until its expiration in 2016. In the event the Governor's proposed ballot proposition is not approved by voters, the Proposed State Budget specified approximately $5.4 billion in expenditure reductions, including funding reductions for education (accounting for 90% of the targeted reductions) and judicial branch appropriations.

The Proposed State Budget continued the realignment plans set forth in the 2011-12 State Budget Act with respect to Public Safety Realignment, including the transfer of various public safety programs and the supervision of lower level offenders from the State to local governments. In addition, the Proposed State Budget would transfer full responsibility for all juvenile offenders to counties, and to fund the transfer by providing counties with a one-time $10 million State General Fund allocation in Fiscal Year 2011-12. The Proposed State Budget allocated revenue from a 1.0625 percent sales tax rate increase, and a portion of Vehicle License Fee revenue in Fiscal Year 2012-13 to fund Public Safety Realignment. The 2012 Tax Initiative would also provide constitutional funding protection to counties for the revenues that are pledged to fund Public Safety Realignment in the State Budget Act.

On March 14, 2012, the Governor announced that he would combine the 2012 Tax Initiative with an initiative proposed by the California Federation of Teachers to place the "California Sales and Income Tax Increase Initiative" (the "Revised 2012 Tax Initiative") on the November 2012 ballot. If approved by voters in its current form, the Revised 2012 Tax Initiative would authorize a temporary increase in the maximum marginal personal income tax rates above 9.3 percent for tax years 2012 through 2018 by creating three additional tax brackets of 10.3 percent, 11.3 percent and 12.3 percent. The Revised 2012 Tax Initiative would also authorize a temporary increase to the State's sales and use tax rate by 0.25 percent for tax years 2013 through 2016. The LAO projects that the increased personal income tax rates in the Revised 2012 Tax Initiative would affect approximately one percent of personal income tax filers in the State due to the high income threshold, and would generate less revenue than estimated by the Governor.

On May 14, 2012, the Governor released the May Revision to the 2012-13 Proposed State Budget (the "May Revision"), which estimated that the State's budget deficit for Fiscal Year 2012-13 will increase to $15.7 billion as a result of reduced revenue forecasts, increases in school funding, unfavorable litigation outcomes and actions by the Federal government. The May Revision proposed $16.7 billion in budgetary solutions in Fiscal Years 2011-12 and 2012-13 to address the projected budget shortfall and provided for a reserve of $1.0 billion at the end of Fiscal Year 2012-13. The May Revision addressed the State's deficit through additional spending reductions (including the use of local reserves to reduce State General Fund costs for local trial courts on a one-time basis, reductions to hospital and nursing home funding and reductions in IHSS hours), implementation of the temporary tax increases set forth in the Revised 2012 Tax Initiative, and the use of various transfers, loans and repayment extensions.

Assuming voter approval of the Governor's Revised 2012 Tax Initiative, the May Revision estimated that the State would end Fiscal Year 2011-12 with a deficit of $2.535 billion, Fiscal Year 2012-13 revenues and transfers of $95.689 billion, total expenditures of $91.387 billion and a year-end surplus of $1.767 billion of which $719 million will allocated to the Reserve for Liquidation of Encumbrances and $1.048 billion deposited in the Special Fund for Economic Uncertainties.

On June 27, 2012, the Governor signed the Fiscal Year 2012-13 State Budget Act (the "2012-13 State Budget Act"), which provides approximately $8.0 billion of expenditure reductions, $6.0 billion of revenue solutions and $2.5 billion of other solutions to close a projected deficit of $15.7 billion through June 30, 2013. The 2012-13 State Budget Act projects a beginning fund balance deficit of $2.882 billion, Fiscal Year 2012-13, revenues and transfers of $95.887 billion, total expenditures of $91.338 billion and a year-end surplus of $1.667, of which $719 million will be allocated to the Reserve for Liquidation of Encumbrances and $948 million deposited to the Special Fund for Economic Uncertainties.

The 2012-13 State Budget Act continues to rely on voter approval of the Revised 2012 Tax Initiative, which is estimated to generate $8.5 billion in revenue, including $2.9 billion for schools and community college district, and $5.6 billion of additional revenue to the State General Fund. If the Revised 2012 Tax Initiative is not approved by voters, $5.9 billion in automatic trigger cuts will take effect, which would predominantly impact K - 14 and higher education.

The 2012-13 State Budget Act continues to fund Public Safety Realignment with a portion of VLF revenue and 1.0625 percent of the State's sales tax revenue, and establishes a permanent account structure and funding methodology to provide counties with a stable and consistent source of revenue. The 2012-13 State Budget Act includes projected sales tax and VLF revenue available to fund Public Safety Realignment of $5.4 billion and $489.9 million, respectively, in Fiscal Year 2012-13. The Revised 2012 Tax Initiative would also provide constitutional funding protection to counties for Public Safety Realignment.

The projected impact to the County General Fund from the 2012 - 13 State Budget Act is described in the following table.

Public Safety	
Charge to Counties for DJJ Commitments	($1,680,000)
General Government	
Redevelopment Dissolution	TBD
Suspension of SB 90 Mandate Claims	(16,000,000)
Delay of Deferred Mandate Payments	(13,000,000)
TOTAL	**($30,6[illegible])**

On August 28, 2012, the Governor and the State Legislature had reached a deal that will reform pensions for local and State workers. AB 340, which was approved by the Assembly and Senate, would establish the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension systems on and after January 1, 2013. For new employees, the plan includes pension caps, equal sharing of pension costs, changes in retirement age, and three-year final compensation provisions. For all employees, changes include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

AB 340 would apply 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. AB 340 only exempts the University of California system and 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 would be required to comply with provisions of PEPRA. Only pension systems created by charter, such as the City of Los Angeles and the City and County of San Francisco retirement programs, are exempted from PEPRA. The County and LACERA are currently in the process of reviewing AB 340 to determine its effect on County employees and the financial impact to the County budget.

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

RECENT COUNTY BUDGETS

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

The reliability of property tax revenues is due in large part to Proposition 13, which helps to insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that has not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the recent economic downturn. To illustrate this point, average median home prices in the County declined by 48% from their peak in August 2007 ($562,346) to a cyclical low in January 2012 ($[illegible]0,015), but the value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in Fiscal Year 2009-10 and 2010-11, respectively. Assessed valuation returned to growth in Fiscal Year 2011-12, with the County Assessor reporting a 1.36% increase in the value of the Net Local Roll. In the Fiscal Year 2011-12 tax roll, the County Assessor estimates that approximately 14.1% of all residential parcels and 17.1% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

In Fiscal Year 2012-13, the Assessor is forecasting an increase in the Net Local Roll of 2.20% or $24.818 billion from Fiscal Year 2011-12. The largest factors contributing to the projected increase in assessed valuation in Fiscal Year 2012-13 are transfers in ownership ($12.808 billion), new construction ($4.953 billion) and an increase in the consumer price index ($15.105 billion). These increases are partially offset by the reassessment of properties under Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a decline in value. Decline in value adjustments are expected to contribute $10.460 billion in reductions to the projected Net Local Roll in Fiscal Year 2012-13.

A significant factor contributing to the decline in value adjustments is the County Assessor's decision to initiate Proposition 8 reviews of all homes sold between July 2003 and June 2009 and subsequent reviews in the first quarter of 2012. Since the Assessor initiated the Proposition 8 review process in 2008, the forecasted Net Local Roll for Fiscal Year 2012-13 reflects the cumulative impact of $95.410 billion of decline in value adjustments. With the Assessor's proactive approach to Proposition 8 reviews, the assessed value of properties sold during the height of the real estate market were adjusted downward to reflect current market values, which will help insulate the County from future reductions in the Net Local Roll if these properties are re-sold at lower market values.

The economic downturn has had a significant impact on recent County budgets, and has resulted in NCC budget gaps beginning in Fiscal Year 2009-10. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues). In order to manage the budget gaps, the County has used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. The County has implemented structural changes to the budget through departmental curtailments of approximately $360.5 million over the last four years along with the elimination of over 2,000 budgeted positions.

To control costs, the County has also aggressively pursued savings through its efficiency initiative program and implemented a hard-hiring freeze and a freeze on non-essential services, supplies and equipment. Throughout this period, employee labor groups have agreed to zero cost-of-living adjustments (COLAs) and no salary increases, and step increases for County managers have been suspended. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The County believes that the effects of the economic downturn on the County budget (declines in revenues and increases in assistance caseloads) are a cyclical consequence of the recent recession. The measured approach to managing budgetary challenges, including the use of one-time funding sources, has enabled the County to more strategically achieve a balanced budget and maintain critical core services.

2009-10 FINAL ADOPTED COUNTY BUDGET

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

The 2009-10 Final Adopted Budget contained a NCC budget gap of $360.5 million. As illustrated in the following table, the budget gap was driven primarily by decreases in revenue and increases in assistance caseloads.

Fiscal Year 2009-10 NCC Budget Gap

Revenue Reductions	$191,900,000
Assistance Caseload Increases	85,300,000
Net Program Changes	11,700,000
Unavoidable Cost Increases	57,200,000
Indigent Defense Cost Increases	14,400,000
Total Budget Gap	**$360,500,000**

To close this budget gap the County utilized a combination of ongoing structural solutions from departmental budget curtailments and one-time solutions from the appropriation of capital project funds and Federal stimulus funding. The major components of the Fiscal Year 2009-10 NCC budget gap solutions are described in the following table:

Fiscal Year 2009-10 NCC Budget Gap Solutions

Ongoing Departmental Budget Curtailments	$162,900,000
Capital Program Designations	115,500,000
Federal Stimulus Funding	77,700,000
Other Savings Initiatives	4,400,000
Total Budget Gap Solutions	**$360,500,000**

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

2010-11 FINAL ADOPTED COUNTY BUDGET

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

Fiscal Year 2010-11 NCC Budget Gap

Revenue Reductions	
Property Taxes	$113,100,000
Public Safety Sales Tax	18,200,000
Realignment Sales Tax	10,300,000
Registrar-Recorder Shortfall	19,000,000
Various Revenue Changes	(4,400,000)
Assistance Caseload Increases	
General Relief	82,400,000
In-Home Support Services	16,000,000
Other Caseload Changes	8,700,000
Expiration of FMAP Extension	38,800,000
Unavoidable Cost Increases	
Pension Costs	80,500,000
Health Insurance Premiums	50,400,000
Net Program Changes	30,300,000
Supplement Reserves	28,300,000
Total Projected Budget Gap	**$491,600,000**

To close this budget gap, the County utilized excess fund balance from Fiscal Year 2009-10, and a combination of ongoing structural solutions and various one-time funding solutions including the use of County reserves. The major components of the Fiscal Year 2010-11 NCC budget gap solutions are described in the following table:

Fiscal Year 2010-11 NCC Budget Gap Solutions

Excess Fund Balance (FY2009-10)	$6[illegible],200,000
Ongoing Departmental Budget Curtailments	17[illegible],000,000
Ongoing Revenue Solutions	11,000,000
Capital Program Designations	76,700,000
Federal Stimulus Funding	26,200,000
Labor-Management Savings	51,000,000
Reserve for Rainy Day Fund	27,800,000
Budgetary Reserves	52,100,000
Other Solutions	10,600,000
Total Budget Gap Solutions	**$491,600,000**

2011-12 FINAL ADOPTED COUNTY BUDGET

Similar to recent County budgets, the 2011-12 Final Adopted Budget was affected by the recent economic downturn and its negative impact on the financial condition of the County. However, as an indication of the improving economic trends, the County projected a significantly smaller NCC budget gap compared to Fiscal Years 2009-10 and 2010-11. The primary factors contributing to the projected $175.4 million budget gap are described in the following table.

Fiscal Year 2011-12 NCC Budget Gap

2010-11 One Time Budget Solutions	$262,000,000
Expiration of Federal Stimulus Funding	63,900,000
Unavoidable Cost Increases	
Pension Costs	47,300,000
Health Insurance Subsidy	28,700,000
Net Program Changes	29,100,000
Assistance Caseload Changes	
General Relief	49,900,000
In-Home Support Services	(17,200,000)
Revenue Increases	
Property Tax	(74,600,000)
Various Revenue Changes	(28,800,000)
Public Safety Sales Tax	(27,700,000)
Realignment Sales Tax	(24,000,000)
Retirement of Pension Obligation Bonds	(106,600,000)
Labor-Management Savings	(42,100,000)
State Budget Changes	(8,400,000)
Various One-time Programs/Projects	23,900,000
Total Projected Budget Gap	**$175,400,000**

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

Fiscal Year 2011-12 NCC Budget Gap Solutions

Ongoing Curtailments/Consolidations	$35,700,000
Restored Public Safety Curtailments	(45,500,000)
Capital Program Designations	116,700,000
Retiree Health Insurance Premium Refund	36,100,000
Other One-time Solutions	32,400,000
Total Budget Gap Solutions	**$175,400,000**

FISCAL YEAR 2012-13 ADOPTED COUNTY BUDGET

The 2012-13 Adopted Budget, which was approved by the Board of Supervisors on June 26, 2012, appropriates $24.5 billion, representing a 0.8% increase from the prior fiscal year. For General County purposes (General Fund and Hospital Enterprise Fund), the 2012-13 Adopted Budget appropriates $18.9 billion, which represents a 2.2% increase from the 2011-12 Final Adopted Budget. The 2012-13 Adopted Budget reflects a net increase of 301 budgeted positions from the Final Adopted Budget in Fiscal Year 2011-12. The projected NCC budget gap of $103.6 million is the smallest in four years and is comprised of the factors outlined below.

<u>Expiration of Prior Year One-Time Budget Solutions</u>
The County has utilized one-time funding solutions to help balance the budget during the economic crisis. The impact on the 2012-13 Adopted Budget from the expiration of the one-time

funding solutions utilized in Fiscal Year 2011-12 is projected to be a negative $185.3 million.

Unavoidable Cost Increase

The primary components of the unavoidable cost increases are higher expenditures related to pension funding requirements and employee health insurance. The County's required retirement contributions will increase by five percent (5%) in Fiscal Year 2012-13, primarily due to the losses sustained by LACERA in Fiscal Year 2008-09 as a result of the global financial crisis. In addition, increases in health insurance premiums for County employees and the restoration of the deferred compensation match are contributing factors affecting unavoidable cost increases.

Assistance Caseload Increases

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

Fiscal Year	Average Caseload	
2006-07	58,599	
2007-08	62,897	
2008-09	74,763	
2009-10	91,499	
2010-11	106,348	
2011-12	112,487	(Budget)
2011-12	107,877	(Actual)
2012-13	101,518	(Projected)

The 2011-12 Final Adopted Budget assumed that the GR caseload would peak in December 2011 and gradually decline, ending 2011-12 with an average caseload of 112,487. With the drop in the unemployment rate and the County's GR restructuring efforts being implemented, the County is beginning to see a decline in the GR caseload. The GR caseload average for 2011-12 was 107,877. This drop in GR caseload has resulted in a $27.4 million reduction in cost in the 2012-13 Recommended Budget.

Revenue Increases

As the local economy stabilizes and starts to improve, the County is forecasting increases in a variety of locally generated revenues along with an increase in statewide sales tax revenue. Based on current trends and a survey of local economic forecasts, the County has assumed a 3.5% growth rate for all sales tax projections in the 2012-13 Adopted Budget.

For the second year in a row, the Assessor is forecasting an increase in assessed valuation. On December 15, 2011, the Assessor released his initial forecast for assessed valuation in Fiscal Year 2012-13, which projected a 1.77% increase in the Net Local Roll. On April 4, 2012, after the 2012-13 Recommended Budget had already gone to print, the Assessor issued a revised forecast, which reflected a significantly lower increase in the Net Local Roll of 0.49%.

Given the material significance of property tax revenue to the County budget, the Board of Supervisors directed the Auditor-Controller to prepare a comprehensive audit of the Assessor's operations on April 10, 2012 to determine whether the Office of the Assessor is appropriately and efficiently administering the County's property assessment and appeals functions, and exercising appropriate management oversight of its operations and employees. In the initial phase of the audit, the Auditor-Controller concluded that the Fiscal Year 2012-13 Net Local Roll forecast should reflect an increase of 1.14% from Fiscal Year 2011-12 assessed values and recommended certain potential changes that may enhance the Assessor's forecasting process going forward. The more extensive phases of the audit related to the administrative operations of the Office of the Assessor have yet to be undertaken.

On May 15, 2012, the Assessor released his final forecast of assessed valuation for Fiscal Year 2012-13, which also projects a 1.14% increase in the value of the Net Local Roll. The Assessor's final forecast resulted in a $23.554 million decrease in property tax revenue compared to the 2012-13 Recommended Budget. According to the Assessor, the reduction in assessed valuation from the December 2011 forecast was primarily driven by a reassessment of properties due to a recent decline in home values.

On July 9, 2012, the Assessor released the 2012 assessment roll which resulted in assessed valuation increase of 2.2%. This change along with all other revenue projections will be reviewed as part of the 2012-13 Final Adopted Budget.

In a separate matter unrelated to the audit directed by the Board of Supervisors, certain members of the Office of the Assessor, including Assessor John Noguez, are being investigated by the Los Angeles County District Attorney in connection with assessed property value reductions allegedly extended to Noguez campaign contributors and would-be contributors. These investigations are not focused on the day-to-day operations of the Office of the Assessor and are not expected to have a financial impact to the County budget. On June 19, 2012, the Board of Supervisors appointed Santos Kreimann as the Chief Deputy Assessor and Noguez is currently on a leave of absence during the investigation.

Fiscal Year 2012-13 NCC Budget Gap

2011-12 One-Time Budget Solutions	$185,245,000
Unavoidable Cost Increases	
Pension Costs	24,604,000
Health Insurance Subsidy	34,814,000
Restore Deferred Comp Match	42,090,000
Various	2,200,000
Program Changes	35,816,000
Revenue Increases	
Property Tax	(56,430,000)
Realignment Sales Tax	(80,162,000)
Public Safety Sales Tax	(35,750,000)
Various	8,216,000
Assistance Caseload Changes	
General Relief	(27,367,000)
In-Home Support Services	(5,754,000)
Ongoing Funding Used fro One-Time Needs in 2011-12	(23,883,000)
Total Projected Budget Gap	**103,639,000**

The County intends to utilize the following combination of ongoing structural solutions and one-time solutions to close the projected budget gap in Fiscal Year 2012-13.

Fiscal Year 2012-13 NCC Budget Gap Solutions

County Designation	$18,191,000
Retiree Health Insurance Premium Refund	11,387,000
2011-12 Projected Excess Fund Balance	74,061,000
Total Budget Gap Solutions	**$103,639,000**

One-Time Bridge Funding

Over the past decade, the County was able to set aside funds for capital projects and for a "rainy day" reserve fund. In light of the improving economic conditions, the County intends to utilize various one-time funding solutions to help close the Fiscal Year 2012-13 budget gap. The two primary long-term reserves for the County, the Reserve for Rainy Day Fund ($93.2 million) and the Provisional Financing Uses-Economic Reserve ($83.6 million), will not be used to close the Fiscal Year 2012-13 budget gap. These reserves remain intact and available to address future budgetary challenges and uncertainties. In accordance with County budget policy, the County intends to increase these reserve funds once the economy returns to historical levels of growth and the budget situation improves.

Health Services Budget

The Department of Health Services ("DHS") provides vital inpatient acute care 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 the four hospitals as well as multiple other facilities, including two Multi-Service Ambulatory Care Centers, six comprehensive health centers, 11 health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,500 physician residents annually.

As a safety net provider, the County is the provider of last resort for millions of medically indigent County residents. Historically, the cost of providing health services has exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which has resulted in an ongoing structural deficit for DHS. By developing new revenue sources, implementing efficiencies and hiring freezes, and using one-time reserve funds, DHS has been able to cover its prior years structural deficits. The 2012-13 Adopted Budget included $160.0 million in budgetary savings related to the cost cutting and revenue generating initiatives implemented through the Financial Stabilization Plan.

DHS ended 2011-12 with a budgetary surplus of $27.6 million, which was primarily comprised of unspent funds related to projects that were not completed due to implementation changes or delays. The unspent funds will be carried over to Fiscal Year 2012-13 to provide continued funding for these projects.

The improvement in the DHS fiscal outlook is largely due to the approval by the Centers for Medicare and Medicaid Services ("CMS") of a five-year Section 1115 Hospital Financing Waiver (the "Waiver") for public hospitals in California, which became effective November 1, 2010. The Waiver 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 Medicaid services that would otherwise not be eligible for federal funding. Federal health care reform provided the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The expanded coverage provisions are expected to reduce DHS' structural deficit by providing coverage for many of its previously uninsured indigent patients who are now able to qualify under the Waiver's early expansion program, thus providing a source of additional revenue.

The new Medicaid Coverage Expansion ("MCE") program provides Medi-Cal coverage for citizen or legal resident uninsured adults, ages 19-64 years, with incomes at or below 133% of the federal poverty level. DHS anticipates that the MCE program, known as Healthy Way LA ("HWLA") in Los Angeles County, will provide the opportunity for early enrollment into Medi-Cal coverage for many of its currently uninsured patients, thereby leading to a significant improvement in the payer mix. In addition, the Waiver provides continued funding to partially finance uncompensated care and provides a new funding source for system improvements at public hospitals through the Delivery System Reform Incentive Pool ("DSRIP").Since the DSRIP revenue is performance-based, DHS is focusing its efforts on developing and implementing the structural and operational changes necessary to meet specific goals and outcomes in order to maximize this funding source. DHS is also allocating significant resources toward a restructuring of its ambulatory care systems in order to maximize service capacity, increase the quality of care, and ensure the best possible outcomes for patients.

In 2011-12, DHS recognized $442.5 million in DSRIP revenue with an associated intergovernmental transfer of $221.3 million. A mandated semi-annual report was submitted to the State in March 2012, which indicated that the required performance goals were achieved. DHS received the first DSRIP payment in April 2012. The next semi-annual report is due to the State in September 2012. It is expected that DHS will meet all of the required performance goals and that the remainder of the proceeds will be received in late 2012.

A significant factor driving many of the recent structural and operational reforms enacted at DHS is the expected implementation of Federal health care reform in 2014. The primary objectives of the Waiver for DHS are to become more efficient, to provide the highest quality of care, and to restructure operations to focus on ambulatory rather than inpatient care. The State's implementation of managed care in most Medi-Cal programs is moving forward, which will require DHS to continue restructuring its operations and developing its ambulatory care system to ensure it is positioned to successfully operate in a managed care environment and under federal health care reform in 2014.

The Fiscal Year 2012-13 Adopted Budget included a revenue placeholder of $94.2 million. It is expected that increases to the Measure B and IHSS health care rates, the hospital provider fee and increased funding for mental health programs will provide additional revenues in Fiscal Year 2012-13. There are major changes taking place in the DHS' operations and Medi-Cal revenue streams resulting from the Waiver and DSRIP programs that will ultimately determine how this placeholder is resolved.

General Fund Contributions and Advances

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

The Federal and State governments are the primary sources of revenues for the Hospital Funds. The County Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of June 30, 2012, the amount of General Fund cash advances to the Hospital Funds was approximately $690.2 million.

In addition to the funding sources described above, the County General Fund has also advanced cash to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. The State has recently completed the audit for Fiscal Year 2007-08. The State has also increased the CBRC interim reimbursement rate and indicated their intent to accelerate the audit process to achieve the goal of being only one-year in arrears in relation to the current fiscal year. As of June 30, 2012, the overall receivable balance was $195.9 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable, since it is not currently available to fund the County's budgetary requirements.

Martin Luther King Jr. Hospital

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

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

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. While the County's share of the State settlement was expected to average approximately $100.0 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County may fluctuate significantly from year to year. Factors that could impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, recent actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments have been withheld or made under protest. Arbitration hearings are currently being held to resolve the issues causing the payment adjustments and protests that began in 2003. The precise amount of payment adjustments to the MSA and the future availability of withheld payments are unknown at this time.

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

In accordance with the terms of the MSA, annual payments are subject to numerous adjustments, offsets and recalculation. In April 2012, the County received $87.3 million in MSA payments from the participating manufacturers (including the 25.9% of the MSA payment pledged as security for the Tobacco Bonds and deposited with a trustee). In 2011 and 2012, the participating manufacturers deposited $881.0 million and an estimated $821.0 million, respectively, in the Disputed Payments Account. The estimated net impact to the County from the disputed payment deposits in 2011 and 2012 is a reduction in TSRs of $13.3 million and $12.4 million, respectively.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and reserved in a designation for health services. Through June 2012, the County has received approximately $1.373 billion in TSRs and accrued interest, with approximately $1.272 billion of the collected proceeds disbursed, and $101.2 million remaining in reserves and available for future appropriations. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that will help to improve the operational efficiency of the health system.

BUDGET TABLES

The 2012-13 Adopted Budget is supported by $3.8 billion in property taxes, $5.0 billion in federal funding, $5.1 billion in State funding, $0.1 billion in cancelled reserves and designations, $1.2 billion in fund balance and approximately $3.7billion in other funding sources.

The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2012-13 Adopted Budget with the 2011 - 12 Final Adopted Budget.

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

Fund	Final 2008-09	Final 2009-10	Final 2010-11	Final 2011-12	Adopted 2012-13
General Fund	$ 16,273,308	$ 16,368,794	$ 16,380,905	$ 16,229,826	$ 16,282,481
Hospital Enterprise Fund	1,897,508	2,121,468	2,127,184	2,268,712	2,615,349
Total General County Budget	$ 18,170,816	$ 18,490,262	$ 18,508,089	$ 18,498,538	$ 18,897,830

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

	Final 2008-09	Final 2009-10	Final 2010-11	Final 2011-12	Adopted 2012-13
Requirements					
Social Services	$ 5,166,283	$ 5,503,085	$ 5,707,144	$ 5,539,798	$ 5,525,454
Health	5,322,713	5,338,390	5,424,321	5,600,822	5,915,230
Justice	4,719,253	4,693,943	4,745,700	4,697,762	4,995,122
Other	2,962,567	2,954,844	[illegible]	2,660,156	2,462,024
Total	**$ 18,170,816**	**$ 18,490,262**	**[illegible]**	**$ 18,498,538**	**$ 18,897,830**
Revenue Sources					
Property Taxes	$ 3,840,369	$ 3,789,308	$ 3,676,161	$ 3,750,746	$ 3,807,176
State Assistance	4,818,285	[illegible]	4,528,710	4,670,351	5,097,394
Federal Assistance	4,104,390	[illegible]	4,868,199	4,712,400	5,012,384
Other	5,407,772	[illegible]	5,435,019	5,365,041	4,980,876
Total	**$ 18,170,816**	**[illegible]**	**18,508,089**	**$ 18,498,538**	**$ 18,897,830**

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

	Final 2008-09	Final 2009-10	Final 2010-11	Final 2011-12	Adopted 2012-13
Financing Requirements					
Salaries & Employee Benefits	$ [illegible]	$ 8,974,526	$ 9,004,826	$ 8,895,017	$ 9,143,267
Services & Supplies	6,192,312	6,350,306	6,530,982	6,706,121	6,888,797
Other Charges	3,233,859	3,350,510	3,503,195	3,621,050	3,711,900
Capital Assets	1,436,772	1,257,509	1,077,873	890,217	964,287
Other Financing Uses	985,458	726,958	704,520	640,310	588,450
Residual Equity Transfers Out	181	295	-	-	-
Interbudget Transfers[1]	(1,579,769)	(1,325,677)	(1,452,816)	(1,419,532)	(1,447,413)
Gross Appropriation	$ 19,060,818	$ 19,334,427	$ 19,368,580	$ 19,333,183	$ 19,849,288
Less: Intrafund Transfers	912,753	915,868	946,497	975,236	953,658
Net Appropriation	$ 18,148,065	$ 18,418,559	$ 18,422,083	$ 18,357,947	$ 18,895,630
Reserves					
General Reserve	$ 5,400	$ 3,000	$ -	$ -	$ -
Designations/Other Reserves	17,351	68,703	86,006	140,591	2,200
Total Financing Requirements	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,498,538**	**$ 18,897,830**
Available Financing					
Fund Balance	$ 1,808,804	$ 1,713,428	$ 1,628,644	$ 1,601,571	$ 1,270,068
Cancellation of Reserve/Designation	345,500	437,653	409,097	271,027	149,421
Property Taxes: Regular Roll	3,735,359	3,732,264	3,654,517	3,709,801	3,768,498
Supplemental Roll	105,010	57,044	21,644	40,945	38,678
Revenue	12,176,143	12,549,873	12,794,187	12,875,194	13,671,165
Total Available Financing	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,498,538**	**$ 18,897,830**

[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 2012-13, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $20.3 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF FINAL ADOPTED 2011-12 BUDGET TO ADOPTED BUDGET 2012-13
Net Appropriation: By Function
(In thousands)

Function		2011-12 Final Budget (1)		2012-13 Adopted Budget (2)		Difference	Percentage Difference
REQUIREMENTS							
General							
General Government	$	821,381.0	$	816,508.0	$	(4,873.0)	-0.59%
General Services		648,837.0		531,751.0		(117,086.0)	-18.05%
Public Buildings		797,208.0		870,669.0		73,461.0	9.21%
Total General	$	2,267,426.0	$	2,218,928.0	$	(48,498.0)	-2.14%
Public Protection							
Justice	$	4,405,690.0	$	4,709,721.0	$	304,031.0	6.90%
Other Public Protection		263,197.0		211,971.0		(51,226.0)	-19.46%
Total Public Protection	$	4,668,887.0	$	4,921,692.0	$	252,805.0	5.41%
Health and Sanitation		5,586,704.0		5,914,634.0		327,930.0	5.87%
Public Assistance		5,495,787.0		5,505,983.0		10,196.0	0.19%
Recreation and Cultural Services		271,449.0		268,899.0		(2,550.0)	-0.94%
Insurance and Loss Reserve		67,694.0		67,694.0		-	0.00%
Reserves/Designations		140,591.0				(140,591.0)	-100.00%
Total Requirements	**$**	**18,498,538.0**	**$**	**18,897,83[illegible]**		**399,292.0**	**2.16%**
AVAILABLE FUNDS							
Property Taxes	$	3,750,746.0	$	[illegible],807,[illegible]	$	56,430.0	1.50%
Fund Balance		1,601,571.0		[illegible]68.0		(331,503.0)	-20.70%
Cancelled Prior-Year Reserves		271,027.0		[illegible]421.0		(121,606.0)	-44.87%
Intergovernmental Revenues							
State Revenues							
In-Lieu Taxes	$	422,147.0	$	307,812.0	$	(114,335.0)	-27.08%
Homeowners' Exemption		[illegible]00.0		20,500.0		-	0.00%
Public Assistance Subventions		1,6[illegible]512[illegible]		1,137,318.0		(496,194.0)	-30.38%
Other Public Assistance		53[illegible]57.0		1,083,411.0		544,554.0	101.06%
Public Protection		769,[illegible]		1,085,375.0		316,050.0	41.08%
Health and Mental Health		888,4[illegible]		963,486.0		75,075.0	8.45%
Capital Projects		10,76[illegible]		139,855.0		129,091.0	1199.28%
Other State Revenues		72,069[illegible]		44,218.0		(27,851.0)	-38.64%
Total State Revenues		[illegible]	$	4,781,975.0	$	426,390.0	9.79%
Federal Revenues							
Public Assistance Subventions		2,285,213.0	$	2,302,028.0	$	16,815.0	0.74%
Other Public Assistance		247,226.0		232,815.0		(14,411.0)	-5.83%
Public Protection		233,184.0		225,397.0		(7,787.0)	-3.34%
Health and Mental Health		1,042,427.0		1,338,527.0		296,100.0	28.40%
Capital Projects		13,945.0		11,625.0		(2,320.0)	-16.64%
Other Federal Revenues		45,166.0		52,379.0		7,213.0	15.97%
Total Federal Revenues	$	3,867,161.0	$	4,162,771.0	$	295,610.0	7.64%
Other Governmental Agencies		156,443.0		154,972.0		(1,471.0)	-0.94%
Total Intergovenmental Revenues	$	8,379,189.0	$	9,099,718.0	$	720,529.0	
Fines, Forfeitures and Penalties		226,565.0		221,546.0		(5,019.0)	-2.22%
Licenses, Permits and Franchises		46,620.0		49,992.0		3,372.0	7.23%
Charges for Services		3,005,897.0		3,153,082.0		147,185.0	4.90%
Other Taxes		169,431.0		171,211.0		1,780.0	1.05%
Use of Money and Property		153,481.0		131,308.0		(22,173.0)	-14.45%
Miscellaneous Revenues		331,426.0		312,760.0		(18,666.0)	-5.63%
Operating Contribution from General Fund		562,585.0		531,548.0		(31,037.0)	-5.52%
Total Available Funds	**$**	**18,498,538.0**	**$**	**18,897,830.0**	**$**	**399,292.0**	**2.16%**

(1) Reflects the Final Adopted 2011-12 General County Budget approved by the Board of Supervisors on October 4, 2011.
(2) Reflects the 2012-13 Adopted General County Budget approved by the Board of Supervisors on June 26, 2012

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

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 821,381.0	$ -	$ 821,381.0
General Services	648,837.0	-	648,837.0
Public Buildings	797,208.0	-	797,208.0
Total General	$ 2,267,426.0	$ -	$ 2,267,426.0
Public Protection			
Justice	$ 4,405,690.0	$ -	$ 4,405,690.0
Other Public Protection	263,197.0	-	263,197.0
Total Public Protection	$ 4,668,887.0	$ -	$ 4,668,887.0
Health and Sanitation	$ 3,317,992.0	$ 2,268,712.0	$ 5,586,704.0
Public Assistance	5,495,787.0	-	5,495,787.0
Recreation and Cultural Services	271,449.0	-	271,449.0
Insurance and Loss Reserve	67,694.0	-	67,694.0
Reserves/Designations	140,591.0	-	140,591.0
Debt Service	-	-	-
Appropriation for Contingency	-	-	-
Total Requirements	**$ 16,229,8[illegible].0**	**2,268,712.0**	**$ 18,498,538.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,75[illegible].0	$ -	$ 3,750,746.0
Fund Balance	1,601,5[illegible]	-	1,601,571.0
Cancelled Prior-Year Reserves	257,864.[illegible]	13,163.0	271,027.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	422,147.0	$ -	$ 422,147.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,633,512.0	-	1,633,512.0
Other Public Assistance	538,857.0	-	538,857.0
Public Protection	769,325.0	-	769,325.0
Health and Mental Health	845,876.0	42,535.0	888,411.0
Capital Projects	10,764.0	-	10,764.0
Other State Revenues	72,069.0	-	72,069.0
Total State Revenues	4,313,050.0	42,535.0	4,355,585.0
Federal Revenues			
Public Assistance Subventions	$ 2,285,213.0	$ -	$ 2,285,213.0
Other Public Assistance	247,226.0	-	247,226.0
Public Protection	233,184.0	-	233,184.0
Health and Mental Health	818,667.0	223,760.0	1,042,427.0
Capital Projects	13,945.0	-	13,945.0
Other Federal Revenues	45,166.0	-	45,166.0
Total Federal Revenues	$ 3,643,401.0	$ 223,760.0	$ 3,867,161.0
Other Governmental Agencies	156,443.0	-	156,443.0
Total Intergovenmental Revenues	$ 8,112,894.0	$ 266,295.0	$ 8,379,189.0
Fines, Forfeitures and Penalties	224,114.0	2,451.0	226,565.0
Licenses, Permits and Franchises	46,494.0	126.0	46,620.0
Charges for Services	1,807,967.0	1,197,930.0	3,005,897.0
Other Taxes	169,431.0	-	169,431.0
Use of Money and Property	153,308.0	173.0	153,481.0
Miscellaneous Revenues	105,437.0	225,989.0	331,426.0
Operating Contribution from General Fund	-	562,585.0	562,585.0
Total Available Funds	**$ 16,229,826.0**	**$ 2,268,712.0**	**$ 18,498,538.0**

(1) Reflects the Final Adopted 2011-12 General County Budget approved by the Board of Supervisors on October 4, 2011.

COUNTY OF LOS ANGELES
ADOPTED BUDGET 2012-13 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	$ 816,508.0	$ -	$ 816,508.0
General Services	531,751.0	-	531,751.0
Public Buildings	870,669.0	-	870,669.0
Total General	$ 2,218,928.0	$ -	$ 2,218,928.0
Public Protection			
Justice	$ 4,709,721.0	$ -	$ 4,709,721.0
Other Public Protection	211,971.0	-	211,971.0
Total Public Protection	$ 4,921,692.0	$ -	$ 4,921,692.0
Health and Sanitation	$ 3,299,285.0	$ 2,615,349.0	$ 5,914,634.0
Public Assistance	5,505,983.0	-	5,505,983.0
Recreation and Cultural Services	268,899.0	-	268,899.0
Insurance and Loss Reserve	67,694.0	-	67,694.0
Reserves/Designations	-	-	-
Appropriation for Contingency	-	-	-
Total Requirements	**$ 16,282,481.0**	**$ 2,615,349.0**	**$ 18,897,830.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,8[illegible].0	$ -	$ 3,807,176.0
Fund Balance	1,270,[illegible]8.0	-	1,270,068.0
Cancelled Prior-Year Reserves	139,8[illegible]	9,558.0	149,421.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	307,812.0	$ -	$ 307,812.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,137,318.0	-	1,137,318.0
Other Public Assistance	1,083,411.0	-	1,083,411.0
Public Protection	1,085,375.0	-	1,085,375.0
Health and Mental Health	921,504.0	41,982.0	963,486.0
Capital Projects	139,855.0	-	139,855.0
Other State Revenues	44,218.0	-	44,218.0
Total State Revenues	4,739,993.0	41,982.0	4,781,975.0
Federal Revenues			
Public Assistance Subventions	$ 2,302,028.0	$ -	$ 2,302,028.0
Other Public Assistance	232,815.0	-	232,815.0
Public Protection	225,397.0	-	225,397.0
Health and Mental Health	859,271.0	479,256.0	1,338,527.0
Capital Projects	11,625.0	-	11,625.0
Other Federal Revenues	52,379.0	-	52,379.0
Total Federal Revenues	$ 3,683,515.0	$ 479,256.0	$ 4,162,771.0
Other Governmental Agencies	154,972.0	-	154,972.0
Total Intergovenmental Revenues	$ 8,578,480.0	$ 521,238.0	$ 9,099,718.0
Fines, Forfeitures and Penalties	221,546.0	-	221,546.0
Licenses, Permits and Franchises	49,866.0	126.0	49,992.0
Charges for Services	1,822,867.0	1,330,215.0	3,153,082.0
Other Taxes	171,211.0	-	171,211.0
Use of Money and Property	131,135.0	173.0	131,308.0
Miscellaneous Revenues	90,269.0	222,491.0	312,760.0
Operating Contribution from General Fund	-	531,548.0	531,548.0
Total Available Funds	**$ 16,282,481.0**	**$ 2,615,349.0**	**$ 18,897,830.0**

(1) Reflects the 2012-13 Adopted General County Budget approved by the Board of Supervisors on June 26, 2012

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

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

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

PAYMENT DATES AND LIENS

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

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

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2011-12 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $34,629,198,569 which constitutes only 3.42% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2011-12
Southern California Edison Co.	$62,962,332
Douglas Emmett Residential	38,873,633
BP West CoBP West Coast/ARCO/ Shell Oil Co.	28,933,240
Maguire Properties	27,784,940
Verizon/MCI Communications Services Inc.	23,485,147
Chevron USA Inc/Texaco	23,220,526
AT&T/Pacific Bell/SBC	21,475,350
Trizec Wilshire Center LLC	20,765,369
ExxonMobil Corporation	19,900,785
Southern California Gas Company	19,639,786
ConocoPhillips Co/Union Oil	18,184,850
Participants in Long Beach Unit	15,715,077
Universal Studios LLC	14,945,189
[illegible]nstone Smith/Tishman Speyer	14,120,867
Macerich Westside Pavilion	14,019,812
E[illegible]/ERP Limited	13,573,193
Valero Refining Company	11,780,664
Boeing/Hughes/McDonnell Douglas Corp.	11,305,072
Tesoro Refining and Marketing Co.	10,393,626
Plains Exporation and Production Co.	10,141,260
	$421,220,717

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 2007-08 through 2011-12.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2007-08 THROUGH 2011-12

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 %
2007-08	$953,468,123,997	$2,348,085,882	$2,232,305,540	95.07%
2008-09	1,020,346,376,948	2,503,699,652	2,388,838,218	95.41%
2009-10	1,013,549,301,342	2,449,393,435	2,370,955,825	96.80%
2010-11	997,502,481,662	2,423,866,268	2,369,935,057	97.77%
2011-12	1,013,260,968,402	2,471,700,694	2,426,125,703	98.03%

(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.

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 general fund. 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.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for the Fiscal Years 2007-08 through 2011-12.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2007-08 THROUGH 2011-12

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2007-08	$127,113,321,984	$1,167,170,104
2008-09	142,705,432,962	1,279,129,462
2009-10	140,955,357,917	1,266,067,367
2010-11	136,964,953,487	1,208,208,191
2011-12	137,243,985,288	559,663,200 (3)

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by community redevelopment agencies.

(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.

(3) Total CRA Tax Allocations as of January 2012.

CASH MANAGEMENT PROGRAM

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

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

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

2012-13 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 15, 2012, the County issued the 2012-13 TRANs with an aggregate principal amount of $1.1 billion in three separate series: $300.0 million due February 28, 2013; $400.0 million due March 29, 2013; and $400.0 million due June 28, 2013. The 2012-13 TRANs are general obligations of the County attributable to the 2012-13 fiscal year and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the County Treasurer and Tax Collector, the County has pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2012-13 for the purpose of repaying the 2012-13 TRANs on their respective maturity dates. The deposits to the Repayment Fund will be made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2012-13 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2012	$402,778,000
January, 2013	330,000,000
February, 2013	110,000,000
March, 2013	55,000,000
April, 2013	220,000,000
Total	$1,117,778,000

* Includes $1.1 billion of 2012-13 TRANs principal and 2.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2007-08.

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

	2007-08	2008-09	2009-10	2010-11	2011-12
Property Taxes	$3,568,098	[illegible]	$3,768,220	$3,733,822	$3,725,324
Other Taxes	176,349	144,945	154,228	137,907	172,703
Licenses, Permits and Franchises	53,545	[illegible]	46,825	56,799	58,642
Fines, Forfeitures and Penalties	239,456	[illegible]	254,428	242,904	218,380
Investment and Rental Income	295,191	[illegible]	133,640	123,582	111,506
State In-Lieu Taxes	459,242	[illegible]	424,760	401,679	366,352
State Homeowner Exemptions	21,765	[illegible]	21,966	21,616	21,505
Charges for Current Services	[illegible]	1,671,756	1,673,098	1,574,709	1,678,238
Other Revenue, incl. Tobacco Settlement	[illegible]	262,766	192,973	465,163	370,018
TOTAL UNRESTRICTED RECEIPTS	[illegible]	$6,910,486	$6,670,138	$6,758,181	$6,722,668

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office

Intrafund and Interfund Borrowing

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

Funds Available for Intrafund Borrowing

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

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

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

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

The 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 Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2010-11 and Fiscal Year 2011-12.

General Fund Cash Flow Statements

The Fiscal Year 2010-11 and Fiscal Year 2011-12 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2010-11, the County had an ending General Fund cash balance of $568 million. In Fiscal Year 2011-12, the County had an ending cash balance in the General Fund of $817 million, which represents a $249 million increase from the previous Fiscal Year.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has the delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of July 31, 2012, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$8.586
Schools and Community Colleges	11.567
Independent Public Agencies	2.707
Total	$22.860

Of these entities, the involuntary participants accounted for approximately 88.16% and all discretionary participants accounted for 11.84% 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 20, 2012, 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 August 31, 2012 Investment Report, the book value of the Treasury Pool as of July 31, 2012 was approximately $22.860 billion and the corresponding market value was approximately $22.937 billion.

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

The following table identifies the types of securities held by the Treasury Pool as of July 31, 2012:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	43.82
Certificates of Deposit	18.81
Commercial Paper	34.28
Bankers Acceptances	0.00
Municipal Obligations	0.08
Corporate Notes & Deposit Notes	3.01
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of July 31, 2012, approximately 46.56% of the investments mature within 60 days, with an average of 594 days to maturity for the entire portfolio.

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

FINANCIAL STATEMENTS-GAAP BASIS

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

The basic financial statements for the Fiscal Year ended June 30, 2011, and the unqualified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County's budget is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements. The 2011-12 Final Adopted Budget included an available (unreserved and undesignated) General Fund balance of $1,601,571,000 as of June 30, 2011.

The 2011-12 Final Adopted Budget uses the fund balance language of the County Budget Act, which has not yet been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54. As such, the County has not presented the Statement of Revenue, Expenditures, and Changes in Fund Balancewith the GASB Statement No. 54 terminology for changes in reserves and designations.

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, reserves and designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the County recognizes them as a use of budgetary fund balance. Designations that are subsequently cancelled or otherwise made available for appropriations are recorded as other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary accounting is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the GAAP basis of accounting, revenues are not recognized until the qualifying expenditures are incurred.

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

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 10 to the 2010-11 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

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

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

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

The table below provides a reconciliation of the General Fund's June 30, 2011 fund balance (unreserved and undesignated) on a budgetary and GAAP basis.

The tables on the following pages summarize the audited balance sheets for the General Fund since 2006-07 and provide a history of revenue and expenditure statement for the General Fund over the same period.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2011 (in thousands of $)

Actual Available (Unreserved and Undesignated) Fund Balance - Budgetary Basis	$1,601,571
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	153,766
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	136,142
Accrual of liabilities for accrued vacation and sick leave not required by GAAP	47,379
Change in revenue accruals related to encumbrances	(28,546)
Deferral of property tax receivables	(81,534)
Deferral of sale of tobacco settlement revenue	(257,345)
Change in fair value of Investments	197
Reserve for "Rainy Day" Fund	93,271
Available (Unreserved and Undesignated) Fund Balance - GAAP Basis	$1,664,901

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2007, 2008, 2009, 2010 and 2011.
GENERAL FUND-GAAP BASIS (in thousands of $)

ASSETS

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011*
Pooled Cash and Investments	$2,668,854	$2,343,525	$1,841,579	$1,689,490	$2,151,267
Other Investments	6,400	6,236	6,099	5,839	16,589
Taxes Receivable	248,095	340,784	301,269	246,288	210,914
Other Receivables	1,357,683	1,804,965	1,907,656	1,808,478	1,763,649
Due from Other Funds	370,124	357,416	326,379	436,441	356,860
Advances to Other Funds	400,280	571,872	825,017	1,018,161	1,063,061
Inventories	42,561	43,906	46,486	44,279	54,145
Total Assets	$5,093,997	$5,468,704	$5,254,485	$5,248,976	$5,616,485

LIABILITIES

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011*
Accounts Payable	$300,087	$252,794	$247,337	$266,916	$286,597
Accrued Payroll	392,779	[illegible]72,007	504,374	286,407	289,546
Other Payables	86,055	151,700	121,665	454,244	1,039,126
Due to Other Funds	6[illegible]58	[illegible]61,540	495,105	501,705	464,170
Deferred Revenue	33[illegible]714	3[illegible]0,322	343,386	346,829	382,897
Advances Payable	278,[illegible]23	263,500	361,964	382,476	411,508
Third-Party Payor Liability	15,5[illegible]	12,401	13,836	14,588	20,198
Total Liabilities	$[illegible]013,55[illegible]	$2,094,264	$2,087,667	$2,253,165	$2,894,042

EQUITY

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011*
Fund Balance (Deficit)					
Reserved/Nonspendable	$478,280	$597,466	$539,851	$784,428	
Unreserved/Restricted					
Designated	1,235,325	1,152,639	971,579	618,899	
Undesignated	1,366,839	1,624,335	1,655,388	1,592,484	
Total Unreserved	2,602,164	2,776,974	2,626,967	2,211,383	-
Nonspendable					$259,127
Restricted					35,377
Committed					
Assigned					763,038
Unassigned					1,664,901
Total Equity	3,080,444	3,374,440	3,166,818	2,995,811	2,722,443
Total Liabilities and Equity	$5,093,997	$5,468,704	$5,254,485	$5,248,976	$5,616,485

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2007, 2008, 2009, 2010 and 2011.
*The County implemented GASB Statement 54 "Fund Balance Reporting and Government Fund Type Definitions" in FY 2010-11. As of June 30, 2011, governmental fund balances are reported in the new required GASB 54 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2006-07THROUGH 2010-11 (in thousands of $)

	2006-07	2007-08	2008-09	2009-10	2010-11
REVENUES:					
Taxes	$3,572,932	$3,796,296	$3,970,566	$3,864,654	$3,843,366
Licenses, Permits & Franchises	61,138	58,799	54,877	49,079	56,656
Fines, Forfeitures and Penalties	234,747	251,933	264,375	258,842	244,787
Use of Money and Property	294,511	280,803	183,772	124,049	130,140
Aid from Other Government	7,050,121	7,261,668	7,211,150	7,337,716	7,506,492
Charges for Services	1,467,608	1,695,004	1,654,173	1,659,224	1,641,399
Miscellaneous Revenues	189,636	282,818	198,837	191,878	145,414
TOTAL	$12,870,693	$13,627,321	$13,537,750	$13,485,442	$13,568,254
EXPENDITURES					
General	$854,052	[illegible]	$946,008	$859,319	$883,854
Public Protection	3,855,819	4,222,[illegible]	4,420,786	4,412,935	4,401,985
Health and Sanitation	2,126,[illegible]	[illegible],345,48[illegible]	2,480,693	2,421,615	2,476,524
Public Assistance	4,410,224	4,619,225	4,796,019	5,025,312	5,217,560
Recreation and Cultural Services	217,221	231,584	242,999	247,094	263,046
Debt Service	294,[illegible]	308,207	247,248	271,378	278,477
Capital Outlay	[illegible]	97,270	772	2,115	32,598
Total	$11,7[illegible],668	$12,743,948	$13,134,525	$13,239,768	$13,554,044
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$1,112,025	$883,373	$403,225	$245,674	$14,210
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($771,788)	($780,902)	($612,505)	($419,756)	($340,128)
Sales of Capital Assets	1,111	1,036	886	960	9,027
Capital Leases	818	97,270	772	2,115	43,523
OTHER FINANCING SOURCES (USES)-Net	($769,859)	($682,596)	($610,847)	($416,681)	($287,578)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	$342,166	$200,777	($207,622)	($171,007)	($273,368)
Beginning Fund Balance	2,738,278	3,173,663	3,374,440	3,166,818	2,995,811
Residual Equity Transfers from (to) Other Funds-Net	0	0	0	0	0
Ending Fund Balance	$3,080,444	$3,374,440	$3,166,818	$2,995,811	$2,722,443

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2007, 2008, 2009, 2010 and 2011.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2010-11: 12 MONTHS ACTUAL
2011-12: 12 MONTHS ACTUAL

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

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
PROPERTY TAX GROUP						
Tax Collector Trust Fund	89,690	39,073	38,030	301,801	1,046,601	2,108,960
Auditor Unapportioned Property Tax	380,463	214,996	171,119	263,308	709,886	1,477,966
Unsecured Property Tax	167,122	66,662	132,197	148,028	122,325	87,748
Miscellaneous Fees & Taxes	7,837	18,895	26,992	14,068	10,577	10,285
State Redemption Fund	46,810	97,148	110,926	69,634	81,354	55,509
Education Revenue Augmentation	9,300	15,780	[illegible]	0	5,624	80,594
State Reimbursement Fund	0	0	0	0	488	10,223
Sales Tax Replacement Fund	2,607	11,321	[illegible]	19,355	19,768	53,331
Vehicle License Fee Replacement Fund	21,360	84,618	144,659	144,659	147,751	358,924
Property Tax Rebate Fund	(8,794)	[illegible]	[illegible]	(26,374)	(29,886)	(30,434)
Utility User Tax Trust Fund	6,239	[illegible]	6,378	8,118	5,159	10,750
Subtotal	$ 722,634	$ [illegible]	608,882	$ 942,597	$ 2,119,647	$ 4,223,856
VARIOUS TRUST GROUP						
Departmental Trust Fund	[illegible]	[illegible]	413,489	416,853	426,502	396,325
Payroll Revolving Fund	[illegible]	[illegible]	47,449	52,262	49,129	49,254
Asset Development Fund	[illegible]	38,673	38,776	38,801	38,855	38,863
Productivity Investment Fund	6,671	6,456	6,387	6,395	6,285	6,245
Motor Vehicle Capital Outlays	[illegible]	2,304	2,271	2,206	2,206	2,206
Civic Center Parking	499	106	117	168	258	169
Reporters Salary Fund	763	900	1,004	1,000	940	1,145
Cable TV Franchise Fund	8,487	7,948	8,484	8,639	8,611	8,526
Megaflex Long-Term Disability	19,220	19,243	19,207	19,249	19,210	19,161
Megaflex Long-Term Disability & He[illegible]	4,944	5,031	5,104	5,195	5,271	5,367
Megaflex Short-Term Disability	21,759	22,146	22,501	22,930	23,425	23,833
Subtotal	$ 568,824	$ 584,706	$ 564,789	$ 573,698	$ 580,692	$ 551,094
HOSPITAL GROUP						
Harbor-UCLA Medical Center	900	149	697	(51)	1,011	76
Olive View-UCLA Medical Center	(1,019)	785	727	91	1,392	3,069
LAC+USC Medical Center	(11,853)	(1,124)	(144)	(3,809)	(620)	3,210
MLK Ambulatory Care Center	(2,124)	298	(377)	(88)	18	(1,565)
Rancho Los Amigos Rehab Center	(263)	495	762	(146)	142	890
LAC+USC Medical Center Equipment	6,147	6,047	6,043	6,046	6,054	6,058
Subtotal	$ (8,212)	$ 6,650	$ 7,708	$ 2,043	$ 7,997	$ 11,738
GRAND TOTAL	**$ 1,283,246**	**$ 1,120,676**	**$ 1,181,379**	**$ 1,518,338**	**$ 2,708,336**	**$ 4,786,688**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
PROPERTY TAX GROUP						
Tax Collector Trust Fund	1,322,395	401,207	549,267	1,591,680	363,756	110,255
Auditor Unapportioned Property Tax	387,881	567,741	450,329	1,491,525	1,013,866	519,206
Unsecured Property Tax	75,919	70,673	65,165	53,753	62,622	80,655
Miscellaneous Fees & Taxes	8,732	7,894	7,736	7,741	7,943	7,964
State Redemption Fund	30,313	34,166	30,949	29,853	17,781	19,557
Education Revenue Augmentation	34,629	21,827	1,465	42,136	0	349
State Reimbursement Fund	21,689	1,346	1,346	3,621	23,103	10,355
Sales Tax Replacement Fund	83,523	19,323	28,111	55,128	71,154	0
Vehicle License Fee Replacement Fund	547,834	146,137	201,127	370,167	460,677	0
Property Tax Rebate Fund	(29,660)	(19,694)	(19,681)	(20,593)	(19,209)	(21,08[illegible])
Utility User Tax Trust Fund	6,113	7,286	12,587	16,721	22,078	21,[illegible]5
Subtotal	$ 2,489,368	$ 1,257,906	$ 1,328,401	$ 3,641,732	$ 2,023,7[illegible]	$ 7[illegible],217
VARIOUS TRUST GROUP						
Departmental Trust Fund	399,133	397,959	444,162	422,994	[illegible]4,032	404,790
Payroll Revolving Fund	61,002	36,909	45,150	47,850	5[illegible],32[illegible]	41,944
Asset Development Fund	38,909	38,948	38,972	[illegible]38	39,494	39,537
Productivity Investment Fund	6,245	6,032	6,190	5,8[illegible]	5,890	5,645
Motor Vehicle Capital Outlays	2,167	2,164	2,164	2[illegible]	2,164	2,139
Civic Center Parking	266	208	146	54	234	190
Reporters Salary Fund	977	937	[illegible],006	[illegible]93	959	904
Cable TV Franchise Fund	8,799	8,779	9,266	9,288	9,161	10,004
Megaflex Long-Term Disability	19,161	19,150	[illegible],189	19,199	19,201	19,237
Megaflex Long-Term Disability & Health	5,448	5,500	5,[illegible]	5,671	5,769	5,802
Megaflex Short-Term Disability	24,167	24,504	24,990	25,400	25,756	26,094
Subtotal	$ 566,274	$ 541,090	$ 596,834	$ 578,742	$ 568,982	$ 556,286
HOSPITAL GROUP						
Harbor-UCLA Medical Center	4,625	2,431	2,859	1,679	(627)	1,210
Olive View-UCLA Medical Center	2,060	1,668	1,805	4,447	48	132
LAC + USC Medical Center	6,776	7,020	6,412	(5,337)	1,709	9,052
MLK Ambulatory Care Center	(236)	(1,354)	(631)	(1,396)	(585)	(167)
Rancho Los Amigos Rehab Center	341	(213)	1,073	174	(163)	1,561
LAC+USC Medical Center Equipment	6,065	6,072	5,881	5,882	5,890	1,375
Subtotal	$ 19,631	$ 15,624	$ 17,399	$ 5,449	$ 6,272	$ 13,163
GRAND TOTAL	**$ 3,075,273**	**$ 1,814,620**	**$ 1,942,634**	**$ 4,225,923**	**$ 2,599,025**	**$ 1,318,666**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2011-12
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011
PROPERTY TAX GROUP						
Tax Collector Trust Fund	63,119	37,569	34,476	313,703	985,919	1,105,096
Auditor Unapportioned Property Tax	424,944	176,780	155,871	205,077	824,123	2,308,144
Unsecured Property Tax	134,975	67,818	133,422	152,165	115,517	82,721
Miscellaneous Fees & Taxes	7,682	7,849	11,662	25,884	19,638	11,159
State Redemption Fund	40,926	71,880	68,451	52,786	29,755	30,925
Education Revenue Augmentation	16,296	15,001	[illegible]	0	0	54,496
State Reimbursement Fund	0	0	0	0	481	11,174
Sales Tax Replacement Fund	0	0	[illegible]	0	717	40,121
Vehicle License Fee Replacement Fund	11,695	94,496	157,705	157,705	162,067	401,786
Property Tax Rebate Fund	(11,223)	[illegible]	[illegible]	(57,662)	(54,096)	(28,969)
Utility User Tax Trust Fund	7,812	[illegible]	6,612	9,063	5,832	11,137
Subtotal	$ 696,226	$ [illegible]	[illegible] 531,443	$ 858,721	$ 2,089,953	$ 4,027,790
VARIOUS TRUST GROUP						
Departmental Trust Fund	[illegible]	[illegible]	448,248	419,295	436,779	452,918
Payroll Revolving Fund	[illegible]	[illegible]	42,822	54,396	43,733	45,290
Asset Development Fund	[illegible]	39,896	39,911	39,975	40,163	40,176
Productivity Investment Fund	5,173	5,102	5,126	5,129	5,131	5,069
Motor Vehicle Capital Outlays	[illegible]	2,122	2,122	2,122	2,122	2,122
Civic Center Parking	59	24	169	103	62	202
Reporters Salary Fund	671	977	628	761	1,138	1,036
Cable TV Franchise Fund	9,983	9,719	10,276	10,435	10,454	11,089
Megaflex Long-Term Disability	19,215	19,166	19,078	19,063	18,940	18,834
Megaflex Long-Term Disability & He[illegible]	5,882	5,964	6,061	6,136	6,227	6,298
Megaflex Short-Term Disability	26,423	26,802	27,145	27,512	27,919	28,278
Subtotal	$ 601,219	$ 600,381	$ 601,586	$ 584,927	$ 592,668	$ 611,312
HOSPITAL GROUP						
Harbor-UCLA Medical Center	7,992	4,627	3,088	1,069	4,564	194
Olive View-UCLA Medical Center	2,817	2,342	1,248	(4)	2,379	2,634
LAC+USC Medical Center	12,097	13,039	(789)	(85)	1,810	3,254
MLK Ambulatory Care Center	(2,087)	2,258	5,592	4,686	3,846	3,773
Rancho Los Amigos Rehab Center	3,687	890	426	607	225	532
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ 24,506	$ 23,156	$ 9,565	$ 6,273	$ 12,824	$ 10,387
GRAND TOTAL	$ 1,321,951	$ 1,069,843	$ 1,142,594	$ 1,449,921	$ 2,695,445	$ 4,649,489

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	
						PROPERTY TAX GROUP
763,642	321,402	523,561	1,426,860	210,398	119,600	Tax Collector Trust Fund
857,864	582,212	530,333	1,693,093	1,256,420	863,104	Auditor Unapportioned Property Tax
72,880	69,983	59,785	52,930	64,689	89,290	Unsecured Property Tax
10,472	9,365	8,990	8,640	8,985	8,466	Miscellaneous Fees & Taxes
26,752	22,428	21,072	19,799	24,858	24,296	State Redemption Fund
28,191	13,511	1,560	85,424	0	558	[illegible]ducation Revenue Augmentation
21,403	1,336	1,336	2,459	19,357	8,941	State Reimbursement Fund
70,339	3,607	11,820	33,837	56,575	[illegible]0	[illegible]es Tax Replacement Fund
583,435	169,993	219,965	353,938	425,436	0	Ve[illegible]e License Fee Replacement Fund
(21,139)	(23,796)	(22,635)	(22,393)	(20,911)	(7,04[illegible])	Prope[illegible]y Tax Rebate Fund
3,228	4,217	9,790	3,427	6,273	9,[illegible]0	Utility User Tax Trust Fund
$ 2,417,067	$ 1,174,258	$ 1,365,577	$ 3,658,014	$ 2,052,0[illegible]	$ 1,[illegible]912	Subtotal
						VARIOUS TRUST GROUP
510,226	523,602	561,065	607,768	[illegible]5,368	458,821	Departmental Trust Fund
63,993	39,604	41,073	51,215	[illegible],85[illegible]	43,712	Payroll Revolving Fund
40,197	40,219	40,236	[illegible]6	41,118	41,421	Asset Development Fund
4,965	4,947	5,560	5,5[illegible]	5,545	5,407	Productivity Investment Fund
2,122	2,122	2,062	[illegible]	1,294	991	Motor Vehicle Capital Outlays
139	206	153	58	215	118	Civic Center Parking
994	400	788	[illegible]32	804	773	Reporters Salary Fund
11,082	10,847	11,071	11,045	10,909	11,442	Cable TV Franchise Fund
18,811	18,726	[illegible]653	18,666	18,556	18,517	Megaflex Long-Term Disability
6,383	6,429	6,[illegible]7	6,610	6,683	6,732	Megaflex Long-Term Disability & Health
28,535	28,727	29,016	29,458	30,318	30,222	Megaflex Short-Term Disability
$ 687,447	$ 675,829	$ 716,194	$ 773,653	$ 663,666	$ 618,156	Subtotal
						HOSPITAL GROUP
873	75	(2,562)	1,244	(4,695)	3,097	Harbor-UCLA Medical Center
391	(120)	(3,676)	1,630	971	(196)	Olive View-UCLA Medical Center
396	1,787	5,955	81	2,126	(490)	LAC + USC Medical Center
3,671	3,666	3,454	2,994	2,991	2,834	MLK Ambulatory Care Center
37	(1,481)	(358)	812	(1,293)	475	Rancho Los Amigos Rehab Center
0	0	0	0	0	0	LAC+USC Medical Center Equipment
$ 5,368	$ 3,927	$ 2,813	$ 6,761	$ 100	$ 5,720	Subtotal
$ 3,109,882	**$ 1,854,014**	**$ 2,084,584**	**$ 4,438,428**	**$ 2,715,846**	**$ 1,740,788**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2010-11: 12 MONTHS ACTUAL
2011-12: 12 MONTHS ACTUAL

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

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
BEGINNING BALANCE	$ 727,012	$ 1,438,648	$ 1,097,190	$ 529,972	$ 64,668	$ (90,485)
RECEIPTS						
Property Taxes	$ 97,946	$ 97,638	$ 121	$ 50	$ 58,432	$ 962,558
Other Taxes	5,598	19,151	8,842	15,548	8,095	7,935
Licenses, Permits & Franchises	2,339	6,934	3,307	2,238	1,561	2,988
Fines, Forfeitures & Penalties	33,529	24,455	13,26[illegible]	14,406	24,365	12,475
Investment and Rental Income	22,740	8,603	6[illegible]2	11,270	8,547	7,492
Motor Vehicle (VLF) Realignment	26,770	37,556	[illegible]6,97[illegible]	34,443	31,394	32,736
Sales Taxes - Proposition 172	52,034	41,966	40,992	40,426	48,643	39,851
Sales Taxes Program Realignment	64,439	64,139	50,224	47,818	54,413	48,090
Other Intergovernmental Revenue	103,644	102,195	[illegible]9,966	62,921	126,361	211,190
Charges for Current Services	110,636	11[illegible]02	86,245	94,405	98,969	229,134
Other Revenue & Tobacco Settlement	110,337	[illegible]23,626	[illegible]4,122	33,593	18,329	30,516
Transfers & Reimbursements	7,003	1,4[illegible]	[illegible]5,078	13,331	12,217	14,078
Hospital Loan Repayment	40,960	1[illegible]83	21,303	109,944	222,498	106,135
Welfare Advances	182,65[illegible]	301,7[illegible]	278,348	434,051	443,762	368,050
Mental Health Services Act Funding	113,690	0	0	28,107	62	31,802
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,500,000	0	0	0	0	0
Total Receipts	$ 2,47[illegible]321	$ 1,016,889	$ 665,559	$ 942,551	$ 1,157,648	$ 2,105,030
DISBURSEMENTS						
Welfare Warrants	$ 194,893	$ 212,117	$ 201,988	$ 274,598	$ 226,538	$ 215,643
Salaries	382,098	397,636	380,087	378,373	380,451	389,953
Employee Benefits	567,720	68,039	197,385	146,326	204,457	208,208
Vendor Payments	423,446	351,442	297,977	266,752	318,469	267,194
Loans to Hospitals	0	6,277	60,135	244,375	138,754	107,981
Hospital Subsidy Payments	164,601	303,185	91,827	23,746	8,664	31,892
Transfer Payments	29,927	19,651	3,378	73,685	35,468	7,098
TRANs Pledge Transfer	0	0	0	0	0	465,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,762,685	$ 1,358,347	$ 1,232,777	$ 1,407,855	$ 1,312,801	$ 1,692,969
ENDING BALANCE	**$ 1,438,648**	**$ 1,097,190**	**$ 529,972**	**$ 64,668**	**$ (90,485)**	**$ 321,576**
Borrowable Resources (Avg. Balance)	$ 1,283,246	$ 1,120,676	$ 1,181,379	$ 1,518,338	$ 2,708,336	$ 4,786,688
Total Cash Available	$ 2,721,894	$ 2,217,866	$ 1,711,351	$ 1,583,006	$ 2,617,851	$ 5,108,264

*The net change in the outstanding Hospital Loan Balance is an estimated increase of $18.1 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

DRAFT

January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	Total 2010-11
$ 321,576	$ 484,230	$ 150,599	$ (228,785)	$ (128,164)	$ 628,637	
$ 807,609	$ 166,630	$ 11,981	$ 718,409	$ 803,733	$ 8,715	$ 3,733,822
21,692	6,834	7,297	7,064	7,804	22,047	137,907
2,411	8,221	9,177	9,481	4,650	3,492	56,799
14,271	29,733	17,928	14,873	30,466	13,136	242,904
9,692	10,447	9,545	7,745	[illegible]	10,211	123,582
33,110	30,021	33,879	38,556	[illegible]	29,038	401,679
38,219	59,599	52,448	38,993	[illegible]	45,010	551,253
46,963	74,900	64,140	46,418	65,698	[illegible]	681,615
215,123	99,148	77,020	200,395	[illegible]	141,041	1,620,586
151,288	113,870	95,335	[illegible]	[illegible]	130,676	1,574,709
23,652	14,707	26,284	[illegible]	[illegible]	43,462	465,163
18,352	16,920	5,193	[illegible]	10,223	18,908	132,345
27,344	49,422	366,636	[illegible]	400,955	141,690	1,691,801 *
433,834	277,603	309,954	504,088	302,794	433,765	4,270,704
18,232	20,282	35,586	[illegible]	32,620	15,263	316,332
0	0	0	0	0	0	0
0	0	0	0	0	0	1,500,000
$ 1,861,792	$ 978,337	[illegible]	[illegible]	$ 2,121,023	$ 1,110,827	$ 17,501,201
$ 221,420	[illegible]	$ 227,727	$ 214,733	$ 236,506	$ 230,295	$ 2,690,507
389,504	[illegible]	378,366	386,085	375,822	377,097	4,603,608
183,377	[illegible]	200,086	164,162	181,838	158,972	2,476,073
277,491	258,791	311,005	255,870	319,803	264,593	3,612,833
130,919	82,468	253,899	374,615	182,358	128,077	1,709,858 *
(233)	0	0	(14,991)	0	0	608,691
91,660	3,021	10,704	76,103	67,895	12,428	431,018
405,000	150,000	120,000	387,623	0	0	1,527,623
0	0	0	0	0	0	0
$ 1,699,138	$ 1,311,968	$ 1,501,787	$ 1,844,200	$ 1,364,222	$ 1,171,462	$ 17,660,211
$ 484,230	**$ 150,599**	**$ (228,785)**	**$ (128,164)**	**$ 628,637**	**$ 568,002**	
$ 3,075,273	$ 1,814,620	$ 1,942,634	$ 4,225,923	$ 2,599,025	$ 1,318,666	
$ 3,559,503	$ 1,965,219	$ 1,713,849	$ 4,097,759	$ 3,227,662	$ 1,886,668	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2011-12
(in thousands of $)

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011
BEGINNING BALANCE	$ 568,002	$ 1,522,684	$ 1,319,842	$ 909,737	$ 419,044	$ 229,984
RECEIPTS						
Property Taxes	$ 88,164	$ 94,297	$ 739	$ 20	$ 42,191	$ 983,893
Other Taxes	27,857	9,037	8,945	16,728	7,342	8,641
Licenses, Permits & Franchises	1,516	5,301	4,126	3,416	2,909	3,926
Fines, Forfeitures & Penalties	32,221	25,197	11,476	13,038	20,961	11,115
Investment and Rental Income	19,885	8,568	6,4[illegible]	7,635	10,022	8,752
Motor Vehicle (VLF) Realignment	36,843	49,423	3[illegible]85	25,190	24,310	25,762
Sales Taxes - Proposition 172	53,248	46,097	[illegible]5,271	[illegible]5,561	55,719	51,421
Sales Taxes Program Realignment	67,972	21,680	112,651	[illegible],499	72,187	73,104
Other Intergovernmental Revenue	173,658	236,590	10[illegible]855	132,835	139,473	142,555
Charges for Current Services	210,319	97[illegible]4	[illegible]3,124	113,107	98,205	195,245
Other Revenue & Tobacco Settlement	73,412	[illegible]4,089	[illegible]414	11,242	37,521	20,257
Transfers & Reimbursements	9,116	[illegible],12[illegible]	[illegible]21	12,874	6,917	25,721
Hospital Loan Repayment	75,849	295[illegible]6	73,226	8,188	279,011	47,351
Welfare Advances	151,8[illegible]	300,94[illegible]	266,236	532,541	321,699	271,246
Mental Health Services Act Funding	108,308	0	0	132	29,477	76,750
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,30[illegible]000	0	0	0	0	0
Total Receipts	$ 2,4[illegible]250	$ [illegible],227,115	$ 779,488	$ 989,006	$ 1,147,944	$ 1,945,739
DISBURSEMENTS						
Welfare Warrants	191,872	$ 210,504	$ 234,244	$ 234,444	$ 227,186	$ 213,576
Salaries	387,496	384,254	377,532	377,340	377,731	390,475
Employee Benefits	201,511	208,320	160,560	192,698	200,573	201,840
Vendor Payments	461,093	378,887	228,851	435,688	298,798	263,622
Loans to Hospitals	20,987	33,112	29,972	124,591	169,996	160,570
Hospital Subsidy Payments	194,998	194,873	154,665	31,828	32,168	3,175
Transfer Payments	17,611	20,007	3,769	83,110	30,552	20,300
TRANs Pledge Transfer	0	0	0	0	0	481,729
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,475,568	$ 1,429,957	$ 1,189,593	$ 1,479,699	$ 1,337,004	$ 1,735,287
ENDING BALANCE	**$ 1,522,684**	**$ 1,319,842**	**$ 909,737**	**$ 419,044**	**$ 229,984**	**$ 440,436**
Borrowable Resources(Avg. Balance)	$ 1,321,951	$ 1,069,843	$ 1,142,594	$ 1,449,921	$ 2,695,445	4,649,489
Total Cash Available	$ 2,844,635	$ 2,389,685	$ 2,052,331	$ 1,868,965	$ 2,925,429	$ 5,089,925

*The net change in the outstanding Hospital Loan Balance is an estimated decrease of $326 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	Total 2011-12	
$ 440,436	$ 511,073	$ 182,090	$ (272,434)	$ 297,983	$ 550,740		
$ 820,119	$ 151,453	$ 10,508	$ 718,956	$ 758,325	$ 56,659	$ 3,725,324	
23,131	7,707	7,418	18,734	13,757	23,406	172,703	
122	10,319	4,310	12,667	5,434	4,596	58,642	
12,087	22,076	18,514	14,103	25,826	11,766	218,380	
9,605	9,258	7,159	6,668	8,941	8,594	111,506	
26,824	27,470	27,263	27,233	[illegible]	29,347	366,352	
39,337	63,675	43,167	44,823	[illegible]	[illegible]	594,496	
57,871	86,754	69,712	73,822	[illegible]	[illegible]	962,799	
118,874	162,666	173,554	125,251	[illegible]	220,267	1,803,101	
168,355	79,693	113,041	167,671	[illegible]	180,048	1,678,238	
16,903	21,174	16,971	[illegible]	[illegible]	39,435	392,137	
24,267	27,269	10,041	[illegible]	10,368	18,694	163,040	
209,756	60,265	91,646	597,361	86,918	253,038	2,078,045	*
351,803	306,114	289,527	[illegible]	351,612	380,346	3,852,937	
29,482	10,552	26,937	[illegible]	36,994	17,635	368,159	
0	0	0	0	0	0	0	
0	0	[illegible]	0	0	0	1,300,000	
$ 1,908,536	$ 1,046,445	[illegible]	[illegible]	$ 1,771,968	$ 1,416,682	$ 17,845,859	
$ 206,330	[illegible]	[illegible]	$ 202,262	$ 228,970	$ 215,314	$ 2,605,952	
393,825	[illegible]	[illegible]	390,614	380,994	386,355	4,619,429	
226,798	[illegible]	[illegible]	219,911	218,227	181,902	2,423,578	
304,997	261,361	263,030	288,618	372,531	260,391	3,817,867	
237,049	147,592	231,283	245,700	253,069	98,121	1,752,042	*
0	0	4,167	0	0	0	615,874	
78,900	6,480	5,506	95,396	65,420	7,977	435,028	
390,000	130,000	65,000	260,000	0	0	1,326,729	
0	0	0	0	0	0	0	
$ 1,837,899	$ 1,375,428	$ 1,364,292	$ 1,702,501	$ 1,519,211	$ 1,150,060	$ 17,596,499	
$ 511,073	**$ 182,090**	**$ (272,434)**	**$ 297,983**	**$ 550,740**	**$ 817,362**		
$ 3,109,882	$ 1,854,014	$ 2,084,584	$ 4,438,428	$ 2,715,846	$ 1,740,788		
$ 3,620,955	$ 2,036,104	$ 1,812,150	$ 4,736,411	$ 3,266,586	$ 2,558,150		

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, 2012, approximately $1.378 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $541.8 million of the outstanding debt. Revenues from special districts, special funds and Hospital Enterprise Funds will secure the remaining $835.8 million of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2012-13.

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

2012-13 Payments

Funding Source	2012-13 Payment
Total 2012-13 Payment Obligations	$165,[illegible]
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	[illegible]7,285,[illegible]6
Courthouse Construction Funds	[illegible]5,709,9[illegible]
Special Districts/Special Funds	[illegible]46
Net 2012-13 General Fund Obligations	$89,074,891

Source: Los Angeles County Chief Executive Office

The principal amount of the County's outstanding intermediate and long-term debt obligations decreased to $1.[illegible] billion as of October 1, 2012, which includes debt issuance and repayment activity in Fiscal Year 2012-13. An additional $1.1 billion in TRANs, $17.0 million in Bond Anticipation Notes, and $400.0 million in Tax-Exempt Commercial Paper Notes were also outstanding as of October 1, 2012. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of October 1, 2012 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$ 1,100,000.0
Bond Anticipation Notes	17,000.0
Tax-Exempt Commercial Paper	400,000.0
Intermediate & Long-Term Obligations	
Lease Obligations	1,350,684.0
Total Outstanding Principal	$ 2,867,684.0

Source: Los Angeles County Chief Executive Office

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

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 19[illegible]7, 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 15, 2012, the County issued $1.1 billion of 2012-13 TRANs on July 2, 2012, with three tranches: $300.0 million due February 28, 2013, $400.0 million due March 29, 2013 and $400.0 million due June 28, 2013. The 2012-13 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2012-13, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2012-13 Tax and Revenue Anticipation Notes" of this Appendix A. Deposit obligations to the Repayment Fund for the 2012-13 TRANs will be satisfied byf April 2013.

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 October 1, 2012, $17.0 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 December 31, 2013.

Commercial Paper Program

The County has authorized a maximum of $400.0 million of Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") to finance construction costs on various capital projects. Repayment of the Commercial Paper Notes is secured by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by JP Morgan Chase Bank, Bank of America, Wells Fargo Bank and Union Bank, and a lease-revenue financing structure between LAC-CAL and the County, which includes twenty-five County-owned properties pledged as collateral to support the LOC. The four LOC agreements, which expire on April 26, 2013, provide credit enhancement to support the issuance of both tax-exempt and taxable Commercial Paper Notes. As of October 1, 2012, $400.0 million of tax-exempt Commercial Paper Notes are outstanding. The Commercial Paper Notes provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Pension Obligations

The County has periodically issued bonds or certificates to fund its UAAL for the retirement benefits of its employees. The obligation of the County to make payments with respect to these bonds and certificates represents an absolute and unconditional obligation imposed by law and is not limited to any special source of funds. In July 2010, the County deposited the final principal payment with the trustee in the approximate amount of $118.5 million, which was used to fund the final debt service payment for its maturing pension obligations on June 30, 2011. The County does not presently have any pension obligation debt authorization.

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and non-profit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2011, approximately $1.4 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund and are subject to annual appropriation. The 2012-13 Adopted Budget contains sufficient appropriations to fund the County's payment obligations in Fiscal Year 2012-13. 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 total assessed valuations increased from 0.081% in 2010 to 0.138% in 2011. The following table provides the ratio of the General Fund's outstanding debt to total assessed valuation over the past ten years.

COUNTY OF LOS ANGELES
DEBT RATIOS - Principal as a percent of total valuation on July 1

Year	Outstanding Principal (1)	Total Assessed Valuation	% of Principal to Valuation
2002	$3,404,067,514	$605,942,874,836	0.562%
2003	3,093,060,550	656,073,063,881	0.471%
2004	2,785,149,946	709,671,759,735	0.392%
2005	2,387,949,433	783,342,364,874	0.305%
2006	1,786,504,365	872,103,795,877	0.205%
2007	1,441,826,104	953,468,123,997	0.151%
2008	1,180,113,183	1,020,346,376,948	0.116%
2009	972,937,056	1,013,549,301,342	0.096%
2010	805,297,030	997,502,481,662	0.081%
2011	1,397,467,754	1,013,260,968,402	0.138%

Source: Los Angeles County Chief Executive Office and Auditor-Controller

Tobacco Bonds

On February [illegible]8, 200[illegible], the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.[illegible] 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 "MSA"). The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS Operating Leases

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate building construction required for the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations decreased to $272.7 million as of October 1, 2012 due to repayment activity in Fiscal Year 2012-13.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2012

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 OCTOBER 1, 2012

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE (1)
AS OF JULY 1, 2012

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2012-13	$ 89,074,891	$ 47,285,396	$ 25,709,969	$ 3,285,646	$ 165,355,902
2013-14	68,090,998	44,036,553	27,324,194	3,347,721	142,799,467
2014-15	70,021,480	50,719,325	26,513,038	3,415,709	150,669,552
2015-16	53,942,057	48,399,607	25,635,249	3,486,084	131,462,996
2016-17	43,951,208	37,421,774	21,865,780	3,554,834	106,793,595
2017-18	40,644,871	30,514,399	16,975,475	3,625,159	91,759,904
2018-19	41,455,314	30,515,050	16,976,475	3,696,640	92,643,479
2019-20	42,286,836	30,517,285	16,965,725	3,773,750	93,543,595
2020-21	42,225,703	30,479,268	16,957,350	3,846,250	93,508,571
2021-22	43,128,172	30,476,286	16,954,300	3,927,000	94,485,758
2022-23	44,068,146	30,471,106	16,951,625	-	91,490,877
2023-24	21,336,851	30,464,064	16,943,875	-	68,744,790
2024-25	21,329,246	30,452,893	16,933,500	-	68,715,639
2025-26	21,324,622	30,446,102	16,929,000	-	68,699,724
2026-27	21,319,857	30,439,103	16,918,875	-	68,677,835
2027-28	21,231,392	30,431,675	16,906,750	-	68,569,817
2028-29	20,926,862	30,422,010	16,905,750	-	68,254,622
2029-30	20,706,986	30,414,175	16,893,613	-	68,014,774
2030-31	20,699,541	30,403,241	9,432,600	-	60,535,382
2031-32	20,692,657	30,393,130	9,431,488	-	60,517,275
2032-33	20,686,831	30,384,573	6,918,000	-	57,989,404
2033-34	20,678,510	30,372,350	6,918,750	-	57,969,610
2034-35	20,671,547	30,362,124	-	-	51,033,671
2035-36	20,663,546	30,350,372	-	-	51,013,918
2036-37	20,654,663	30,337,325	-	-	50,991,988
2037-38	20,647,344	30,326,574	-	-	50,973,919
2038-39	20,637,744	30,312,475	-	-	50,950,219
2039-40	20,630,169	30,301,348	-	-	50,931,518
2040-41	20,621,310	30,288,336	-	-	50,909,647
2041-42	-	-	-	-	-
Total	$ 954,349,355	$ 957,737,920	$ [illegible]	$ 35,958,793	$ 2,328,007,447

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2012

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2012-13	$ 541,827,923	554,930,547	$ 252,834,288	$ 28,050,000	$ 1,377,642,758
2013-14	[illegible]	532,744,907	239,074,099	26,040,000	1,282,732,327
2014-15	[illegible]	[illegible]	223,014,357	23,875,000	1,207,380,029
2015-16	407,533,243	485,326,257	207,011,017	21,550,000	1,121,420,517
2016-17	383,051,657	458,763,096	191,140,940	19,050,000	1,052,005,693
2017-18	[illegible]	442,119,969	178,385,000	16,375,000	1,005,491,064
2018-19	[illegible]	431,723,340	170,020,000	13,520,000	973,152,404
2019-20	[illegible]	420,800,187	161,225,000	10,475,000	939,366,630
2020-21	335,526,942	409,323,738	151,990,000	7,225,000	904,065,679
2021-22	316,534,023	397,383,232	142,290,000	3,740,000	859,947,255
2022-23	287,603,559	384,993,545	132,110,000	-	804,707,104
2023-24	256,372,302	372,118,979	121,425,000	-	749,916,281
2024-25	246,679,815	358,714,914	110,200,000	-	715,594,729
2025-26	236,566,357	344,701,032	98,410,000	-	679,677,389
2026-27	225,981,235	330,002,966	86,020,000	-	642,004,202
2027-28	214,900,089	314,585,019	73,005,000	-	602,490,108
2028-29	203,377,909	298,405,545	59,335,000	-	561,118,455
2029-30	191,606,152	281,428,848	44,965,000	-	518,000,000
2030-31	179,476,720	263,613,280	29,895,000	-	472,985,000
2031-32	166,749,828	244,920,172	21,735,000	-	433,405,000
2032-33	153,395,098	225,304,902	13,170,000	-	391,870,000
2033-34	139,380,124	204,719,876	6,750,000	-	350,850,000
2034-35	124,674,529	183,120,471	-	-	307,795,000
2035-36	109,235,780	160,444,220	-	-	269,680,000
2036-37	93,021,347	136,628,653	-	-	229,650,000
2037-38	75,992,750	111,617,250	-	-	187,610,000
2038-39	58,166,190	85,433,810	-	-	143,600,000
2039-40	39,576,097	58,128,903	-	-	97,705,000
2040-41	20,198,169	29,666,831	-	-	49,865,000
2041-42	-	-	-	-	-

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

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2012

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 13,170,000	$ 13,170,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	1,061,976			$ 1,061,976	
Sheriffs Training Academy	876,686	876,686			
San Fernando Court	1,468,388			1,468,388	
Total 2002 Lease Rev Bonds Ser B	$ 3,407,050	$ 876,686	$ 0	$ 2,530,364	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 769,021	$ 769,021			
Alhambra Courthouse	584,001			$ 584,001	
Burbank Courthouse	757,784			757,784	
Ameron Building (Sheriff Headquarters)	2,498,738	2,498,738			
Biscailuz Center	221,082	221,082			
Emergency Operations Center	1,960,526	1,960,526			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,484,754		$ 1,484,754		
Martin Luther King Medical Center - Trauma Center	6,211,313		6,211,313		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	103,085		103,085		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,384,216		4,384,216		
Rancho Los Amigos Medical Center - Parking Structure	1,636,035		1,636,035		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	687,303		687,303		
San Fernando Valley Juvenile Hall	973,956	973,956			
LAC/USC Medical Center Marengo Street Parking Garage	2,591,340		2,591,340		
LAX Area Courthouse	6,922,405			6,922,405	
San Fernando Valley Courthouse (Chatsworth)	5,482,222			5,482,222	
Harbor Med Center E.P.S.	0		-		
Total 2005 Lease Rev Refg Bonds Ser A	$ 37,267,779	$ [illegible]6,423,323	17,098,046	$ 13,746,411	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,285,64[illegible]				$ 3,285,646
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,194[illegible]			$ 1,194,938	
Lynwood Regional Justice Center	[illegible],390,6[illegible]	10,390,675			
Men's Central Jail - Twin Towers	9,807,225	9,807,225			
Hutton Building - Registrar / Recorder Headquarters	864,475	864,475			
Pomona Municipal Courthouse	1[illegible]00			133,000	
Pitchess Honor Rancho Laundry Expansion	[illegible],500	66,500			
Pitchess Honor Rancho Visitors Center	168,800	168,800			
Mira Loma Men's Medium Security Facility	117,650	117,650			
Temple City Sheriff Station	[illegible]86,450	286,450			
Van Nuys Courthouse	1,[illegible]450			1,185,450	
Total 2006 Lease Rev Refg Bonds Ser A	24,21[illegible],163	$ 21,701,775	$ 0	$ 2,513,388	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courth[illegible]	$ 6,919,806			$ 6,919,806	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 183,412	$ 183,412			
Patriotic Hall Renovation	296,178	296,178			
Olive View Medical Center ER/TB Unit	341,274		$ 341,274		
Olive View Medical Center Seis[illegible]	140,591		140,591		
Harbor/UCLA Surgery/ Eme[illegible]ncy	2,138,582		2,138,582		
Harbor/UCLA Seismic R[illegible]t	329,778		329,778		
Hall of Justice Rehabi[illegible]on	1,529,022	1,529,022			
Total 2010 Multiple [illegible]al Projects I, Seri[illegible]A	$ 4,958,837	$ 2,008,612	$ 2,950,226	$ 0	$ 0
2010 Multiple Capital Projects I, Fe[illegible]ly Taxable[illegible]ries B:					
Coroners Expansion/ Refurbish[illegible]	$ 1,166,023	$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Olive View Medical Center ER/TB Un[illegible]	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)	$ 2,406,721	2,406,721			
2012 Refg COPs: Disney Parking Project	$ 2,392,986	2,392,986			
Total Long-Term Capital Projects	$ 129,549,248	$ 61,749,632	$ 38,804,002	$ 25,709,969	$ 3,285,646
Total Long-Term Obligations	$ 129,549,248	$ 61,749,632	$ 38,804,002	$ 25,709,969	$ 3,285,646
Intermediate-Term Obligations					
Equipment					
2009 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 4,388,000	$ 2,632,800	$ 1,755,200		
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 16,815,488	10,089,293	6,726,195		
Total Equipment	$ 21,203,488	$ 12,722,093	$ 8,481,395	$ 0	$ 0
Taxable Bonds					
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,603,167	$ 14,603,167			
Total Intermediate-Term Obligations	$ 35,806,654	$ 27,325,259	$ 8,481,395	$ 0	$ 0
Total Obligations	$ 165,355,902	$ 89,074,891	$ 47,285,397	$ 25,709,969	$ 3,285,646

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, 2012

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	$ 27,327,758	$ 27,327,758			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	4,572,633			$ 4,572,633	
Sheriffs Training Academy	3,774,814	3,774,814			
San Fernando Court	6,322,553			6,322,553	
Total 2002 Lease Rev Bonds Ser B	$ 14,670,000	$ 3,774,814	$ 0	$ 10,895,186	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 2,491,181	$ 2,491,181			
Alhambra Courthouse	1,706,798			$ 1,706,798	
Burbank Courthouse	3,155,913			3,155,913	
Ameron Building (Sheriff Headquarters)	5,691,191	5,691,191			
Biscailuz Center	505,685	505,685			
Emergency Operations Center	5,421,817	5,421,817			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	4,639,093		$ 4,639,093		
Martin Luther King Medical Center - Trauma Center	25,646,917		25,646,917		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	267,799		267,799		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	16,025,402		16,025,402		
Rancho Los Amigos Medical Center - Parking Structure	5,981,690		5,981,690		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	1,764,925		1,764,925		
San Fernando Valley Juvenile Hall	3,556,848	3,556,84[illegible]			
LAC/USC Medical Center Marengo Street Parking Garage	9,473,353		9,473,353		
LAX Area Courthouse	72,697,978			72,697,978	
San Fernando Valley Courthouse (Chatsworth)	57,573,413			57,573,413	
Harbor Med Center E.P.S.	0		-		
Total 2005 Lease Rev Refg Bonds Ser A	$ 216,600,000	$ [illegible]7,666,721	[illegible] 63,799,179	$ 135,134,101	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 28,050,00[illegible]				$ 28,050,000
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 5,00[illegible]			$ 5,005,000	
Lynwood Regional Justice Center	[illegible],700,0[illegible]	31,700,000			
Men's Central Jail - Twin Towers	[illegible]29,970,000	29,970,000			
Hutton Building - Registrar / Recorder Headquarters	845,000	845,000			
Pomona Municipal Courthouse	1[illegible]00			130,000	
Pitchess Honor Rancho Laundry Expansion	[illegible],000	[illegible]65,000			
Pitchess Honor Rancho Visitors Center	[illegible]165,000	165,000			
Mira Loma Men's Medium Security Facility	115,000	115,000			
Temple City Sheriff Station	[illegible]80,000	280,000			
Van Nuys Courthouse	8[illegible],000			8,680,000	
Total 2006 Lease Rev Refg Bonds Ser A	[illegible] 76,9[illegible],000	$ 63,140,000	$ 0	$ 13,815,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courtho[illegible]	$ 92,990,000			$ 92,990,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,805,955	$ 3,805,955			
Patriotic Hall Renovation	6,145,932	6,145,932			
Olive View Medical Center ER/TB Unit	7,081,718		$ 7,081,718		
Olive View Medical Center Sei[illegible]	2,917,390		2,917,390		
Harbor/UCLA Surgery/ Eme[illegible]cy	44,377,348		44,377,348		
Harbor/UCLA Seismic R[illegible]t	6,843,176		6,843,176		
Hall of Justice Rehabi[illegible]on	31,728,482	31,728,482			
Total 2010 Multiple [illegible]al Projects I, Seri[illegible]A	$ 102,900,000	$ 41,680,368	$ 61,219,632	$ 0	$ 0
2010 Multiple Capital Projects I, Se[illegible]B:					
Coroners Expansion/ Refurbish[illegible]	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Olive View Medical Center ER/TB Un[illegible]	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)	$ 14,000,000	14,000,000			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	50,675,000			
Total Long-Term Capital Projects	$ 1,312,172,758	$ 496,945,923	$ 534,342,548	$ 252,834,288	$ 28,050,000
Total Long-Term Obligations	$ 1,312,172,758	$ 496,945,923	$ 534,342,548	$ 252,834,288	$ 28,050,000
Intermediate-Term Obligations					
Equipment					
2009 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 4,240,000	$ 2,544,000	$ 1,696,000		
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 47,230,000	28,338,000	18,892,000		
Total Equipment	$ 51,470,000	$ 30,882,000	$ 20,588,000	$ 0	$ 0
Taxable Bonds					
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,000,000	$ 14,000,000			
Total Intermediate-Term Obligations	$ 65,470,000	$ 44,882,000	$ 20,588,000	$ 0	$ 0
Total Obligations	$ 1,377,642,758	$ 541,827,923	$ 554,930,548	$ 252,834,288	$ 28,050,000

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

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF OCTOBER 1, 2012

Title	Outstanding Principal	Total Future Payments		2012-13 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 25,547,569	$ 128,430,000		$ 6,585,000
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	14,670,000	16,972,200		3,407,050
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	216,600,000	289,518,477		37,267,779
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	28,050,000	35,958,793		3,285,646
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	55,780,000	60,249,300		1,262,794
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	90,450,000	147,457,400		2,167,678
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	102,900,000	126,143,050		2,479,419
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,309,363,340	(1)	15,762,629
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	12,536,522	13,358,814	(1)	800,583
2012 Refg COPs: Disney Parking Project	50,675,000	74,766,125		1,266,875
Total Long-Term Capital Projects	$ 1,285,214,090	$ 2,202,217,498		$ 74,285,454
Total Long-Term Obligations	$ 1,285,214,090	$ 2,202,217,498		$ 74,285,454
Intermediate-Term Obligations				
Equipment				
2009 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 4,240,000	$ 4,388,000		$ 4,388,000
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	47,230,000	51,534,988		16,815,488
Total Equipment	$ 51,470,000	$ 55,922,988		$ 21,203,488
Taxable Bonds				
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,000,000	$ 14,274,167		$ 14,274,167
Total Intermediate-Term Obligations	$ 65,470,000	$ 70,197,154		$ 35,477,654
Total Obligations	$ 1,350,684,090	$ 2,272,414,652		$ 109,763,108

COPs = Certificates of Participation

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

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

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF [MAY 1, 2012]
Full Cash Value (2011-12): $941,113,340,692 (after deducting $137,535,643,001 redevelopment incremental valuation; including unitary utility valuation)

	Applicable %		Debt as of 5/1/12
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Los Angeles County Flood Control District	100.000 %	$	37,195,000
Metropolitan Water District	48.392		95,112,056
Los Angeles Community College District	100.000		3,504,910,000
Other Community College Districts	Various (1)		1,985,932,860
Arcadia Unified School District	100.000		169,484,793
Beverly Hills Unified School District	100.000		180,084,540
Glendale Unified School District	100.000		170,984,986
Long Beach Unified School District	100.000		536,652,292
Los Angeles Unified School District	100.000		11,282,720,000
Pasadena Unified School District	100.000		271,585,000
Pomona Unified School District	100.000		206,818,331
Santa Monica-Malibu Unified School District	100.000		221,815,034
Torrance Unified School District	100.000		194,008,533
Other Unified School Districts	Various (1)		2,815,197,702
High School and School Districts	Various (1)		1,393,442,524
City of Los Angeles	100.000		1,233,455,000
City of Los Angeles Special Tax Lease Revenue Bonds	100.000		39,340,000
City of Industry	100.000		146,695,000
Other Cities	100.000		86,490,000
Special Districts	100.000		5,575,000
Community Facilities Districts	100.000		801,087,204
Los Angeles County Regional Park & Open Space Assessment District	100.000		170,725,000
1915 Act and Benefit Assessment Bonds - Estimate	100.000		140,764,235
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	25,690,075,090
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			
Los Angeles County General Fund Obligations	**100.000 %**	**$**	**1,487,807,758**
Los Angeles County Office of Education Certificates of Participation	100.000		11,269,678
Community College District Certificates of Participation	Various (2)		70,446,258
Baldwin Park Unified School District Certificates of Participation	100.000		53,215,000
Compton Unified School District Certificates of Participation	100.000		29,560,000
Los Angeles Unified School District Certificates of Participation	100.000		464,152,747
Pomona Unified School District Certificates of Participation	100.000		28,960,000
Other Unified School District Certificates of Participation	Various (2)		150,030,511
High School and School District General Fund Obligations	Various (2)		156,206,201
City of Beverly Hills General Fund Obligations	100.000		220,835,000
City of Los Angeles General Fund and Judgment Obligations	100.000		1,848,570,000
City of Long Beach General Fund Obligations	100.000		203,590,000
City of Long Beach Pension Obligations	100.000		54,520,000
City of Pasadena General Fund Obligations	100.000		487,996,708
City of Pasadena Pension Obligations	100.000		152,265,319
Other Cities' General Fund Obligations	100.000		1,338,582,613
Los Angeles County Sanitation Districts General Fund Obligations	100.000		292,005,646
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	7,050,013,439
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**			**(17,805,422)**
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds			(32,953,944)
Cities' self-supporting bonds			(186,549,498)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,812,704,575
GROSS COMBINED TOTAL DEBT		$	32,740,088,529 (3)
NET COMBINED TOTAL DEBT		$	32,502,779,665

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
(2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2011-12 ASSESSED VALUATION	
Total Direct and Overlapping Tax and Assessment Debt	2.380 %

RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)	
Gross Combined Direct Debt ($1,487,807,758)	**0.160 %**
Net Combined Direct Debt ($1,470,002,336)	**0.160 %**
Gross Combined Total Debt	3.480 %
Net Combined Total Debt	3.450 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $ 0

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2011 Gross Product of $557.5 billion, Los Angeles County's economy is larger than that of 45 states and all but 19 countries. Los Angeles County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. While still working through the effects of a severe recession, the County's economy experienced continued growth in 2011, with an increase of 3.0% in economic output (as measured by Gross Product), a 4.6% increase in personal income and a 5.7% increase in taxable retail sales. The economic recovery is expected to continue in 2012, with several sectors of the local economy experiencing growth.

Los Angeles County's unemployment rate averaged 12.3% in 2011, which represents a modest improvement from its 2010 unemployment rate of 12.6%. In 2012 and 2013, the job market is expected to show continued improvement, with a projected decline in the unemployment rate to 11.5% and 10.8%, respectively. The significant job losses 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 Los Angeles 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) and the expansion of the Bradley International Terminal at the Los Angeles International Airport ("LAX"), have provided continued support to a struggling job market in the County.

In terms of its industrial base, diversity continues to be Los Angeles County's greatest strength, with wholesale and retail trade, 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 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 373,000 workers employed in this sector in 2011. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked sixth largest among world's port facilities.

Quality of Life

Higher Education

Los Angeles County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental and Claremont 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

Los Angeles County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios video game developers, 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. Los Angeles County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

Los Angeles County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, and the Huntington Library. Construction on the new Broad Museum of contemporary art is underway with an expected completion date in 2013. The 3-story structure is located adjacent to the iconic Walt Disney Concert Hall, and will further strengthen and help establish downtown Los Angeles as a premiere cultural destination on the west coast.

Recreation

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

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade and Rose Bowl game, and the

Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, and the Super Bowl.

Population

The County of Los Angeles is the most populous county in the U.S. with over 9.9 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 26.4% of the total population of California. The demographic profile of the County indicates that 47.7% of the population is Hispanic and 52.3% non-Hispanic, of which, 27.8% are White; 13.7% are Asian-Pacific Islander; 8.7% are African American; and 2.5% are other races. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 97 consulates, Los Angeles 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 75.9% of the adult population has a high school diploma or higher, and 29% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

The current economic downturn, which started in late 2007, has affected the entire nation and continues to have a significant adverse impact on the local economy. The unemployment rate climbed to 12.6% in 2010 and decreased slightly to 12.3% in 2011. In comparison, the average unemployment rates for the State of California and the nation in 2011 were 11.7% and [illegible].9%, respectively. The employment situation in the County showed signs of improvement in 2011, with estimated total net job growth of 15,700 among the various sectors of the local economy. In 2012, total non-farm employment is projected to grow by 0.[illegible]% (22,700 jobs), resulting in a lower unemployment rate in the County of 11.5%. Table F details the non-agricultural employment statistics by sector for Los Angeles County from 2007 through 2011.

Personal Income

Total personal income grew in the County by an estimated 4.6% in 2011. The 2011 total personal income of $431 billion represents an estimated 25.6% of the total personal income generated in California. The Los Angeles Economic Development Corporation ("LAEDC") is projecting continued growth in personal income of 3% for 2012 and 2013. Table C provides a summary of the personal income statistics for Los Angeles County from 2007 through 2011.

Consumer Spending

Los Angeles County is a national leader in consumer spending. As reported by LAEDC, the County experienced a 4.8% increase in taxable retail sales in 2011, with continued growth of 6.1% projected for 2012. The $88.7 billion of taxable retail sales in the County in 2011 represents over 24.9% of the total retail sales in California. Table D provides a summary of taxable retail sales activity in Los Angeles County from 2007 through 2011.

Industry

With an estimated annual economic output of $557.5 billion in 2011, Los Angeles County continues to rank among the world's largest economies. Its 2011 Gross Product represents approximately 28.5% of the total economic output in California and 3.8% 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 Los Angeles County from 2007 through 2011.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, Los Angeles 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 a steady increase from 2001 to 2008, resulting in a record level of $355.8 billion in 2008. In 2010, the LACD handled approximately $346.8 billion worth of international trade, which represents a 22.6% increase from 2009 and a significant improvement from the 20.5% decrease in the value of trade that occurred from 2008 to 2009. With the strong performance of the LACD in 2010, the value of two-way trade recovered close to the record level attained in 2008. In 2011, the LACD handled approximately $38[illegible] billion worth of international trade, which represents a [illegible].5% increase compared to 2010. With the strong performance of the LACD in 2011, the value of two-way trade has surpassed the previous record level attained in 2008 by 8.3%. Based on the latest LAEDC projections, international trade is expected to exceed $400 billion this year and continue to grow in 2013. The LACD maintained its ranking as the top customs district in the nation for international trade in 2011, with China, Japan, South Korea, Taiwan and Thailand being the top trading partners. The LAEDC has projected an increase of 3.2% for 2012 in the value of international trade handled through the LACD.

Transportation/Infrastructure

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

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the sixth busiest airport in the world and third in the United States for passenger traffic. In 2011, LAX served 61.8 million passengers, representing a 4.73% increase from the previous year. The 1.8 million tons of air cargo handled at LAX in 2011, and the corresponding value of $80 billion, represents a decrease of 3.8% and 4.8%, respectively from the 2010 levels. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been the fastest growing port facility in the United States, and the two ports are reported by LAEDC to be the busiest port complex in the U.S. and western hemisphere, and the eighth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. In 2011, the port complex experienced a 1% decrease in the volume of cargo from 2010, but is projected to return to steady growth in 2012 and 2013.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2011, it was ranked as the busiest container port in the United States for the twelfth consecutive year, and the sixteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 25 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2011, the Port handled over 7.9 million TEUs, which represents a 1.4% increase in container volume from 2010.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the eighteenth busiest in the world in 2011. The Port of Long Beach covers over 3,200 acres with 10 separate piers. In 2011, the port handled over 6.1 million TEUs of container cargo, which represents a decrease of 3.2% from 2010. The decrease in activity was attributed to the loss of one of its seven container terminal customers (Hyundai).

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for Los Angeles County. The Fiscal Year 2011-12 operating budget for the MTA is $4.15 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 2011, the Los Angeles region hosted a record high 26.9 million overnight visitors, representing a 4.2% increase from 2010. The newly built hotels in downtown 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 2011, with tourists and business travelers spending $15.2 billion (as reported by the Bureau of Economic Analysis), representing a significant increase of 8% from 2010. The new convention center hotel and the higher number of conferences scheduled for 2012 as well as the opening of the Broad Museum and Space Shuttle Endeavor Exhibit at the California Science center in 2013 will help facilitate continued growth in this sector of the local economy.

Real Estate and Construction

The residential housing market in Los Angeles County experienced a significant downturn starting in late 2007. The average annual median price for new and existing homes decreased by nearly 41% from a peak of $532,281 in 2007 to a cyclical low of $316,363 in 2011. In 2009, the real estate market began to stabilize and showed signs of recovery in 2010, with the average median home price increasing by over 4.3% from $321,550 in 2009 to $335,363 in 2011. Based on an analysis of more recent trends in 2011, it appears that a recovery in the housing market is not progressing. Despite historically low mortgage rates, the volume of home sales decreased by 4% from 77,313 in 2010 to 74,216 in 2011; and the average median home price decreased to $306,057 in the fourth quarter of 2011. However, other positive trends suggest a more stable housing market, as the Notices of Default Recorded decreased by 6% from 68,603 in 2010 to 64,490 in 2011; and the number of foreclosures decreased by 7.5% from 30,907 in 2010 to 28,590 in 2011.

The non-residential real estate sector experienced mixed results in 2011. The total non-residential building valuation of $2.593 billion in 2011 represents a decrease of 3.0% from the $2.674 billion reported in 2010. Construction lending experienced a significant increase of 53.0% from $2.128 billion in 2010 to $3.258 billion in 2011. Office market vacancy rates were unchanged from 2010 to 2011 at 17.0%, and industrial market vacancy rates experienced slight improvement from 3.2% in 2010 to 2.9% in 2011.

Despite the severe downturn in the housing market from 2007 to 2011, Los Angeles 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 2012-13, the Los Angeles County Assessor reported a Net Local Roll of $1.068 trillion, which represented a 1.14% increase from the Net Local Roll of $1.056 trillion in Fiscal Year 2011-12.

GROSS PRODUCT

POPULATION LEVELS

TOTAL PERSONAL INCOME

TAXABLE RETAIL SALES

UNEMPLOYMENT RATES

AVERAGE ANNUAL EMPLOYMENT

SUMMARY OF AIRPORT AND PORT ACTIVITY

VALUE OF INTERNATIONAL TRADE AT MAJOR U.S. CUSTOMS DISTRICTS

TOTAL TONNAGE OF MAJOR WEST COAST PORTS

INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS

REAL ESTATE AND CONSTRUCTION INDICATORS

BUILDING PERMITS AND VALUATIONS

LARGEST PRIVATE SECTOR EMPLOYERS

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

	2007	2008	2009	2010	2011
Los Angeles County	$535,588	$548,598	$530,021	$543,740	$557,500
State of California	1,874,794	1,911,720	1,847,044	1,901,072	1,958,900
United States	14,029,000	14,291,500	13,939,000	14,526,500	15,094,000
Los Angeles County as a % of California	28.57%	28.70%	28.70%	28.60%	28.46%

Source: Los Angeles Economic Development Corporation - 2012-13 Mid-Year Economic Forecast and Industry Outlook July 2012

TABLE B: POPULATION LEVELS

	2007	2008	2009	2010	2011
Los Angeles County	9,773,900	9,797,000	9,805,000	9,827,000	9,858,000
State of California	36,186,000	36,538,000	36,888,000	37,319,000	37,579,000
Los Angeles County as a % of California	27.01%	26.81%	[illegible]	26.33%	26.23%

Source: Los Angeles Economic Development Corporation - 2012-2013 Mid-Year Economic Forecast and Industry Outlook July 2012

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

	2007	2008	2009	2010	2011
Los Angeles County	$400,400	[illegible]	$395,000	$410,700	$431,600
Orange County	[illegible]	[illegible]	148,400	152,600	159,300
Riverside and San Bernardino Counties	[illegible]	[illegible]	123,000	125,800	131,100
Ventura County	[illegible]	37,500	36,900	37,700	39,300
State of California	[illegible]	1,604,200	1,567,000	1,590,300	1,681,900
Los Angeles County as a % of California	25.56%	26.03%	25.21%	25.83%	25.66%

Source: Los Angeles Economic Development Corporation - 2012-2013 Mid-Year Economic Forecast and Industry Outlook July 2012

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

	2007	2008	2009	2010	2011
Los Angeles County	$96,100	$89,800	$78,400	$82,200	$88,600
State of California	387,000	357,300	311,200	327,900	354,500
Los Angeles County as a % of California	24.83%	25.13%	25.19%	25.07%	24.99%

Source: Los Angeles Economic Development Corporation - 2012-2013 Mid-Year Economic Forecast and Industry Outlook July 2012

TABLE E: UNEMPLOYMENT RATES

	2007	2008	2009	2010	2011
Los Angeles County	5.1%	7.5%	11.6%	12.6%	12.3%
State of California	5.2%	7.2%	11.3%	12.4%	11.7%
United States	4.6%	5.8%	9.3%	9.6%	9.0%

Source: Los Angeles Economic Development Corporation - 2012-2013 Mid-Year Economic Forecast and Industry Outlook July 2012

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

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2007	2008	2009	2010	2011
Government	595.7	603.7	595.8	579.6	565.2
Wholesale & Retail Trade	653.0	640.2	591.5	589.3	598.1
Health Care & Social Assistance	389.7	400.7	404.6	410.9	417.0
Manufacturing	449.2	434.4	389.1	373.2	365.4
Leisure & Hospitality	397.9	401.6	385.6	384.8	392.8
Professional, Scientific & Technical Services	273.9	269.6	250.2	245.6	253.7
Administrative & Support Services	263.7	247.0	215.9	219.6	223.0
Information	209.8	210.3	191.2	191.5	195.6
Transportation & Utilities	165.6	163.1	151.2	150.6	149.9
Finance & Insurance	163.6	153.9	142.3	137.8	137.5
Construction	157.6	145.2	117.3	104.5	103.5
Educational Services	102.9	105.1	110.1	111.1	117.7
Real Estate	80.3	79.4	73.8	71.7	71.9
Management of Enterprises	58.8	56.7	54.4	53.2	54.4
Other	147.1	[illegible]	137.9	136.7	135.0
Total	4,108.8	[illegible]	[illegible]	3,760.1	3,780.7

Source: Los Angeles Economic Development Corporation - 2012-2013 Mid-Year Economic Forecast and Industry Outlook July 2012

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

Type of Activity	2007	2008	2009	2010	2011
International Air Cargo (Tons)					
Los Angeles International Airport	[illegible]	996.5	916.0	1,125.2	1,080.7
As Percentage of Total Air Cargo	[illegible]	55.47%	55.05%	58.40%	58.30%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,077.5	1,796.5	1,663.9	1,926.8	1,853.7
Bob Hope Airport (Burbank)	53.7	42.9	44.4	48.1	49.1
Total	2,131.3	1,839.4	1,708.2	1,974.9	1,902.8
International Air Passengers					
Los Angeles International Airport	17,663.8	16,684.8	15,100.9	15,936.0	16,731.3
As Percentage of Total Passengers	28.29%	27.89%	26.72%	26.98%	27.05%
Total Air Passengers					
Los Angeles International Airport	62,438.6	59,820.8	56,520.9	59,070.1	61,862.5
Bob Hope Airport (Burbank)	5,921.3	5,331.4	4,588.4	4,461.3	4,301.6
Total	68,359.9	65,152.2	61,109.3	63,531.4	66,164.1
Container Volume (TEUs)					
Port of Los Angeles	8,355.0	7,850.0	6,749.0	7,831.9	7,940.5
Port of Long Beach	7,312.5	6,487.8	5,067.6	6,263.5	6,061.1
Total	15,667.5	14,337.8	11,816.6	14,095.4	14,001.6

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Port of Los Angeles - Statistics; Port ofLong Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)					
Customs District	**2007**	**2008**	**2009**	**2010**	**2011**
Los Angeles, CA	$347,300	$355,800	$282,900	$346,800	$386,700
New York, NY	323,600	353,400	266,700	$326,500	$387,800
Detroit, MI	248,900	236,400	170,800	$219,000	$243,000
Houston, TX	184,700	242,100	165,800	$211,500	$264,600
New Orleans, LA	172,700	214,200	149,800	$191,500	$230,800
Laredo, TX	166,400	173,300	146,000	$184,500	$214,500
Chicago, IL	132,900	153,300	127,800	$160,700	$176,100
Seattle, WA	119,400	120,400	101,500	$111,100	$128,200
Savannah, GA	93,400	101,000	87,200	$108,900	$126,000
San Francisco, CA	111,700	114,100	86,400	$107,300	$119,100

Source: Los Angeles Economic Development Corporation - 2012-2013 Mid-Year Economic Forecast and Industry Outlook July 2012

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)					
Port	**2007**	**2008**	**2009**	**2010**	**2011**
Los Angeles-Long Beach, CA	211,747	[illegible]	[illegible]	193,591	199,509
Tacoma, WA	33,753	[illegible]	28,701	27,507	28,428
Seattle, WA	29,514	[illegible]	25,070	31,337	29,856
Oakland, CA	29,449	[illegible]	27,872	29,475	30,285
Portland, OR	23,167	21,683	16,348	19,661	19,140
Kalama, WA	9,624	12,320	9,065	11,653	11,570
San Diego, CA	6,548	5,557	3,506	4,074	4,287
Vancouver, WA	[illegible]	5,903	5,135	6,110	6,198
Port Hueneme	[illegible]	[illegible]	2,998	3,356	4,095

Source: Los Angeles Economic Development Corporation - 2012 International Trade Report May 2012

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)					
Port	**2007**	**2008**	**2009**	**2010**	**2011**
Los Angeles-Long Beach, CA	15,667	14,338	11,817	14,095	14,002
New York, NY	5,299	5,265	4,562	5,292	5,503
Savannah, GA	2,604	2,616	2,357	2,825	2,945
Oakland, CA	2,388	2,236	2,045	2,330	2,343
Houston, TX	1,772	1,795	1,797	1,812	1,866
Norfolk, VA	2,128	2,083	1,745	1,895	1,918
Charleston, SC	1,754	1,636	1,368	1,280	1,380
Seattle, WA	1,974	1,704	1,585	2,140	2,034
Tacoma, WA	1,403	1,861	1,546	1,455	1,489

Source: Los Angeles Economic Development Corporation - 2012 International Trade Report May 2012

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

Indicator	2007	2008	2009	2010	2011
1. Construction Lending (in millions)	$ 6,886	$ 3,520	$ 2,465	$ 2,128	$ 3,258
2. Residential Purchase Lending (in millions)	$ 38,388	$ 22,256	$ 22,111	$ 22,491	$ 20,469
3. New & Existing Median Home Prices	$ 532,281	$ 397,474	$ 321,550	$ 335,363	$ 316,469
4. New & Existing Home Sales	74,917	65,278	81,072	77,313	74,216
5. Notices of Default Recorded	53,414	84,806	105,433	68,603	64,690
6. Unsold New Housing (at year-end)	4,273	3,117	1,629	1,997	1,517
7. Office Market Vacancy Rates	9.7%	12.2%	16.0%	17.0%	17.0%
8. Industrial Market Vacancy Rates	1.5%	2.2%	3.3%	3.2%	2.9%

Source: Real Estate Research Council of Southern California - 2nd Quarter 2012

TABLE L: BUILDING PERMITS AND VALUATIONS

	2007	2008	2009	2010	2011
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	7,509	5,539	2,[illegible]	2,439	2,370
b. Multi-Family	12,854	10,16[illegible]	3,522	5,029	8,033
Total Residential Building Permits	20,363	1[illegible]04	5,653	7,468	10,403
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	2,048	1,134	$ 798	$ 922	$ 1,032
b. Multi-Family	2,[illegible]	1,409	522	811	1,222
c. Alterations and Additions	[illegible]898	1,411	1,073	1,110	1,122
Residential Building Valuations Subtotal	$ 5,956	$ 3,954	$ 2,393	$ 2,843	$ 3,376
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 716	$ 446	$ 192	$ 133	$ 156
b. Retail Buildings	493	469	222	263	223
c. Hotels and Motels	343	256	11	28	24
d. Industrial Buildings	109	135	40	56	136
e. Alterations and Additions	2,005	2,158	1,658	1,662	1,774
f. Other	230	1,275	2,368	532	280
Non-Residential Building Valuations Subtotal	$ 3,896	$ 4,739	$ 4,491	$ 2,674	$ 2,593
Total Building Valuations (in millions)	$ 9,852	$ 8,693	$ 6,884	$ 5,517	$ 5,969

Source: Real Estate Research Council of Southern California - 2nd Quarter 2012

DRAFT

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

Company (in order of 2011 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1 Kaiser Permanente	Health Care Provider	Oakland, CA	33,600	164,098
2 Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	21,000	75,000
3 University of Southern California	Education-Private University	Los Angeles, CA	16,180	16,180
4 Target Corp.	Retailer	Minneapolis, MN	15,000	355,000
5 Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
6 Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	12,068	N/A
7 Bank of America Corp.	Banking and Financial Services	Charlotte, NC	12,000	N/A
8 Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	11,520	165,442
9 Providence Health & Services	Health Care	Renton, WA	10,616	N/A
10 The Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,250	300,000
11 Vons	Grocery Retailer	Pleasanton, CA	10,152	25,680
12 Wells Fargo	Diversified Financial Services	San Francisco, CA	9,723	275,000
13 Edison International	Electric Utility	Rosemead, CA	9,171	20,117
14 AT&T Inc.	Telecommunications	Dallas, TX	8,500	260,690
15 California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,400	8,400
16 ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,300	96,000
17 FedEx Corp.	Shipping and Logistics	Memphis, TN	8,000	290,000
18 Catholic Healthcare West	Hospitals	San Francisco, CA	7,192	55,000
19 JP Morgan Chase	Banking and Financial Services	New York, NY	6,500	250,095
20 Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,200	17,100
21 Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,605	159,913
22 American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	5,000	11,300
23 Toyota Motor Sales U.S.A. Inc	Auto Manufacturer	Torrance, CA	4,914	29,089
24 UPS	Transportation and Freight	Atlanta, GA	4,761	400,600
25 99 Cents Only Stores	Retailer	Los Angeles, CA	4,503	12,600

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - September 2011

APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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 2012 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2012 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2012 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 2012 Bonds. The Series 2012 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 2012 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 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 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 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 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 2012 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 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2012 Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, proposes to render its final opinion in substantially the following form:

Los Angeles County Public Works Financing Authority
Los Angeles, California

Los Angeles County Public Works Financing Authority
Lease Revenue Bonds (Multiple Capital Projects II), Series 2012

Ladies and Gentlemen: