COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

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JOSEPH KELLY
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November 18, 2014

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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 November 25, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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)
(ALL DISTRICTS) (4 VOTES)

SUBJECT

The Treasurer and Tax Collector is seeking authorization to issue up to $200 million of lease revenue bonds to finance multiple capital projects. Proceeds from the sale of the bonds will be utilized to finance capital expenditures (including the redemption of outstanding commercial paper and lease revenue notes issued to fund project costs) related to the construction of the San Fernando Valley Family Support Center and the Manhattan Beach Library.

The financing will be structured using tax-exempt lease revenue bonds with level debt service payments over a maximum 30-year amortization period. Consistent with prior long-term debt financings, the size of the transaction will be adjusted at the time of sale to generate sufficient proceeds to finance total construction costs, establish a debt service reserve fund and to provide for the costs of issuance related to the sale of the bonds.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt the resolution authorizing: a) the issuance and sale of tax-exempt lease revenue bonds with a not to exceed par amount of $200 million to finance capital improvement projects; 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 November 6, 2014 in accordance with Section 6586.5 of the California Government Code.

IT IS RECOMMENDED THAT YOUR 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 tax-exempt lease revenue bonds with a not to exceed par amount of $200 million to finance capital improvement projects; 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) (the “Bonds”) and the execution and delivery of all related documents. The proceeds from the sale of the Bonds will be used to finance construction of the San Fernando Valley Family Support Center and the Manhattan Beach Library (the “Projects”).

In order to avoid the cost of capitalized interest and minimize financing costs, the County expects to pledge one or more existing real property assets with beneficial use and occupancy as collateral under the lease revenue structure. The assets currently identified for this purpose are the Civic Center Heating & Refrigeration Plant, the Internal Services Department Headquarters, and potentially the Manhattan Beach Library. Following substantial completion of the financed Projects, there will be an opportunity to release the original pledged assets and structure a new lease using just the Projects. This type of bond structure is commonly referred to as an “asset transfer” and is used as a means to avoid the high cost of capitalized interest.

Based on current capital expenditure needs, a total of $182,673,000 of project costs will be financed with bond proceeds. Of this amount, approximately $168.5 million will be in relation to the San Fernando Valley Family Support Center and $14.1 million in relation to the Manhattan Beach Library. The financing is expected to refund approximately $90 million of outstanding commercial paper and lease revenue notes (collectively, the “Lease Revenue Notes”) and reimburse $4 million of prior County expenditures. The remaining $89 million of bond proceeds will be allocated to future capital expenditures necessary to complete the Projects.

The refunding of the Lease Revenue Notes with proceeds from the issuance of long-term bonds is an important component of the County’s ongoing capital financing strategy. The $600 million Lease Revenue Note Program (the “Note Program”) provides a cost-effective short-term financing mechanism utilized by the County to provide the initial funding for capital projects. Given the

County's substantial construction needs, redemption of the Lease Revenue Notes will free up additional capacity in the Note Program to fund new capital projects. Upon redemption of the Lease Revenue Notes, the County will have approximately $345 million of remaining capacity in the Note Program to provide the initial financing for new capital expenditures.

A summary description of the Projects is provided below:

San Fernando Valley Family Support Center
The San Fernando Valley Family Support Center will be located on a 6.78 acre County-owned parcel and is designed to provide an efficient service delivery model for families requiring access to multiple County services. The new facility will include office space and facilitate the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services, and Probation. The project involves the demolition of existing County facilities and includes the construction of a new five-story office building with 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces.

Manhattan Beach Library
The Manhattan Beach Library project includes the replacement of a single-story 12,188 square foot County library with a new two-story 21,500 square foot library located on County-owned property within the Manhattan Beach City Civic Center. The new library will include a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways, and security lighting.

<u>Implementation of Strategic Plan Goals</u>

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness/Fiscal Sustainability through the use of cost-effective financing to facilitate ongoing capital investment that will enhance the delivery of essential government services.

<u>FISCAL IMPACT/FINANCING</u>

Based on current market conditions, the County expects to issue the Bonds in an aggregate par amount of approximately $165 million and generate an additional $23 million of proceeds through bond premium. The proceeds will be allocated to the project fund in the estimated amount of $183 million, with the remaining $5 million of proceeds allocated to finance a debt service reserve fund and to pay the costs of issuance related to the sale of the Bonds.

Current Market Conditions
The proposed timing of this financing is very beneficial to the County due to the continuation of historically low interest rates and highly favorable conditions in the municipal bond market. It is the objective of the Treasurer and Tax Collector (the "Treasurer") to be ready to price the Bonds shortly after receiving approval from your Board.

Estimated Borrowing Costs
The Resolutions being presented to your Board require the Bonds to be issued at a true interest cost not to exceed 6.0 percent. Given the current interest rate environment, it is expected that actual borrowing costs will be significantly lower and should result in a true interest cost to the County of approximately 4.0 percent. The Treasurer is recommending that the Bonds be structured with level

debt service payments over a 30-year amortization period commencing in 2015. Based on the County's strong credit profile and current market conditions, the proposed structure will result in average annual debt service payments of approximately $11 million. The actual debt service payments will depend on market conditions at the time of sale and will be divided pro-rata between the Projects.

The annual debt service associated with the San Fernando Valley Family Support Center is estimated at approximately $10 million and will be billed to the tenant departments. It is expected that 66% of this debt service will be funded with State and Federal subvention, while the remaining 34% will be absorbed as net County cost. Annual debt service on the Manhattan Beach Library is estimated at approximately $1 million and will be funded with the special tax collected from Manhattan Beach property owners in support of County public libraries.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County intends to issue the Bonds through the Los Angeles County Public Works Financing Authority (the "Authority") using a standard lease revenue structure. In this structure, the County leases the pledged assets to the Authority through a lease agreement, and the Authority leases the same pledged assets back to the County through a sublease agreement. The Bonds are secured by annual base rental payments from the County to the Authority, which are subject to annual appropriation by your Board.

Financing Team
Given the relative complexity of a large lease revenue bond financing, the Treasurer is recommending that the sale of the Bonds be conducted on a negotiated basis. Barclays has been selected as the senior managing underwriter, Public Resources Advisory Group has been appointed as the financial advisor for this transaction, and Orrick, Herrington & Sutcliffe LLP will serve as bond counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The issuance and sale of the Bonds will help ensure the completion of essential capital projects, which will serve to enhance and facilitate the delivery of vital government services.

CONCLUSION

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

Respectfully submitted,

Joseph Kelly

Acting Treasurer and Tax Collector

JK:GB:DB:pabPb/b
rdltr/2014 PWFA
LRBs

Enclosures

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

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY BY THE COUNTY OF A MASTER SITE LEASE, A MASTER SUBLEASE, A MASTER INDENTURE, A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE CERTIFICATE IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS, IN ONE OR MORE SERIES OR SUBSERIES, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE AMOUNT OF NOT TO EXCEED $200,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, pursuant to a Second Amended and Restated Trust Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), 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 (the "Projects"); and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the Corporation and the County entered into a Second Amended and Restated Site Lease, dated as of April 1, 2013 (the "Commercial Paper Site Lease"), and a Second Amended and Restated Sublease, dated as of April 1, 2013 (the "Commercial Paper Sublease"); and

WHEREAS, the County desires to provide long-term financing for a 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, in order to refinance and/or finance the Projects, the County will lease certain real property owned by the County, including the improvements thereto, consisting of the Los Angeles County Civic Center Heating and Refrigeration Plant, the Internal Services Department Headquarters and/or the Manhattan Beach Library (collectively, the "Property"), to the Los Angeles County Public Works Financing Authority (the "Authority") pursuant to a Master Site Lease (the "Site Lease"), and sublease the Property back from the Authority pursuant to a Master Sublease (the "Sublease"); and

WHEREAS, in order to provide the funds necessary to refinance and/or finance the Projects, the Authority and the County desire to provide for the issuance of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, in one or more series or subseries (collectively, the "Series 2014 Bonds"), in the aggregate principal amount of not to exceed

$200,000,000, pursuant to a Master Indenture (the "Indenture"), by and among the Authority, the County and a corporate trustee as selected by the Treasurer and Tax Collector of the County or any authorized deputy thereof (collectively, the "County Treasurer"), as trustee (the "Trustee"), payable from the base rental payments to be made by the County pursuant to the Sublease and the other assets pledged therefor under the Indenture; and

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

WHEREAS, the Series 2014 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, Barclays Capital Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC and such other co-underwriters as may be selected by the County Treasurer and the Treasurer of the Authority prior to the sale of the Series 2014 Bonds (collectively, the "Underwriters"), has submitted to the Authority and the County a proposal to purchase the Series 2014 Bonds in the form of a Bond Purchase Agreement (the "Bond Purchase Agreement"); and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Series 2014 Bonds, the underwriters thereof must have reasonably determined that the County has undertaken in a written agreement or contract for the benefit of the holders of the Series 2014 Bonds to provide disclosure of certain financial information and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the County desires to execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); 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 2014 Bonds has been prepared; and

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

WHEREAS, on November 6, 2014, the Office of the Treasurer and Tax Collector of the County 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 432, 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 *Daily Journal*, a newspaper of general circulation in the County; and

WHEREAS, the Board of Supervisors of the County (the "Board of Supervisors") has been presented with the form of each document referred to herein relating to the actions contemplated hereby, and the Board of Supervisors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such 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 County 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, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

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

Section 2. The Board of Supervisors, on behalf of the County, hereby finds that the use of the Act to assist the County in financing the Project will result in significant public benefits to the citizens of the County because it is expected that such use will provide demonstrable savings in effective interest rate costs.

Section 3. The form of the Site Lease, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Mayor of the Board of Supervisors, and such other member of the Board of Supervisors as the Mayor may designate, the County Treasurer, and such other officer or employee of the County as the County Treasurer may designate (collectively, the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Site Lease 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 4. The form of the Sublease, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Sublease 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 amount of the principal portions of the base rental payments payable under the Sublease shall not exceed $200,000,000, the term of the Sublease shall not exceed 31 years (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 shall not exceed 6.00% per annum.

Section 5. The form of the Indenture, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the 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 2014 Bonds shall not exceed $200,000,000, the final maturity date of the Series 2014 Bonds shall be no later than the date which is 31 years from the date of the Series 2014 Bonds and the true interest cost applicable to the Series 2014 Bonds shall not exceed 6.00% per annum.

Section 6. The issuance of not to exceed $200,000,000 aggregate principal amount of Series 2014 Bonds, in one or more series or subseries, in the principal amounts, bearing interest at the rates and maturing on the dates as specified in the Indenture as finally executed, is hereby approved.

Section 7. The form of the Bond Purchase Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the 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 2014 Bonds shall not exceed 0.50% of the aggregate principal amount of the Series 2014 Bonds.

Section 8. The form of Continuing Disclosure Certificate, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Continuing Disclosure Certificate 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 9. The form of Preliminary Official Statement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, 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 2014 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 10. The preparation and delivery of an Official Statement, and its use by the Underwriters in connection with the offering and sale of the Series 2014 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.

Section 11. If upon the review of title reports and other matters relating to the real property consisting of the Los Angeles County Civic Center Heating and Refrigeration Plant, the Internal Services Department Headquarters and/or the Manhattan Beach Library, one or more of such sites is shown to have an encumbrance or attribute that would affect the marketing of the

Series 2014 Bonds or it is otherwise determined that the use of one or more of such sites as a leased asset is not in the best interest of the County as determined by an Authorized Officer, the Authorized Officers are each hereby authorized to select one or more alternative County-owned sites and related facilities from the real property assets currently subject to the Commercial Paper Site Lease and the Commercial Paper Sublease aggregating a similar total value that may be released from the Commercial Paper Site Lease and the Commercial Paper Sublease to constitute all or a portion of the Property to be leased under the Site Lease and the Sublease.

Section 12. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, providing for the right to re-enter and re-let the Property as a remedy under the Sublease during the continuance of an Event of Default (as defined in the Sublease) thereunder if it is determined to be in the best interests of the County.

Section 13. All actions heretofore taken by the officers, employees and agents of the County with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 14. This Resolution shall take effect from and after its date of adoption by a four-fifths vote of the Board of Supervisors.

The foregoing Resolution was on the 25th day of November, 2014, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

COUNTY OF LOS ANGELES
CALIFORNIA

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

By: ______________________
Deputy

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By: ______________________
Principal Deputy County Counsel

EXHIBIT A

DESCRIPTION OF PROJECTS

1. ***San Fernando Valley Family Service Center.*** The San Fernando Valley Family Service Center will be located on a 6.78 acre County-owned property and is designed to provide an efficient service delivery model for families requiring access to multiple government services. The new facility will include office space and facilitate the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services, and Probation. The project involves the demolition of existing County facilities and includes the construction of a new five-story office building with approximately 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces.

2. ***Manhattan Beach Library.*** The Manhattan Beach Library project includes the replacement of a single-story 12,188 square foot County library with a new two-story approximate 21,500 square foot library located on County-owned property within the Manhattan Beach City Civic Center. The new library will include a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways, and security lighting.

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 MASTER SITE LEASE, A MASTER SUBLEASE, A MASTER INDENTURE AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS, IN ONE OR MORE SERIES OR SUBSERIES, APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE AMOUNT OF NOT TO EXCEED $200,000,000, 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 a Second Amended and Restated Trust Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), 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 (the "Projects"); and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the Corporation and the County entered into a Second Amended and Restated Site Lease, dated as of April 1, 2013 (the "Commercial Paper Site Lease"), and a Second Amended and Restated Sublease, dated as of April 1, 2013 (the "Commercial Paper Sublease"); and

WHEREAS, the County desires to provide long-term financing for a 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, in order to refinance and/or finance the Projects, the County will lease certain real property owned by the County, including the improvements thereto, consisting of the Los Angeles County Civic Center Heating and Refrigeration Plant, the Internal Services Department Headquarters and/or the Manhattan Beach Library (collectively, the "Property"), to the Los Angeles County Public Works Financing Authority (the "Authority") pursuant to a Master Site Lease (the "Site Lease"), and sublease the Property back from the Authority pursuant to a Master Sublease (the "Sublease"); and

WHEREAS, in order to provide the funds necessary to refinance and/or finance the Projects, the Authority and the County desire to provide for the issuance of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, in one or more series or subseries (collectively, the "Series 2014 Bonds"), in the aggregate principal amount of not to exceed $200,000,000, pursuant to a Master Indenture (the "Indenture"), by and among the Authority, the County and a corporate trustee selected by the Treasurer and Tax Collector of the County or any authorized deputy thereof (collectively, the "County Treasurer"), as trustee (the "Trustee"), payable from the base rental payments to be made by the County pursuant to the Sublease and the other assets pledged therefor under the Indenture; and

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

WHEREAS, the Series 2014 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, the Board of Directors of the Authority (the "Board of Directors") has determined that securing the timely payment of the principal of and interest on the Series 2014 Bonds by obtaining a municipal bond insurance policy and/or a reserve surety policy or bond with respect thereto could be economically advantageous to the Authority; and

WHEREAS, Barclays Capital Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC and such other co-underwriters as may be selected by the County Treasurer and the Treasurer of the Authority prior to the sale of the Series 2014 Bonds (collectively, the "Underwriters"), has submitted to the Authority and the County a proposal to purchase the Series 2014 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 2014 Bonds has been prepared; and

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

WHEREAS, on November 6, 2014, the Office of the Treasurer and Tax Collector of the County held a public hearing on the financing of the Projects in accordance with Section 6586.5 of the Act, which hearing was held at the Treasurer and Tax Collector Executive Conference Room, Room 432, 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 *Daily Journal*, a newspaper of general circulation in the County; and

WHEREAS, the Board of Directors of the Authority (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 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 Site Lease 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 3. The form of the 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 Sublease 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 amount of the principal portions of the base rental payments payable under the Sublease shall not exceed $200,000,000, the term of the Sublease shall not exceed 31 years (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 shall not exceed 6.00% per annum.

Section 4. Subject to the provisions of Section 5 hereof, the issuance of the Series 2014 Bonds, in one or more series or subseries, in an aggregate principal amount of not to exceed $200,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Series 2014 Bonds shall be dated, shall bear interest at the rates, shall mature on the date or dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 5. The form of the Indenture, 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 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 2014 Bonds shall not exceed $200,000,000, the final maturity date of the Series 2014 Bonds shall be no later than the date which is 31 years from the date of the Series 2014 Bonds and the true interest cost applicable to the Series 2014 Bonds shall not exceed 6.00% per annum.

Section 6. The form of the Bond Purchase Agreement, submitted to and on file with the Secretary of the Board of Directors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes 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 2014 Bonds shall not exceed 0.50% of the aggregate principal amount of the Series 2014 Bonds.

Section 7. 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 2014 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the Authority that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 8. The preparation and delivery of an Official Statement, and its use by the Underwriters in connection with the offering and sale of the Series 2014 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.

Section 9. If upon the review of title reports and other matters relating to the real property consisting of the Los Angeles County Civic Center Heating and Refrigeration Plant, the Internal Services Department Headquarters and/or the Manhattan Beach Library, one or more of such sites is shown to have an encumbrance or attribute that would affect the marketing of the Series 2014 Bonds or it is otherwise determined that the use of one or more of such sites as a leased asset is not in the best interest of the County, the Authorized Officers are each hereby authorized to approve one or more alternative County-owned sites and related facilities selected by the County aggregating a similar total value to constitute all or a portion of the Property to be leased under the Site Lease and the Sublease.

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, including, without limitation, applying for, and negotiating the terms of, municipal bond insurance and/or a reserve surety policy or bond (and any contract or mutual insurance agreement for such insurance or surety) for all or a portion of the Series 2014 Bonds if such insurance or surety is determined to be in the best interests of the Authority.

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 ____ day of ________, 2014, 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: ______________________________
Deputy

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By: ______________________________
Principal Deputy County Counsel

EXHIBIT A

DESCRIPTION OF PROJECTS

1. ***San Fernando Valley Family Service Center.*** The San Fernando Valley Family Service Center will be located on a 6.78 acre County-owned property and is designed to provide an efficient service delivery model for families requiring access to multiple government services. The new facility will include office space and facilitate the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services, and Probation. The project involves the demolition of existing County facilities and includes the construction of a new five-story office building with approximately 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces.

2. ***Manhattan Beach Library.*** The Manhattan Beach Library project includes the replacement of a single-story 12,188 square foot County library with a new two-story approximate 21,500 square foot library located on County-owned property within the Manhattan Beach City Civic Center. The new library will include a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways, and security lighting.

TO BE RECORDED AND WHEN RECORDED RETURN TO:
Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Los Angeles, California 90017
Attention: Donald S. Field, Esq.

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.

MASTER SITE LEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of _________ 1, 2014

MASTER SITE LEASE

THIS MASTER SITE LEASE (this "Site Lease"), executed and entered into as of **_________** 1, 2014, is by and between the COUNTY OF LOS ANGELES (the "County"), a political subdivision of the State of California, as lessor, and 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 lessee.

RECITALS

WHEREAS, pursuant to a Second Amended and Restated Trust Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), 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, including the interim financing of a portion of the capital improvement projects (collectively, the "Project") described on Exhibit F to the Indenture (as such term is defined below); and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the Corporation and the County entered into a Second Amended and Restated Site Lease, dated as of April 1, 2013, and a Second Amended and Restated Sublease, dated as of April 1, 2013; and

WHEREAS, the County desires to provide long-term financing for a 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, in order to refinance and finance the Project, the County will lease certain real property, and the improvements thereto (the "Property"), to the Authority pursuant to this Site Lease, and the County will sublease the Property back from the Authority pursuant to a Master Sublease, dated the date hereof (the "Sublease"); and

WHEREAS, the Property is more particularly described in Exhibit A hereto; and

WHEREAS, in order to provide the funds necessary to refinance and finance the Project, the Authority and the County desire to provide for the issuance of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A (the "Series 2014 Bonds"), in the aggregate principal amount of $**_________**, pursuant to a Master Indenture (the "Indenture"), by and among the Authority, the County and [Trustee], as trustee (the "Trustee"), payable from the base rental payments to be made by the County pursuant to the Sublease and the other assets pledged therefor under the Indenture; 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 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 Site Lease;

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

ARTICLE I

DEFINITIONS

Except as otherwise defined herein, or unless the context clearly otherwise requires, words and phrases defined in Article I of the Sublease shall have the same meanings in this Site Lease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01. Lease of Property. The County hereby leases to the Authority, and the Authority hereby leases from the County, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Site Lease.

Section 2.02. Rental. The Authority shall pay to the County as and for rental of the Property hereunder, the sum of not to exceed $_________ (the "Site Lease Payment"). The Site Lease Payment shall be paid from the proceeds of the Series 2014 Bonds; provided, however, that in the event the available proceeds of the Series 2014 Bonds are not sufficient to enable the Authority to pay such amount in full, the remaining amount of the Site Lease Payment shall be reduced to an amount equal to the amount of such available proceeds.

The County shall deposit the Site Lease Payment in one or more separate funds or accounts to be held and administered for the purpose of financing the Project. The Authority and the County hereby find and determine that the amount of the Site Lease Payment does not exceed the fair market value of the leasehold interest in the Property which is conveyed hereunder by the County to the Authority. No other amounts of rental shall be due and payable by the Authority for the use and occupancy of the Property under this Site Lease.

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. Subject to any rights the County may have under the Sublease 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.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

Section 4.01. Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Section 4.02. Further Assurances and Corrective Instruments. The County and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Site Lease, the Indenture and the Sublease.

Section 4.03. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Authority shall be solely liabilities of the Authority as a joint powers authority, and the County hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability under this Site Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Site Lease to the County or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

All liabilities under this Site Lease on the part of the County shall be solely liabilities of the County as a governmental entity, and the Authority hereby releases each and every member, officer and employee of the County of and from any personal or individual liability under this Site Lease. No member, officer or employee of the County shall at any time or under any circumstances be individually or personally liable under this Site Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the County hereunder.

Section 4.04. Taxes. The County covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Section 4.05. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Section 4.06. Representations of the County. The County represents and warrants to the Authority and the Trustee as follows:

(a) the County has the full power and authority to enter into, to execute and to deliver this Site Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution of this Site Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the County;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the County in order for the County to perform its governmental functions.

Section 4.07. Representations of the Authority. The Authority represents and warrants to the County and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver this Site Lease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this Site Lease.

ARTICLE V

ASSIGNMENT, SELLING AND SUBLEASING

Section 5.01. Assignment, Selling and Subleasing. This Site Lease may be assigned or sold, and the Property may be subleased, as a whole or in part, by the Authority, without the necessity of obtaining the consent of the County, if an event of default occurs under the Sublease. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the County a true and correct copy of such assignment, sublease or sale, as the case may be.

The Authority shall assign all of its rights hereunder to the Trustee appointed pursuant to the Indenture.

Section 5.02. Restrictions on County. The County agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of this Site Lease.

ARTICLE VI

IMPROVEMENTS

Title to all improvements made on the Property during the term hereof shall vest in the County.

ARTICLE VII

TERM; TERMINATION

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 ______ 1, 20__, unless such term is extended or sooner terminated as hereinafter provided.

Section 7.02. Extension; Early Termination. If, on ______ 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 ______ 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 7.03. Action on Default. In each and every case upon the occurrence and during the continuance of a default by the Authority hereunder, the County shall have all the rights and remedies permitted by law, except the County, to the extent permitted by law, waives any and all rights to terminate this Site Lease.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the County, the Authority and their respective successors and assigns.

Section 8.02. Severability. In the event any provision of this Site Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.03. Amendments; Substitution and Release. This Site Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Sublease. The County shall have the right to substitute alternate real property for the Property or to release portions of the Property as provided in the Sublease.

Section 8.04. Assignment. The Authority and County acknowledge that the Authority has assigned its right, title and interest in and to this Site Lease to the Trustee pursuant to the Indenture. The County consents to such assignment. The County consents to the Indenture and acknowledges and agrees to the rights of the Trustee as set forth therein.

Section 8.05. Execution in Counterparts. This Site Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.06. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 8.07. Captions. The captions or headings in this Site Lease are for convenience only and in no way define or limit the scope or intent of any provision of this Site Lease.

IN WITNESS WHEREOF, the parties hereto have caused this 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 THE PROPERTY

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

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On ______________________ before me, ____________________, Notary Public, personally appeared _________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On ______________________ before me, ____________________, Notary Public, personally appeared ___________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ [SEAL]

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Government Code, this is to certify that the interest in the real property conveyed by the Master Site Lease, dated as of __________ 1, 2014, by and between the County of Los Angeles, a political subdivision of the State of California (the "County") and the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), from the County to the Authority, is hereby accepted by the undersigned on behalf of the Authority pursuant to authority conferred by resolution of the Board of Directors of the Authority adopted on __________, 2014, and the Authority consents to recordation thereof by its duly authorized officer.

Dated: ___________, 2014

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ___________________________________

TO BE RECORDED AND WHEN RECORDED RETURN TO:
Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Los Angeles, California 90017
Attention: Donald S. Field, Esq.

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.

MASTER SUBLEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of ______ 1, 2014

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SUBLEASE

THIS MASTER SUBLEASE (this "Sublease"), dated as of ______ 1, 2014, 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 the laws of the State of California (the "Authority"), as lessor.

RECITALS

WHEREAS, pursuant to a Second Amended and Restated Trust Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), 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, including the interim financing of a portion of the capital improvement projects (collectively, the "Project") described on Exhibit F to the Indenture (as such term is defined below); and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the Corporation and the County entered into a Second Amended and Restated Site Lease, dated as of April 1, 2013, and a Second Amended and Restated Sublease, dated as of April 1, 2013; and

WHEREAS, the County desires to provide long-term financing for a 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, in order to refinance and finance the Project, the County is leasing certain real property, and the improvements thereto (the "Property"), to the Authority pursuant to a Master Site Lease, dated as of the date hereof (the "Site Lease"), and the County is subleasing the Property back from the Authority pursuant to this Sublease; and

WHEREAS, the Property is more particularly described in Exhibit A hereto; and

WHEREAS, in order to provide the funds necessary to refinance and finance the Project, the Authority is issuing its Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A (the "Series 2014 Bonds"), in the aggregate principal amount of $__________, pursuant to the Master Indenture, dated as of the date hereof (the "Indenture"), by and among the Authority, the County and [Trustee], as Trustee, which bonds are payable from the base rental payments to be made by the County pursuant to this Sublease; 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 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 Sublease;

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

ARTICLE I

DEFINITIONS

Section 1.01. <u>Definitions</u>. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Sublease and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

"Additional Rental Payments" means all amounts payable by the County as Additional Rental Payments pursuant to Section 3.02 hereof.

"Authority" means the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California.

"Authority Event of Default" means an event described as such in Section 8.08.

"Base Rental Deposit Date" means the fifth Business Day next preceding each Interest Payment Date.

"Base Rental Payments" means all amounts payable to the Authority by the County as Base Rental Payments pursuant to Section 3.01 hereof.

"Closing Date" means **_________**, 2014.

"County" means the County of Los Angeles, a county and political subdivision of the State of California.

"Event of Default" means an event described as such in Section 8.01.

"Indenture" means the Master Indenture, dated as of the date hereof, by and among the Authority, the County and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

"Independent Insurance Consultant" means a nationally recognized independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the County is to be self-insured, as may from time to time be designated by the County.

"Laws and Regulations" means, with respect to the Property, any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property.

"Net Proceeds" means any insurance proceeds or condemnation award paid with respect to any of the Property, which proceeds or award, after payment therefrom of all reasonable expenses incurred in the collection thereof, are in an amount greater than $50,000.

"Permitted Encumbrances" means, with respect to the Property (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Section 4.11 hereof, permit to remain unpaid, (b) this Sublease, (c) the Site Lease, (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law, (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date, and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date which the County certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and to which the Authority consents in writing.

"Property" means the real property described in Exhibit A hereto, and any improvements thereto.

"Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"Rental Period" means the period from the Closing Date through June 30, 2015 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of this Sublease.

"Scheduled Termination Date" means ______ 1, 20__.

"Site Lease" means the Master Site Lease, dated as of the date hereof, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and hereof.

"Sublease" means this Master Sublease, as originally executed and as it may from time to time be amended in accordance with the provisions hereof.

"Trustee" means [Trustee], a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture substituted in its place as provided therein.

ARTICLE II

LEASE OF PROPERTY; TERM

Section 2.01. <u>Lease of Property</u>. (a) The Authority hereby leases to the County and the County hereby leases from the Authority the Property, on the terms and conditions hereinafter set forth, subject to all Permitted Encumbrances.

(b) The leasing of the Property by the County to the Authority pursuant to the Site Lease shall not effect or result in a merger of the County's leasehold estate in the Property as lessee under this Sublease and its fee estate in the Property as lessor under the Site Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Site Lease throughout the term thereof and hereof. This Sublease shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the County to the Authority pursuant to the Site Lease is and shall be independent of this Sublease and this Sublease shall not be an assignment or surrender of the leasehold interest in the Property granted to the Authority under the Site Lease.

Section 2.02. <u>Term; Occupancy</u>. (a) The term of this Sublease shall commence on the Closing Date and shall end on the Scheduled Termination Date, unless such term is extended or sooner terminated as hereinafter provided. If, on the Scheduled Termination Date, all of the Bonds shall not be fully paid or deemed to have been paid in accordance with Article IX of the Indenture, or any Rental Payments shall remain due and payable or shall have been abated at any time, then the term of this Sublease shall be extended until the date upon which all of the Bonds shall be fully paid or deemed to have been paid in accordance with Article IX of the Indenture, and all Rental Payments due and payable shall have been paid in full; provided, however, that the term of this Sublease shall in no event be extended more than ten years beyond the Scheduled Termination Date. If, prior to the Scheduled Termination Date, all of the Bonds shall be fully paid or deemed to have been paid in accordance with Article IX of the Indenture, and all Rental Payments due and payable shall have been paid in full, the term of this Sublease shall end simultaneously therewith.

(b) The County shall take possession of the Property on the Closing Date.

ARTICLE III

RENTAL PAYMENTS

Section 3.01. Base Rental Payments. (a) *General*. The Rental Payments, including Base Rental Payments, for each Rental Period shall be paid by the County to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during such Rental Period.

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

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

(c) *Payments other than Regularly Scheduled Payments*. If the term of this Sublease shall have been extended pursuant to Section 2.02 hereof, the obligation of the County to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of this Sublease (as so extended pursuant to Section 2.02 hereof). Upon such extension, the Base Rental Payments payable during such extended term shall be established so that such Base Rental Payments will in the aggregate be sufficient to pay the unpaid principal of, and interest accrued and to accrue on, the Bonds; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Section 3.02. Additional Rental Payments. 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 this Sublease or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to Article V hereof;

(d) any amounts with respect to the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Code; and

(e) all other payments required to be paid by the County under the provisions of this Sublease or the Indenture.

Amounts constituting Additional Rental Payments payable hereunder shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the County stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Section 3.03. Fair Rental Value. The parties hereto have agreed and determined that the Rental Payments are not in excess of the fair rental value of the Property. In making such determination of fair rental value, consideration has been given to the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Section 3.04. Payment Provisions. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the Principal Office of the Trustee, or such other place or entity as the Authority shall designate. Notwithstanding any dispute between the Authority and the County, the County shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due hereunder or refunded at the time of such determination.

Section 3.05. Appropriations Covenant. The County covenants to take such action as may be necessary to include all Rental Payments due hereunder in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the County contained in this Section shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants.

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 shall be abated, and 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 such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of 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.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES; COVENANTS AND AGREEMENTS

Section 4.01. Power and Authority of the County. The County represents and warrants to the Authority that (a) the County has the full power and authority to enter into, to execute and to deliver this Sublease, the Site Lease and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Sublease, the Site Lease and the Indenture, and (b) the Property is zoned for use for governmental related facilities.

Section 4.02. Power and Authority of the Authority. The Authority represents and warrants to the County that the Authority has the full power and authority to enter into, to execute and to deliver this Sublease, the Site Lease and the Indenture, and to perform all of its duties and obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Sublease, the Site Lease and the Indenture.

Section 4.03. Net-Net-Net Lease. This Sublease shall be, and shall be deemed and construed to be, a "net-net-net lease" and 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.

Section 4.04. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE PROPERTY AS IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY.

Section 4.05. Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing, the County shall at all times during the term of this Sublease peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Section 4.06. Right of Entry. The Authority shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under this Sublease, and for all other lawful purposes.

Section 4.07. Use of the Property. The County shall not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Sublease. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under this Sublease.

Section 4.08. Maintenance and Utilities. As part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Section 4.09. Additions to Property. Subject to Section 4.12 hereof, the County and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law, and the Property, upon completion of any addition, modification or improvement made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such addition, modification or improvement.

Section 4.10. Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The County or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items, and the Property, upon completion of any installation, modification or removal made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such installation, modification or removal. Nothing in this Sublease shall prevent the County or any sublessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 4.11. Taxes. The County shall pay or cause to be paid 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 therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as and when the same become due.

Upon notice to the Authority and the Trustee, the County or any sublessee may, at the County's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the County or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the County or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Section 4.12. Liens. In the event the County shall at any time during the term of this Sublease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the County desires to contest any such lien, it may do so as long as such contest is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment.

Section 4.13. Compliance with Law, Regulations, Etc. The County represents and warrants that, after due inquiry, it has no knowledge and has not given or received any written notice indicating that the Property or the use thereof or any practice, procedure or policy employed by it in the conduct of its business with respect to the Property materially violates any Laws and Regulations.

Section 4.14. No Condemnation. The County shall not exercise the power of condemnation with respect to the Property. If for any reason the foregoing covenant shall be held by a court of competent jurisdiction to be unenforceable and the County condemns the Property or if the County breaches such covenant, the County agrees that the value of the County's leasehold estate hereunder in the Property shall be not less than the greater of (a) the amount sufficient to redeem the Bonds pursuant to the Indenture if the Bonds are then subject to redemption, or (b) the amount sufficient to defease the Bonds to the first available redemption date in accordance with the Indenture if the Bonds are not then subject to redemption.

Section 4.15. Authority's Purpose. So long as any Bonds are Outstanding, the Authority shall not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the agreement pursuant to which the Authority was created.

ARTICLE V

INSURANCE

Section 5.01. <u>Public Liability and Property Damage Insurance; Workers' Compensation Insurance</u>. (a) The County shall maintain reasonable and customary liability insurance. The County's obligations under this subsection may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of Section 5.03 hereof.

(b) The County shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. Full insurable value shall be evaluated at least every five years by an Independent Insurance Consultant or the County's Risk Manager and shall not be less than the aggregate principal amount of the Outstanding Bonds. The insurance required under this subsection may be maintained in whole or in part in the form of self-insurance, provided that such self-insurance complies with the provisions of Section 5.03 hereof.

(c) The County shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to subsection (b) of this Section in an amount not less than an amount equal to two times Maximum Annual Debt Service. The insurance required under this subsection may not be maintained in whole or in part in the form of self-insurance.

(d) The insurance required by this Section shall be provided by insurers rated "A" or better by Fitch, A.M. Best Company or S&P.

Section 5.02. <u>Additional Insurance Provision; Form of Policies</u>. The County shall pay or cause to be paid when due the premiums for all insurance policies required by Section 5.01 hereof. All such policies shall provide that the Trustee shall be given 30 days notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The County shall, following receipt of a written request of the Trustee, cause to be delivered to the Trustee on or before August 15 of each year, commencing August 15, 2015, a schedule of the insurance policies being maintained in accordance herewith and a Written Certificate of the County stating that such policies are in full force and effect and that the County is in full compliance with the requirements of this Article. The Trustee shall be entitled to rely upon said Written Certificate of the County as to the County's compliance with this Article. The Trustee shall not be responsible for the sufficiency of the coverage or the amounts of such policies.

Section 5.03. <u>Self-Insurance</u>. Insurance provided through a California joint powers authority of which the County is a member or with which the County contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the

County pursuant to this Article shall be approved in writing by an Independent Insurance Consultant or the County's Risk Manager.

Section 5.04. Title Insurance. The County shall provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the County in the Property, (b) the Authority's ground leasehold estate in the Property under the Site Lease, and (c) the County's leasehold estate hereunder in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. All Net Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in Section 5.02 of the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant hereto or required hereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners.

ARTICLE VI

EMINENT DOMAIN; RIGHT TO REDEEM

Section 6.01. Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the County) shall be taken under the power of eminent domain, the term hereof shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the County at the time of such taking, then this Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of Section 3.06 hereof. So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in Sections 3.01 and 5.01 of the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and hereunder, have been fully paid, shall be paid to the County.

Section 6.02. Right to Redeem Bonds. (a) The County shall have the right to cause the Bonds to be redeemed pursuant to, and in accordance with the provisions of, Section 3.02 of the Indenture by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and giving notice of the County's exercise of such right as provided in subsection (b) of this Section.

(b) In order to exercise its right to cause Bonds to be redeemed pursuant to subsection (a) of this Section, the County shall give written notice to the Trustee of its intention to exercise such right, specifying the date on which such redemption shall be made, which date shall be not less than 45 days from the date such notice is given (unless otherwise agreed by the Trustee), and specifying the Series, maturities and amounts of Bonds to be redeemed.

(c) The County shall have the right to cause Bonds to be deemed to have been paid pursuant to, and in accordance with the provisions of, Section 9.02 of the Indenture by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and providing and delivering, or causing to be provided and delivered the other items required pursuant to said Section 9.02 to be provided or delivered in connection with such deemed payment.

ARTICLE VII

ASSIGNMENT AND SUBLETTING; SUBSTITUTION OR RELEASE; TITLE

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; 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 7.02. Substitution or Release of the Property. Subject to the provisions of this Section, the County shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from this Sublease. All costs and expenses incurred in connection with any such substitution or release shall be borne by the County. Notwithstanding any substitution or release pursuant to this Section, there shall be no reduction in or abatement of the Base Rental Payments due from the County hereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following conditions, which are hereby made conditions precedent to such substitution or release:

(a) a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have found (and shall have delivered a certificate to the Trustee setting forth its findings) 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 this Sublease (including extensions thereof under Section 2.02 hereof);

(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 (which fair market value shall have been determined by a qualified employee of the County or an independent certified real estate appraiser), of the type and with the endorsements described in Section 5.04 hereof;

(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;

(d) the County shall have given, or shall have made arrangements for the giving of, any notice of the occurrence of such substitution or release required to be given pursuant to paragraph (4) of subsection (b) of Section 5 of the Continuing Disclosure Certificate;

(e) the County, the Authority and the Trustee shall have executed, and the County shall have caused to be recorded with the county recorder of the county in which the Property is located, any document necessary to reconvey to the County the portion of the Property being substituted or released and to include any substituted real property in the description of the Property contained herein and in the Site Lease; and

(f) the County shall have certified to the Trustee that the substituted real property is essential for performing the County's governmental functions.

Section 7.03. Title to Property. Upon the termination or expiration of this Sublease (other than as provided in Section 8.02 hereof), and the first date upon which no Bonds are any longer Outstanding, all right, title and interest in and to the Property shall vest in the County. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. <u>Events of Default</u>. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under this Sublease:

(a) the failure of the County to pay any Rental Payment payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence in this Sublease;

(b) the failure by the County to observe and perform any of the other covenants, agreements or conditions on its part in this 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;

(c) except as otherwise expressly permitted by this Sublease, the assignment or transfer, either voluntarily or by operation of law or otherwise, of the County's interest in this Sublease or any part thereof without the written consent of the Authority;

(d) the abandonment of the Property by the County; or

(e) the commencement by the County of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 8.02. <u>Action on Default</u>. (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 or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. 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 to pay the full amount of the Rental Payments to the end of the term of this Sublease; and further agrees to pay said Rental Payments 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.

(b) **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SUBLEASE, THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT TO**

TERMINATE THIS SUBLEASE OR THE COUNTY'S RIGHT TO POSSESSION OF THE PROPERTY HEREUNDER REGARDLESS OF WHETHER OR NOT THE COUNTY HAS ABANDONED THE PROPERTY, AND THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT OF ENTRY OR RE-ENTRY TO TAKE POSSESSION OF AND/OR RE-LET 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 8.03. Other Remedies. In addition to the other remedies provided for in Section 8.02 hereof and subject to the provisions of subsection (b) of Section 8.02 hereof, during the continuance of an Event of Default hereunder, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Sublease or by law. The provisions of this Sublease and the duties of the County and of its board, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing and subject to the provisions of subsection (b) of Section 8.02 hereof, the Authority shall have the right to bring the following actions:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County or any board member, officer or employee thereof, and to compel the County or any such board member, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the County and its board, officers and employees to account as if it or they were the trustee or trustees of an express trust.

Section 8.04. No Acceleration. Notwithstanding anything to the contrary contained in this Sublease, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default hereunder.

Section 8.05. Remedies Not Exclusive. Subject to the provisions of subsection (b) of Section 8.02 hereof, no remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall, subject to the provisions of subsection (b) of Section 8.02 hereof, be entitled to whatever remedies are allowable under any statute or rule of law.

Section 8.06. Waiver. No delay or omission of the Authority to exercise any right or power arising from the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Sublease to the Authority may be exercised from time to time and as often as may be deemed expedient. A waiver of a particular default or Event of Default shall not be deemed to be a waiver of any other default or Event of Default or of the same default or Event of Default subsequently occurring. The acceptance of Rental Payments hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Sublease.

Section 8.07. Attorney's Fees. In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Sublease, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Section 8.08. Authority Event of Default; Action on Authority Event of Default. The failure by the Authority to observe and perform any covenants, agreements or conditions on its part in this Sublease contained, including under Section 4.05 and Section 4.15, if such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority and the Trustee, by the County, shall constitute an Authority Event of Default under this Sublease; provided, however, that if, in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Authority Event of Default if corrective action is instituted by the Authority within such 60 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time. In each and every case upon the occurrence and during the continuance of an Authority Event of Default by the Authority hereunder, the County shall have all the rights and remedies permitted by law.

ARTICLE IX

AMENDMENTS

Section 9.01. <u>Amendments</u>. (a) This Sublease and the Site Lease, and the rights and obligations of the County and the Authority hereunder and thereunder, may be amended at any time by an amendment hereto or thereto, which shall become binding upon execution by the County and the Authority, but only with the prior written consent of the Owners of a majority of the aggregate principal amount of Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 10.06 of the Indenture. No such amendment shall (i) extend the payment date of any Base Rental Payment or reduce the amount of any Base Rental Payment without the prior written consent of the Owner of each Bond so affected, (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required for any amendment of this Sublease or the Site Lease to become binding without the prior written consent of the Owners of all the Bonds then Outstanding, or (iii) amend this Section without the prior written consent of the Owners of all the Bonds then Outstanding.

(b) This Sublease and the Site Lease, and the rights and obligations of the County and the Authority hereunder and thereunder, may also be amended at any time by an amendment hereto or thereto, which shall become binding upon execution by the County and the Authority, without the written consents of any Owners, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County or the Authority herein or therein contained other covenants and agreements thereafter to be observed, or to surrender any right or power herein or therein reserved to or conferred upon the County or the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in herein or therein or in regard to questions arising hereunder or thereunder which the County or the Authority may deem desirable or necessary and not inconsistent herewith;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Section 2.04 and Section 2.05 of the Indenture;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of Section 7.02 hereof;

(v) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; or

(vi) to make such other changes herein or therein as the County or the Authority may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners.

ARTICLE X

MISCELLANEOUS

Section 10.01. Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the County shall, at its expense, indemnify and hold the Authority and its directors, officers, agents and employees harmless against and from any and all claims by or on behalf of any Person arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sublease or the County's use of the Property.

Section 10.02. Assignment to Trustee; Effect. The parties hereto understand and agree that, upon the execution and delivery of the Indenture (which is occurring simultaneously with the execution and delivery hereof), all right, title and interest of the Authority in and to this Sublease will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Bonds. The County hereby consents to such sale, assignment and transfer. Upon the execution and delivery of the Indenture, references in the operative provisions hereof to the Authority shall be deemed to be references to the Trustee, as assignee of the Authority.

Section 10.03. Gender and References; Article and Section Headings. The singular form of any word used herein, including the terms defined in Section 1.01 hereof, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Unless the context otherwise clearly requires, all references herein to "Articles," "Sections," subsections or clauses are to the corresponding Articles, Sections, subsections or clauses hereof, and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section, subsection or clause hereof.

Section 10.04. Validity and Severability. If for any reason any one or more of the agreements, covenants or terms of this Sublease shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the County or by the Authority, all of the remaining agreements, covenants and terms hereof shall nonetheless continue in full force and effect. If for any reason it is held by such a court that any agreement, covenant or term of this Sublease required to be observed or performed by the County, including the covenant to pay Rental Payments, is unenforceable for the full term hereof, then and in such event this Sublease is and shall be deemed to be a lease from year to year under which the Rental Payments are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Property, and all of the other agreements, covenants and terms of this Sublease, except to the extent that such agreements, covenants and terms are contrary to or inconsistent with such holding, shall remain in full force and effect.

Section 10.05. <u>California Law</u>. THIS SUBLEASE SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.06. <u>Notices</u>. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County:	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
If to the Authority:	Los Angeles County Public Works Financing Authority c/o County of Los Angeles Kenneth Hahn Hall of Administration 500 West Temple Street, Room 432 Los Angeles, California 90012 Attention: Treasurer
If to the Trustee:	[Trustee] Attention: Corporate Trust Services

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 10.07. <u>Execution in Counterparts</u>. This Sublease may be simultaneously executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this 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: ______________________________

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____________, 2014, before me, ___________________________, Notary Public, personally appeared ____________, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _________________________________ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____________, 2014, before me, ____________________________, Notary Public, personally appeared ____________, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature __________________________________ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _____________, 2014, before me, ____________________________, Notary Public, personally appeared _________________________________, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature __________________________________ [SEAL]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

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

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Government Code, this is to certify that the interest in the real property conveyed by the Master Sublease Agreement, dated as of ______ 1, 2014, by and between the County of Los Angeles, a political subdivision of the State of California (the "County") and the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), from the Authority to the County, is hereby accepted by the undersigned on behalf of the County pursuant to authority conferred by resolution of the Board of Supervisors of the County adopted on _________, 2014, and the County consents to recordation thereof by its duly authorized officer.

Dated: _________, 2014

COUNTY OF LOS ANGELES

By: ________________________________

MASTER INDENTURE

by and among

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

COUNTY OF LOS ANGELES

and

**[TRUSTEE],
AS TRUSTEE**

Dated as of ________ 1, 2014

**Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds**

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MASTER INDENTURE

THIS MASTER INDENTURE (this “Indenture”), dated as of **________** 1, 2014, is by and among the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and [TRUSTEE], a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

W I T N E S S E T H:

WHEREAS, pursuant to a Second Amended and Restated Trust Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), 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, including the interim financing of a portion of the capital improvement projects (collectively, the “Project”) described on Exhibit F attached hereto; and

WHEREAS, in order to secure the payment of the Commercial Paper Notes, the Corporation and the County entered into a Second Amended and Restated Site Lease, dated as of April 1, 2013, and a Second Amended and Restated Sublease, dated as of April 1, 2013; and

WHEREAS, the County desires to provide long-term financing for a 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, in order to refinance and finance the Project, the County is leasing certain real property, and the improvements thereto (the “Property”), to the Authority pursuant to a Master Site Lease, dated as of the date hereof (the “Site Lease”), and the County is subleasing the Property back from the Authority pursuant to a Master Sublease, dated as of the date hereof (the “Sublease”); and

WHEREAS, in order to provide the funds necessary to refinance and finance the Project, the Authority and the County desire to provide for the issuance of Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A (the “Series 2014 Bonds”), in the aggregate principal amount of $**_________**, payable from the base rental payments (the “Base Rental Payments”) to be made by the County pursuant to the Sublease; and

WHEREAS, the Authority and the County desire to provide for the issuance of additional bonds (the “Additional Bonds”) payable from the Base Rental Payments on a parity with the Series 2014 Bonds (the Series 2014 Bonds and any such Additional Bonds being collectively referred to as the “Bonds”); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, each of the Authority and the County has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority and the County have determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid and binding special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture has been in all respects duly authorized; 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 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 Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and premium, if any, and interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority and the County do hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Sublease.

"Act" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code.

"Additional Bonds" means Bonds other than Series 2014 Bonds issued hereunder in accordance with the provisions of Sections 2.04 and 2.05 hereof.

"Additional Rental Payments" means all amounts payable by the County as Additional Rental Payments pursuant to Section 3.02 of the Sublease.

"Advance Refunded Municipal Securities" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee, fiscal agent or other fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash, United States Treasury Obligations, or any combination thereof, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in clause (a) above, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above which have been deposited in such fund, along with any cash on deposit in such fund, have been verified by an independent certified public accountant as being sufficient to pay principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (a) above, as applicable.

"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).

"Authority" means the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California.

"Authorized Authority Representative" means any member of the Board of Directors of the Authority or the Treasurer of the Authority, and any other Person authorized by the Board of Directors of the Authority or the Treasurer of the Authority to act on behalf of the Authority under or with respect to this Indenture.

"Authorized County Representative" means the Treasurer and Tax Collector of the County or any authorized deputy or designee thereof, and any other Person authorized by the Board of Supervisors of the County or the Treasurer and Tax Collector of the County to act on behalf of the County under or with respect to this Indenture.

"Authorized Denominations" means, with respect to the Bonds, $5,000 and any integral multiple thereof.

"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.

"Base Rental Payments" means all amounts payable to the Authority by the County as Base Rental Payments pursuant to Section 3.01 of the Sublease.

"Beneficial Owners" means those individuals, partnerships, corporations or other entities for whom the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Year" means each twelve-month period beginning on July 1 in each year and extending to the next succeeding June 30, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on June 30, 2015.

"Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds issued hereunder, and includes the Series 2014 Bonds and any Additional Bonds.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.10 hereof.

"Business Day" means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city or cities in which the Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Book-Entry Bonds.

"Closing Date" means the date upon which the Series 2014 Bonds are delivered to the Original Purchaser, being ___________, 2014.

"Code" means the Internal Revenue Code of 1986.

"Commercial Paper Note Issuing and Paying Agent" means U.S. Bank National Association, successor to Deutsche Bank National Trust Company, as issuing and paying agent under the Commercial Paper Trust Agreement pursuant to the Commercial Paper Note Issuing and Paying Agent Agreement.

"Commercial Paper Note Issuing and Paying Agent Agreement" means the Second Amended and Restated Issuing and Paying Agent Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), as issuing and paying agent, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Commercial Paper Note Trust Agreement" means the Second Amended and Restated Trust Agreement, dated as of April 1, 2013, by and between the Los Angeles County Capital Asset Leasing Corporation and Deutsche Bank National Trust Company (predecessor to U.S. Bank National Association), as trustee, pursuant to which the Refunded Commercial Paper Notes were issued, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Common Reserve Account" means the account of that name established in the Reserve Fund pursuant to Section 4.06 hereof to secure the Common Reserve Series.

"Common Reserve Series" means the Series 2014 Bonds those Series of Additional Bonds secured by the Common Reserve Account as provided in the Supplemental Indenture providing for each such Series of Additional Bonds.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate, dated the Closing Date, of the County, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Costs of Issuance" means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Sublease, the Site Lease, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, financial advisory fees, legal fees and expenses of counsel with respect to the financing of the Project, initial fees and expenses of the administrator of the financing of the Project, the initial fees and expenses of the Trustee and its counsel, any premium for a municipal bond insurance policy insuring payments of debt service on Additional Bonds [or any Reserve Facility], and other fees and expenses incurred in connection with the issuance and delivery of the Bonds or the implementation of the financing of the Project, to the extent such fees and expenses are approved by the County.

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 4.03 hereof.

"County" means the County of Los Angeles, a county and political subdivision of the State of California.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (c) Advance Refunded Municipal Securities, or (d) securities eligible for "AAA" defeasance under then existing criteria of S&P or Moody's, or any combination thereof.

"Depository" means the securities depository acting as Depository pursuant to Section 2.10 hereof.

"DTC" means The Depository Trust Company, New York, New York and its successors.

"Event of Default" means an event described as such in Section 6.01.

"Fitch" means Fitch, Inc., its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Indenture" means this Master Indenture, by and among the Authority, the County and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions hereof.

"Interest Account" means the Series 2014 Interest Account and each additional account established for the payment of interest of a Series of Additional Bonds within the Payment Fund pursuant to Section 4.04 hereof.

"Interest Payment Date" means each April 1 and October 1, commencing ________ 1, 20__, so long as any Bonds remain Outstanding.

"Lease Revenues" means 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 from, as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event.

"Letter of Representations" means the letter of the Authority delivered to and accepted by the Depository on or prior to the delivery of the Bonds as Book-Entry Bonds setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the County in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Authority and the County by the Trustee in writing.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

“Original Purchaser” means Barclays Capital Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC and **__________**, the original purchasers of the Series 2014 Bonds from the Authority.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of Section 10.06 hereof, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds previously canceled by the Trustee or delivered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of Section 9.02 hereof, and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

“Payment Fund” means the fund by that name established in accordance with Section 4.04 hereof.

“Permitted Investments” is defined in Exhibit B attached hereto.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the Series 2014 Principal Account and each additional account established for the payment of principal of a Series of Additional Bonds within the Payment Fund pursuant to Section 4.04 hereof.

"Principal Payment Date" means a date on which the principal of the Bonds becomes due and payable, either as a result of the maturity thereof or by mandatory sinking fund redemption.

"Project" means the capital improvement projects described in Exhibit E hereto or any Supplemental Indenture and the acquisition, construction, improvement, rehabilitation or replacement of other facilities the County deems a priority.

"Project Costs" means all costs of acquiring, constructing and installing the Project, including but not limited to:

(a) all costs which the County shall be required to pay to a seller or any other Person under the terms of any contract or contracts for the purchase of any portion of the Project;

(b) all costs which the County shall be required to pay a contractor or any other Person for the acquisition, construction and installation of any portion of the Project;

(c) obligations of the County incurred for services (including obligations payable to the County for actual out-of-pocket expenses of the County) in connection with the acquisition, construction and installation of the Project, including reimbursement to the County for all advances and payments made in connection with the Project prior to or after issuance of the Bonds;

(d) the actual out-of-pocket costs of the County for test borings, surveys, estimates and preliminary investigations therefor, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project, including administrative expenses under the Sublease and hereunder relating to the acquisition, construction and installation of the Project;

(e) Costs of Issuance, to the extent amounts for the payment thereof are not available in the Costs of Issuance Fund; and

(f) any sums required to reimburse the Authority or the County for advances made by the Authority or the County for any of the above items or for any other costs incurred and for work done by the Authority or the County which are properly chargeable to the Project.

"Project Fund" means the fund by that name established pursuant to Section 4.02 hereof.

"Rebate Fund" means the fund by that name established pursuant to Section 4.07 hereof.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

“Record Date” means the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established pursuant to Section 4.05 hereof.

“Refunded Commercial Paper Notes” means [(a) the $_______ aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes Series ___ (Tax-Exempt) maturing on ________, 20__, and (b the $______ aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes Series __ (Tax-Exempt) maturing on ________, 20__.]

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.08 hereof.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“Rental Period” means the period from the Closing Date through June 30, 2015 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Sublease.

“Reserve Account” means either the Common Reserve Account or any Series Reserve Account, as applicable.

[**“Reserve Facility”** means any line of credit, letter of credit, insurance policy, surety bond or similar instrument, in form reasonably satisfactory to the Trustee, that (a) names the Trustee as beneficiary thereof, (b) provides for payment on demand, (c) cannot be terminated by the issuer thereof so long as any of the Bonds secured by such Reserve Facility remain Outstanding, (d) is issued by an obligor, the obligations of which under the Reserve Facility are, at the time such Reserve Facility is substituted for all or part of the moneys on deposit in the applicable Reserve Account, rated in the two highest rating categories by S&P or Moody’s, and (e) is deposited with the Trustee pursuant to Section 4.06 hereof.]

“Reserve Fund” means the fund by that name established pursuant to Section 4.06 hereof.

“Reserve Requirement” means, (a) with respect to the Common Reserve Series, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Series Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Series Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Series Bonds, and (b) with respect to any other Series of Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Series” means the each initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to this Indenture as the Series 2014 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series Reserve Account” means each account of that name established pursuant to Section 4.06 hereof, which account may secure one or more Series of Additional Bonds as provided in the Supplemental Indenture providing for the creation thereof.

“Series 2014 Bonds” means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A, issued hereunder.

[**“Series 2014 Capitalized Interest Subaccount”** means the subaccount by that name within the Series 2014 Interest Account established pursuant to Section 4.04 hereof.]

“Series 2014 Interest Account” means the Interest Account by that name within the Payment Fund established pursuant to Section 4.04 hereof.

“Series 2014 Manhattan Beach Library Project Account” means the account by that name within the Project Fund established pursuant to Section 4.02 hereof.

“Series 2014 Principal Account” means the Principal Account by that name within the Payment Fund established pursuant to Section 4.04 hereof.

“Series 2014 San Fernando Valley Family Support Center Project Account” the subaccount by that name within the Project Fund established pursuant to Section 4.02 hereof.

“Site Lease” means the Site Lease, dated as of the date hereof, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Sublease.

“Sublease” means the Sublease, dated as of the date hereof, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“Sublease Default Event” means an event of default pursuant to and as described in Section 8.01 of the Sublease.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Certificate" means the Tax Certificate executed by the Authority at the time of issuance of the Series 2014 Bonds, relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including interest on the Series 2014 Bonds, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Trustee" means [Trustee], a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder substituted in its place as provided herein.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to clause (ii)(B) of subsection (a) of Section 9.02 hereof, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii)(B) of subsection (a) of Section 9.02 hereof.

"Written Certificate of the Authority" means a written certificate signed in the name of the Authority by an Authorized Representative of the Authority. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Certificate of the County" means a written certificate signed in the name of the County by an Authorized Representative of the County. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Request of the Authority" means a written request signed in the name of the Authority by an Authorized Representative of the Authority. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Request of the County" means a written request signed in the name of the County by an Authorized Representative of the County. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the County, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, and premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority or the County shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01. <u>Authorization of Bonds</u>. The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Act and other applicable laws of the State of California. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

The Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor hereunder. 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.

Notwithstanding anything to the contrary contained herein, if, as a result of the limitations contained in Section 3.06 of the Sublease, Base Rental Payments cannot be paid by the County in an amount sufficient to pay the principal of, or interest on, the Bonds otherwise payable on any date, such principal or interest shall be deemed not to be payable on such date, the nonpayment thereof on such date shall not constitute a default or an Event of Default under this Indenture and such principal or interest shall become payable on the date on which such Base Rental Payments becomes payable under and pursuant to the Sublease.

Section 2.02. <u>Terms of Series 2014 Bonds</u>. (a) The Series 2014 Bonds shall be designated "Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A." The aggregate principal amount of Series 2014 Bonds that may be issued and Outstanding under this Indenture shall not exceed $_________, except as may be otherwise provided in Section 2.11 hereof.

(b) The Series 2014 Bonds shall be issued in fully registered form without coupons in Authorized Denominations. The Series 2014 Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of $__________, shall mature on October 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 (October 1)	Principal Amount	Interest Rate

(c) Interest on the Series 2014 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2014 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 2014 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 2014 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 2014 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 2014 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.

(d) The principal of and premium, if any, on the Series 2014 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2014 Bonds shall be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03. <u>Issuance of Series 2014 Bonds; Application of Proceeds</u>. (a) The Authority may, at any time, execute the Series 2014 Bonds and deliver the same to the Trustee.

The Trustee shall authenticate the Series 2014 Bonds and deliver the Series 2014 Bonds to the Original Purchaser upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

(b) On the Closing Date, the proceeds of the sale of the Series 2014 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;

(ii) the Trustee shall deposit the amount of $_______ in the Common Reserve Account;

(iii) the Trustee shall deposit the amount of $_______ in the Series 2014 San Fernando Valley Family Support Center Project Account of the Project Fund;

(iv) the Trustee shall deposit the amount of $_______ in the Series 2014 Manhattan Beach Library Project Account of the Project Fund;

(v) [the Trustee shall deposit the amount of $_________ in the Series 2014 Capitalized Interest Subaccount; and]

(vi) [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 designated the "Series ___ Account" and $________ in an account therein designated the "Series _____ Account," and on __________, 20__, the Trustee shall (1) transfer to the Commercial Paper Note Issuing and Paying Agent the amount of $_________ from such Series _____ Account and the amount of $_________ from such Series _______ 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 ______ Account of the Refunded Commercial Paper Note Fund to the ______________ Account of the Project Fund, and (3) upon such transfers the Refunded Commercial Paper Note Fund shall be closed.]

Section 2.04. <u>Conditions for the Issuance of Additional Bonds</u>. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2014 Bonds) payable from Lease Revenues as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) neither the Authority nor the County shall be in default under this Indenture, the Sublease or the Site Lease;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which such Additional Bonds are to be issued; provided, that the proceeds of the sale of such Additional Bonds shall be applied only for one or more of the following purposes: (A) providing funds to pay costs of County facilities (including capitalized interest), (B) providing funds to refund any Bonds issued hereunder or other obligations of the County, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (D) providing funds to make any deposit to any Reserve Account required pursuant to paragraph (c) below;

(ii) the principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds, which shall be Authorized Denominations;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either April 1 or October 1;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, that (A) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on October 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on October 1, (B) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (C) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the redemption premiums and terms, if any, for such Additional Bonds;

(vi) the form of such Additional Bonds;

(vii) the designation as to whether such Additional Bonds shall (A) constitute a Common Reserve Series secured by the Common Reserve Account, (B) be secured by a Series Reserve Account, or (C) not be secured by any Reserve account; and

(viii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(c) upon the issuance of such Additional Bonds, the amount on deposit in the Reserve Account applicable to such Additional Bonds, if any, shall be at least equal to the applicable Reserve Requirement for such Additional Bonds; and

(d) 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 shall not be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds (evidence of the satisfaction of such condition shall be made by a Written Certificate of the County).

Section 2.05. Procedure for the Issuance of Additional Bonds. Whenever the Authority and the County shall determine to authorize the issuance of any Additional Bonds, the Authority, the County and the Trustee shall enter into a Supplemental Indenture satisfying the conditions of Section 2.04 hereof. Before such Additional Bonds shall be issued, the Authority and the County shall file or cause to be filed with the Trustee the following:

(a) an Opinion of Counsel setting forth (i) that counsel rendering such opinion has examined the Supplemental Indenture, the amendment to the Sublease, if any, and the amendment to the Site Lease, if any, (ii) that the issuance of the Additional Bonds has been duly authorized by the Authority, (iii) that the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease have been duly authorized, executed and delivered by the Authority and the County, (iv) that upon execution and delivery of such Supplemental Indenture and any such amendments to the Sublease and the Site Lease, this Indenture, as amended and supplemented by such Supplemental Indenture, and, if so amended, the Sublease and the Site Lease, as amended by such amendments, will be valid and binding obligations of the Authority and the County, and (v) that the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease, in and of themselves, do not adversely affect the exclusion from gross income for federal income tax purposes of interest on Outstanding Tax-Exempt Bonds;

(b) a Written Certificate of the Authority that the requirements of Section 2.04 hereof have been met;

(c) a Written Certificate of the County that the requirements of Section 2.04 hereof have been met, which shall include a certification as to the fair rental value of the Property, after giving effect to any amendments to the Sublease and the Site Lease entered into in connection with the issuance of the Additional Bonds and taking into account the use of proceeds of such Additional Bonds;

(d) certified copies of the resolutions of the Board of Directors of the Authority and the Board of Supervisors of the County authorizing the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease;

(e) executed counterparts or duly authenticated copies of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease, with satisfactory evidence that any such amendments to the Sublease and the Site Lease have been duly recorded in the appropriate records of the county in which the Property is located;

(f) certified copies of the policies of insurance required by Section 5.01 of the Sublease or certificates thereof, which shall evidence that the amounts of the insurance required under subsections (c) and (d) of Section 5.01 of the Sublease have been increased, if applicable, to cover the amount of such Additional Bonds; and

(g) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type and with the endorsements described in Section 5.04 of the Sublease.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's being satisfied from an examination of said instruments that all of the documents required by this Section have been delivered, the Trustee shall authenticate such Additional Bonds, and shall deliver such Additional Bonds to, or upon the request of, the Authority.

Section 2.06. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of the Chairman of the Board of Directors of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Section 2.07. Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A hereto for the Series 2014 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.

Section 2.08. Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be available for inspection and copying by the Authority and the County upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as herein provided.

Section 2.09. <u>Transfer and Exchange of Bonds</u>. 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.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period commencing on the date five days before the date of selection of Bonds of such Series for redemption and ending on the date of mailing notice of such redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.10. <u>Book-Entry System</u>. (a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully registered Bond (which may be typewritten); provided, however, that if different CUSIP numbers are assigned to Bonds of a Series maturing in a single year or, if Bonds of the same Series maturing in a single year are issued with different interest rates, additional bond certificates shall be prepared for each such maturity. Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2014 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Authority, the County and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Authority, the County and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Authority, the County and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Authority, the County and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion, (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if DTC is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State of California) the respective Owner, as shown in the Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Authority, the County and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority, the County or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Authority, the Authority, the County and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Authority determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Authority shall discontinue the Book-Entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.09 and 2.11 hereof. Whenever the Depository requests the Authority to do so, the Authority shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if DTC is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Authority, the County or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to the Depository shall be given only when DTC is the sole Owner of the Bonds of a Series.

Section 2.11. <u>Bonds Mutilated, Lost, Destroyed or Stolen</u>. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.12. Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered for cancellation at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. <u>Extraordinary Redemption</u>. The Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, 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 hereof, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

Section 3.02. <u>Optional Redemption</u>. [The Series 2014 Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2014 Bonds maturing on or after October 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after October 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 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.]

Section 3.03. <u>Mandatory Sinking Fund Redemption</u>. The Series 2014 Bonds maturing October 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on October 1 in each year, commencing October 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 (October 1)	Principal Amount to be Redeemed
(Maturity)	

If some but not all of the Series 2014 Bonds maturing on October 1, 20__ are redeemed pursuant to Section 3.01 hereof, the principal amount of Series 2014 Bonds maturing on October 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2014 Bonds maturing on October 1, 20__ so redeemed pursuant to Section 3.01 hereof, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Series 2014 Bonds maturing on October 1, 20__ are redeemed pursuant to Section 3.02 hereof, the principal amount of Series 2014 Bonds maturing on October 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Series 2014 Bonds maturing on October 1, 20__ so redeemed pursuant to Section 3.02 hereof, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the County in a Written Certificate of the County.

Section 3.04. <u>Selection of Bonds for Redemption</u>. 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 (a) with respect to any redemption pursuant to Section 3.01 hereof, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, (b) with respect to any optional redemption of Bonds, as directed in a Written Certificate of the County, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the Authority and the County in writing of the numbers of the Bonds so selected for redemption on such date. For purposes of such selection, any Bond may be redeemed in part in Authorized Denominations.

Section 3.05. <u>Notice of Redemption</u>. The Trustee on behalf of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any 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 Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such 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 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 Bonds of a Series, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 9.02 hereof, 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 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 Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of 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 Bonds pursuant to such notice of redemption.

Section 3.06. <u>Partial Redemption of Bonds</u>. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 3.07. <u>Effect of Notice of Redemption</u>. Notice having been mailed as aforesaid, and moneys for the redemption price, and the interest to the applicable date fixed for redemption, having been set aside, the Bonds shall become due and payable on said date and, upon presentation and surrender thereof at the Office of the Trustee, said 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 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 aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE IV

PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS

Section 4.01. __Pledge and Assignment__. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established hereunder (other than the Rebate Fund) are hereby pledged to the payment of the principal of and interest on the Bonds as provided herein, and the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. Said pledge shall constitute a first lien on such assets.

In order to secure the pledge of the Lease Revenues contained in this Section, the Authority hereby sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease 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 shall retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Sublease. The Trustee hereby accepts said assignment for the benefit of the Owners, subject to the provisions of this Indenture.

The Trustee shall be entitled to and shall receive all of the Base Rental Payments, and any Base Rental Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

Section 4.02. __Project Fund__. (a) The Trustee shall establish and maintain a separate fund designated the "Project Fund." Within the Project Fund, the Trustee shall establish and maintain a separate account designated the "Series 2014 San Fernando Valley Family Support Center Project Account" and a separate account designated the "Series 2014 Manhattan Beach Library Project Account." On the Closing Date, the Trustee shall deposit in each subaccount or account of the Project Fund the amount required to be deposited therein pursuant to Section 2.03 hereof.

(b) The moneys in each account and subaccount within the Project Fund shall be used and withdrawn by the Trustee from time to time to pay Project Costs upon submission to the Trustee of a Written Request of the County substantially in the form attached hereto as Exhibit C. Upon receipt of each such Written Request of the County, the Trustee shall pay the amount set forth in such Written Request of the County as directed by the terms thereof.

(c) Moneys on deposit in any account or subaccount within the Project Fund may be transferred (i) to any other account or subaccount within the Project Fund established for the same Series of Bonds or (ii) to another account or subaccount within the Project Fund established for a separate Series of Bonds so long as, if such separate Series of Bonds are Tax-Exempt Bonds, an Opinion of Counsel is delivered to the effect that such transfer will not, in and of itself, adversely affect the exclusion of interest on such Bonds from gross income for federal income tax purposes.

(d) Upon completion of the Project, the County shall file with the Trustee a Written Certificate of the County notifying the Trustee of such completion. Upon the filing of such Written Certificate of the County, all amounts remaining on deposit in the Project Fund shall be transferred to the Interest Account for the related Series of Bonds and used to pay interest on such Bonds in accordance with Section 4.04 hereof, and upon such transfer the Project Fund shall be closed.

(e) If the Project Fund has been closed in accordance with the provisions hereof, the Project Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Project Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 4.03. Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 2.03 hereof.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay Costs of Issuance upon submission to the Trustee of a Written Request of the County substantially in the form attached hereto as Exhibit D. Upon receipt of each such Written Request of the County, the Trustee shall pay the amount set forth in such Written Request as directed by the terms thereof.

(c) On the date that is six months after the Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to one or more accounts or subaccounts within the Project Fund as directed in a Written Request of the County, and upon such transfer the Costs of Issuance Fund shall be closed.

(d) If the Costs of Issuance Fund has been closed in accordance with the provisions hereof, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Costs of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 4.04. Payment Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Payment Fund." Within the Payment Fund, the Trustee shall establish and maintain a separate account designated the "Series 2014 Interest Account" and a separate account designated the "Series 2014 Principal Account." [Within the Series 2014 Interest Account, the Trustee shall establish and maintain a separate subaccount designated the "Series 2014 Capitalized Interest Subaccount." Upon the issuance of Additional Bonds, the Trustee shall also establish and maintain, within the Payment Fund, a separate Interest Account and a separate Principal Account for each Series of Additional Bonds. On the Closing Date, the Trustee shall deposit in the Series 2014 Capitalized Interest Subaccount the amount required to be deposited therein pursuant to Section 2.03 hereof. In connection with the issuance of Additional Bonds, there shall additionally be deposited in any capitalized interest subaccount established and maintained for such Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.]

(b) All Lease Revenues received by the Trustee shall be deposited by the Trustee in the Payment Fund; provided, however, that Net Proceeds, other than those constituting proceeds of rental interruption insurance received with respect to the Property, shall not be deposited in the Payment Fund but, rather, shall be applied as provided in Section 5.01 or Section 5.02 hereof, as applicable. There shall additionally be deposited in the applicable Interest Account of the Payment Fund amounts transferred from the related Reserve Account pursuant to subsection (b) of Section 4.06 hereof.

(c) The Trustee, on each Interest Payment Date, shall transfer from the Payment Fund to each Interest Account an amount equal to the interest on the related Series of Bonds coming due on such Interest Payment Date[; provided, however, that if and to the extent that such amount is available for such Series of Bonds in the Series 2014 Capitalized Interest Subaccount or any other capitalized interest subaccount established pursuant to a Supplemental Indenture on such Interest Payment Date, the Trustee shall, instead, transfer such amount from such capitalized interest subaccount to the related Interest Account on such Interest Payment Date]. Moneys in each Interest Account shall be withdrawn and used by the Trustee for the purpose of paying interest on the related Series of Bonds as and when due and payable.

(d) [Moneys in the Series 2014 Capitalized Interest Subaccount shall be transferred by the Trustee to the Series 2014 Interest Account of the Payment Fund as and when required by subsection (c) of this Section. On _________, 200__, any amounts then remaining in the Series 2014 Capitalized Interest Subaccount shall be transferred by the Trustee to the Series 2014 Interest Account.]

(e) The Trustee, on each Principal Payment Date, shall transfer from the Payment Fund to each Principal Account an amount equal to the principal of the related Series of Bonds, including principal due and payable by reason of mandatory sinking fund redemption, coming due on such date. Moneys in each Principal Account shall be withdrawn and used by the Trustee for the purpose of paying principal of the related Series of Bonds, including principal due and payable by reason of mandatory sinking fund redemption, as and when due and payable.

Section 4.05. Redemption Fund. The Trustee shall establish and maintain a special fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund any amounts received from the County in connection with the County's exercise of its right pursuant to Section 6.02 of the Sublease to cause Bonds to be optionally redeemed. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to Section 5.01 or Section 5.02 hereof. Amounts in the Redemption Fund shall be disbursed therefrom by the Trustee for the payment of the redemption price of, and accrued interest on, Bonds redeemed pursuant to Section 3.01 or Section 3.02 hereof.

Section 4.06. <u>Reserve Fund</u>. (a) The Trustee shall establish and maintain a special fund designated the "Reserve Fund." Within the Reserve Fund, the Trustee shall establish and maintain a separate account designated the "Common Reserve Account" and may establish and maintain one or more additional accounts (each, a "Series Reserve Account"), each of which may secure one or more Series of Bonds pursuant hereto and to the Supplemental Indenture authorizing the issuance thereof. On the Closing Date, the Trustee shall deposit in the Common Reserve Account the amount required to be deposited therein pursuant to Section 2.03 hereof. In connection with the issuance of Additional Bonds, there shall additionally be deposited in the Common Reserve Account or any Series Reserve Account established and/or maintained for such Additional Bonds, as applicable, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The County may substitute a Reserve Facility for all or part of the moneys on deposit in any Reserve Account by depositing such Reserve Facility with the Trustee, provided that, at the time of such substitution, the amount on deposit in such Reserve Account, together with the amount available under all Reserve Facilities on deposit in such Reserve Account, shall be at least equal to the Reserve Requirement for such Reserve Account. Moneys for which a Reserve Facility has been substituted as provided herein shall be transferred, at the election of the County, to the Redemption Fund for the purpose of redeeming the related Series of Bonds or, upon receipt of an Opinion of Counsel that such transfer will not, in and of itself, adversely affect the exclusion of interest on Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes, to the County and applied to the payment of capital costs of the County. Amounts on deposit in any Reserve Account which were not derived from payments under any Reserve Facility credited to such Reserve Account to satisfy a portion of the Reserve Requirement for such Reserve Account shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts.

(c) In the event that, on the second Business Day prior to a date on which the Trustee is to transfer money from the Payment Fund to the Interest Accounts pursuant to subsection (c) of Section 4.04 hereof or to the Principal Accounts pursuant to subsection (e) of Section 4.04 hereof, amounts in the Payment Fund are insufficient for such purpose, the Trustee shall withdraw from each Reserve Account, to the extent of any funds therein, the amount of the insufficiency of the related Series of Bonds, and shall transfer any amounts so withdrawn first to the related Interest Account and then to the related Principal Account. If the amount on deposit in any Reserve Account is not sufficient to make such transfer, the Trustee shall make a claim under any available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required.

(d) In the event of any transfer from a Reserve Account or the making of any claim under a Reserve Facility, the Trustee shall, within two Business Days thereafter, provide written notice to the Authority and the County of the amount and the date of such transfer or claim; provided, however, that such notice need not be provided if such transfer is made pursuant to subsection (f) or subsection (g) of this Section.

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

(f) If, as a result of the payment of principal of or interest on any Series of Bonds, the Reserve Requirement applicable to such Series of Bonds is reduced, amounts on deposit in the applicable Reserve Account in excess of such reduced Reserve Requirement shall be transferred to the related Interest Account(s) and Principal Account(s) of the Payment Fund as directed in a Written Request of the County.

(g) On any date on which Bonds of a Series are defeased in accordance with Section 9.02 hereof, the Trustee shall, if so directed in a Written Request of the County, transfer any moneys in the related Reserve Account in excess of the applicable Reserve Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the County, to be applied to such defeasance.

(h) Moneys, if any, on deposit in a Reserve Account shall be withdrawn and applied by the Trustee for the final payments of principal of and interest on the Bonds secured by such Reserve Account.

Section 4.07. <u>Rebate Fund</u>. (a) The Trustee shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Authority or a Written Request of the County. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article IX hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority or the County, and shall have no liability or responsibility to enforce compliance by the Authority or the County with the terms of the Tax Certificate. The Trustee may conclusively rely upon the determinations, calculations and certifications of the Authority or the County required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the calculations of the Authority or the County.

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

Section 4.08. Investments. (a) Except as otherwise provided herein, any moneys held by the Trustee in the funds and accounts established hereunder shall be invested by the Trustee upon the Written Request of the County, received at least two Business Days prior to the investment date, only in Permitted Investments, and in the absence of such direction shall be invested by the Trustee in Permitted Investments described in clause [(6)] of the definition thereof. The Trustee may act as principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Permitted Investments that are registerable securities shall be registered in the name of the Trustee.

(b) Investments purchased with funds on deposit in the Payment Fund shall mature not later than the payment date immediately succeeding the investment. Investments purchased with funds on deposit in the Redemption Fund shall be invested in Permitted Investments described in clause [(1)(a)] of the definition thereof that mature on or prior to the redemption date on which such funds are to be applied to the redemption of Bonds. Investments purchased with funds on deposit in the Project Fund shall mature not later than the dates upon which such funds shall be needed to be expended for the payment of Project Costs. Notwithstanding anything to the contrary contained herein, investments purchased with funds on deposit in any Reserve Account of the Reserve Fund shall have an average aggregate weighted term to maturity of not greater than five years.

(c) Investments (except investment agreements) in any fund or account established hereunder shall be valued, exclusive of accrued interest (i) not less often than annually nor more often than monthly, and (ii) upon any draw upon any Reserve Account. All investments of amounts deposited in any fund or account established hereunder shall be valued at the market value thereof.

(d) Any interest or profits received with respect to investments held in any of the funds or accounts established under this Indenture (other than any Reserve Account) shall be retained therein. Any interest or profits received with respect to investments held in a Reserve Account shall be, until the date the related Written Certificate of the County required by subsection (d) of Section 4.02 hereof is filed with the Trustee, transferred to one or more accounts or subaccounts within the Project Fund as directed in a Written Request of the County and, thereafter, shall be transferred to the related Interest Account(s). Notwithstanding the foregoing, any such transfer or disbursement shall be made from a Reserve Account only if and to the extent that, after such transfer, the amount on deposit in such Reserve Account[, together with amounts available to be drawn on all Reserve Facilities held for such Reserve Account, if any,] is at least equal to the Reserve Requirement for such Reserve Account.

(e) The Authority and the County acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Authority or the County the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, to the extent permitted by law, the Authority and the County specifically waives receipt of such confirmations. The Trustee shall furnish the Authority and the County periodic transaction statements that include detail for all investment transactions made by the Trustee hereunder.

ARTICLE V

NET PROCEEDS AND TITLE INSURANCE; COVENANTS

Section 5.01. Application of Net Proceeds. If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this Section, the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions hereof.

The Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the County, together with invoices therefor. Pending such application, such proceeds may, pursuant to a Written Request of the County, be invested by the Trustee in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the County shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the County intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the County does intend to replace or repair the Property or portions thereof, the County shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account referred to above.

If such damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments results from such damage or destruction pursuant to Section 3.06 of the Sublease, then the County shall be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption, pursuant to Section 3.01 hereof (i) of all of the Outstanding Bonds, or (ii) of such portion of the Outstanding Bonds as shall result in the remaining, non-abated Base Rental Payments being sufficient to pay, as and when due, the principal of and interest on the Bonds that will remain Outstanding after such redemption. If the County is required to apply funds from the insurance proceeds and other legally available funds to the redemption of Bonds in accordance with clause (b) above, the County shall direct the Trustee, in a Written Request of the County, to transfer the funds to be applied to such redemption to the Redemption Fund and the Trustee shall transfer such funds to the Redemption Fund. Any proceeds of any insurance, including the proceeds of any self-insurance remaining after the portion of the Property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and annual fair rental value as that which existed prior to the damage or destruction as required by clause (a) above, or the redemption of Bonds as required by clause (b) above, in each case as evidenced by a Written Certificate of the County to such effect, shall be deposited in the Reserve Accounts, ratably without preference or priority of any kind according to the principal amount of Outstanding Bonds secured by each Reserve Account, to the extent that the amounts therein are less than the applicable Reserve Requirement. If the County is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (a) above, or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds shall be deposited in the Reserve Accounts, ratably without preference or priority of any kind according to the principal amount of Outstanding Bonds secured by each Reserve Account, to the extent that the amounts therein are less than the applicable Reserve Requirement. Any amounts not required to be so deposited into the Reserve Accounts shall, if there is first delivered to the Trustee a Written Certificate of the County to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Sublease in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments, be paid to the County to be used for any lawful purpose.

The proceeds of any award in eminent domain shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to Section 3.01 hereof.

Section 5.02. Title Insurance. Net Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the County determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the County under the Sublease, such proceeds shall, upon Written Request of the County, be remitted to the County and used for any lawful purpose thereof; or

(b) if the County determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement in whole or in part of Rental Payments payable by the County under the Sublease, then the County shall, in a Written Request of the County, direct the Trustee to, and the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in Section 3.01 hereof.

Section 5.03. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of the Base Rental Payments and other assets pledged for such payment as provided in this Indenture and received by the Authority or the Trustee.

Section 5.04. Compliance with Indenture. The Authority and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in this Indenture required to be complied with, kept, observed and performed by them.

Section 5.05. Compliance with Site Lease and Sublease. The Authority and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Site Lease and the Sublease required to be complied with, kept, observed and performed by them and, together with the Trustee, shall enforce the Site Lease and the Sublease against the other party thereto in accordance with their respective terms.

Section 5.06. Observance of Laws and Regulations. The Authority, the County and the Trustee shall faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 5.07. Other Liens. The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the County thirty days' written notice to comply therewith and failure of the County to so comply within such thirty-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained herein, or from its obligation hereunder to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the County shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created hereunder, other than the pledge and lien hereof.

The Authority and the Trustee shall not encumber the Property other than in accordance with the Site Lease, the Sublease and this Indenture.

Section 5.08. Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, shall prosecute all actions, suits or other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 5.09. Accounting Records and Statements. The Trustee shall keep proper accounting records in which complete and correct entries shall be made of all transactions of the Trustee relating to the receipt, deposit and disbursement of the Lease Revenues, and such accounting records shall be available for inspection by the Authority and the County at reasonable hours and under reasonable conditions. The Trustee shall, upon written request, make copies of the foregoing available, at the Owner's expense, to any Owner or its agent duly authorized in writing.

Section 5.10. Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Sublease and the Site Lease, or memoranda thereof, and a memorandum of the assignment of the Authority's right, title and interest in and to the Site Lease and the Sublease pursuant to Section 4.01 hereof.

Section 5.11. 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 2014 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 2014 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 2014 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 5.12. Continuing Disclosure. The County shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the County to comply with the Continuing Disclosure Certificate 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 2014 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee, or any holder or Beneficial Owner of the Series 2014 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.13. Notifications Required by the Act. If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds or withdraws funds from a Reserve Account to pay principal and interest on any Series of Bonds, the Trustee shall notify the Authority in writing of such failure or withdrawal, as applicable, and, in accordance with Section 6599.1(c) of the Act, the Authority shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal, as applicable, within 10 days of the failure or withdrawal, as applicable.

Section 5.14. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Authority and the County shall promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them hereby or by the Site Lease or the Sublease.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under this Indenture:

(a) failure to pay any installment of principal of any Bond as and when the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bond as and when the same shall become due and payable;

(c) a Sublease Default Event shall have occurred and be continuing;

(d) failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds 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 Authority by the Trustee, the County 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 Authority, 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 Authority within such 30 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time;

(e) failure by the County to observe and perform any of the covenants, agreements or conditions on its part in this Indenture 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; or

(f) the Authority or the County shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 6.02. Action on Default. In each and every case during the continuance of an Event of Default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding (and upon indemnification of the Trustee to its reasonable satisfaction as provided herein), shall, upon notice in writing to the Authority and the County, exercise any of the remedies granted to the Authority under the Sublease and, in addition, take whatever action at law or in equity may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee or the Owners by this Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 6.03 hereof.

Section 6.03. Other Remedies of the Trustee. During the continuance of an Event of Default, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the County or any member, director, officer or employee thereof, and to compel the Authority or the County or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein or in the Bonds;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority or the County, or both, to account as if it or they were the trustee or trustees of an express trust.

Section 6.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.05. Application of Amounts After Default. If an Event of Default shall occur and be continuing, all Lease Revenues and any other funds thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) to the payment of all amounts then due for interest on the Bonds, ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable, with interest on the overdue interest at the rate borne by the respective Bonds; and

(c) to the payment of all amounts then due for principal of the Bonds, ratably without preference or priority of any kind, according to the amounts of principal of the

Bonds due and payable, with interest on the overdue principal at the rate borne by the respective Bonds.

Section 6.06. Power of Trustee to Enforce. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 6.07. Bond Owners Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 6.08. Limitation on Bond Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Act or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

Section 6.09. Termination of Proceedings. If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then, subject to any such adverse determination, the Trustee, such Owner, the Authority and the County shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owner, then in every such case the Trustee, such Owner, the Authority and the County, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Trustee, the Owners, the Authority and the County shall continue as though no such proceedings had been taken.

Section 6.10. No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VII

THE TRUSTEE

Section 7.01. __Duties and Liabilities of Trustee__. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 7.02. __Removal and Resignation of the Trustee__. The Authority and the County may by an instrument in writing, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of the Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a commercial bank with trust powers having a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000 (or be part of a bank holding company with a combined capital and surplus of at least $50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the County and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority and the County shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority and the County do not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the County, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and the County and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the written request of the Authority, the County or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, ipso facto, shall be and become successor trustee under this Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 7.03. Compensation and Indemnification of the Trustee. The County shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) hereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder; provided, however, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds or accounts established hereunder.

The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties hereunder and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the County to indemnify the Trustee shall survive the termination and discharge of this Indenture.

Section 7.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Under no circumstances shall the Trustee request or be entitled to indemnification from the County for taking actions required by and in accordance with this Indenture, including, but not limited to, causing payments of principal of and interest on the Bonds to be made to the Owners thereof and carrying out redemptions of the Bonds in accordance with the terms hereof. The Trustee may consult with counsel, who may be counsel to the Authority or the County, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Sublease or for statements made in the preliminary or final official statement relating to the Bonds, or of the title to the Property.

Except as otherwise expressly provided herein, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Authority or a Written Certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the County, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the County as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall diligently pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct, negligence or breach of an obligation hereunder.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the County is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.01. Supplemental Indentures. (a) This Indenture and the rights and obligations of the Authority, the County, the Trustee and the Owners hereunder may be modified or amended at any time by a Supplemental Indenture, which the Authority, the County and the Trustee may enter into when the prior written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 10.06 hereof, are filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon or alter the redemption provisions with respect thereto, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) permit the creation of any lien on the Lease Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture on such Lease Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all Bonds then Outstanding, or (iv) amend this Section without the prior written consent of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the Authority, the County, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the County and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the County in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority or the County;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture or in regard to questions arising hereunder which the Authority or the County may deem desirable or necessary and not inconsistent herewith;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Section 2.04 and Section 2.05 hereof;

(iv) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; and

(v) for any other reason, provided such amendment or supplement does not adversely affect the rights or interests of the Owners; provided, however, that the Authority, the County and the Trustee may rely in entering into any such amendment or supplement upon an Opinion of Counsel stating that the requirements of this paragraph have been met with respect to such amendment or supplement.

(c) Promptly after the execution by the Authority, the County and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority or the County), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 8.02. Effect of Supplemental Indenture. Upon the execution and delivery of any Supplemental Indenture entered into pursuant to subsection (a) or (b) of Section 8.01 hereof, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the County, the Trustee and the Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may and, if the Authority or the County so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority, the County and the Trustee as to any modification or amendment provided for in such Supplemental Indenture and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, the County and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Section 8.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

ARTICLE IX

DEFEASANCE

Section 9.01. <u>Discharge of Indenture</u>. (a) If (i) the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, and (ii) all other amounts due and payable hereunder and under the Sublease shall have been paid, then the Owners shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority and the County hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the County all money or securities held by it pursuant hereto which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, when any Bond shall have been paid and if, at the time of such payment, each of the Authority and the County shall have kept, performed and observed all of the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided herein, and all agreements, covenants and other obligations of the Authority and the County hereunder shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the discharge and satisfaction of this Indenture, the provisions of Section 7.03 hereof relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Authority, the County and the Trustee.

Section 9.02. <u>Bonds Deemed To Have Been Paid</u>. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 9.01 hereof. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01 hereof if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 3.05 hereof, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 3.05 hereof, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond. Neither the money nor the Defeasance Securities deposited with the Trustee pursuant to this subsection in connection with the deemed payment of Bonds, nor principal or interest payments on any such Defeasance Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii)(B) of subsection (a) of this Section unless the Authority or the County shall cause to be delivered (A) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority, the County and the Trustee, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an Opinion of Counsel, dated the date of such deemed payment and addressed to the Authority, the County and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, and all agreements, covenants and other obligations of the Authority and the County hereunder as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

(c) The Trustee may seek and is entitled to rely upon (i) an Opinion of Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of subsection (a) of this Section have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in subsection (b) of this Section.

Section 9.03. Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bonds which remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall, at the Written Request of the Authority, be repaid by the Trustee to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the County for the payment of such principal, premium or interest.

ARTICLE X

MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any Person other than the Authority, the County, the Trustee and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the Authority or the County shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor Deemed Included in all References to Predecessor. Whenever the Authority, the County or the Trustee, or any officer thereof, is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the County or the Trustee, or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the Authority, the County or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or its attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the Person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bond and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the County or the Trustee in good faith and in accordance therewith.

Section 10.04. Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer or employee of the Authority or the County shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained herein shall relieve any member, officer or employee of the Authority or the County from the performance of any official duty provided by any applicable provisions of law, by the Sublease or hereby.

Section 10.05. Acquisition of Bonds by Authority or County. All Bonds acquired by the Authority or the County, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 10.06. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the County, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the County. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 10.07. Money Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 9.03 hereof, but without any liability for interest thereon.

Section 10.08. Funds and Accounts. Any fund or account required to be established and maintained pursuant hereto by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder.

The Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to this Indenture.

Section 10.09. Gender and References; Article and Section Headings. The singular form of any word used herein, including the terms defined in Section 1.01 hereof, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. The headings or titles of the several Articles and Sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Unless the context otherwise clearly requires, all references herein to "Articles," "Sections," subsections or clauses are to the corresponding Articles, Sections, subsections or clauses hereof, and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, subsection or clause hereof.

Section 10.10. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the Authority, the County or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the County and the Trustee hereby declare that they would have executed this Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase hereof and would have authorized the execution, authentication, issuance and delivery of the Bonds pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases hereof or the application thereof to any Person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.11. California Law. This Indenture and the Bonds shall be construed and governed in accordance with the laws of the State of California.

Section 10.12. Notices. All written notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the County:	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
If to the Authority:	Los Angeles County Public Works Financing Authority c/o County of Los Angeles Kenneth Hahn Hall of Administration 500 West Temple Street, Room 432 Los Angeles, California 90012 Attention: Treasurer

If to the Trustee: [Trustee]

Attention: Corporate Trust Services

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 10.13. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date.

Section 10.14. Execution in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this Indenture to be signed in its name by its representative thereunto duly authorized, the County has caused this 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 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: ________________________________

[TRUSTEE]

By: ________________________________
Authorized Officer

EXHIBIT A

FORM OF SERIES 2014 BOND

No. R- ***$***

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BOND (MULTIPLE CAPITAL PROJECTS), 2014 SERIES A

MATURITY DATE	INTEREST RATE	DATED DATE	CUSIP NO.
October 1, 20__	___%	________, 2014	

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 April 1 and October 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 ________ 1, 2014 (the "Indenture"), by and among the Authority, the County of Los Angeles (the "County") and [Trustee], 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 [Trustee], 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), 2014 Series A" (the "Series 2014 Bonds") in the aggregate principal amount of $_________. The Series 2014 Bonds are issued pursuant to the Indenture, and this reference incorporates the Indenture herein. 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 2014 Bonds. The Series 2014 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 ________ 1, 2014, by and between the County, as lessee, and the Authority, as lessor, (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. 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 2014 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 2014 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: ____________________

[TRUSTEE], 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.

EXHIBIT B

PERMITTED INVESTMENTS

"Permitted Investments" means any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations
  - All direct or fully guaranteed obligations
- Farmers Home Administration
  - Certificates of beneficial ownership
- General Services Administration
  - Participation certificates
- U.S. Maritime Administration
  - Guaranteed Title XI financing
- Small Business Administration
  - Guaranteed participation certificates
- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
  - GNMA-guaranteed mortgage-backed securities
  - GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
  - Local authority bonds

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

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in

the United States with total assets in excess of $500 million and having “A” or better rating for the issuer’s long-term debt as provided by Moody’s, S&P, or Fitch and “P-1”, “A-1”, “F1” or better rating for the issuer’s short-term debt as provided by Moody’s, S&P, or Fitch, respectively.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as “bankers’ acceptances,” having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of “A-1”, “P-1”, or “F1” by S&P, Moody’s, or Fitch, respectively, and a long-term debt rating of no less than “A” by S&P, Moody’s, or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency.

(7) Certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the “A” category or better from S&P, Moody’s, or Fitch.

(8) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (ii) above.

(10) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" or "Aa3" by S&P or Moody's, respectively.

EXHIBIT C

FORM OF PROJECT FUND REQUISITION

[LETTERHEAD OF LOS ANGELES COUNTY CHIEF EXECUTIVE OFFICE]

________, 20__

[Trustee]
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: ___________

Re: LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS ([MULTIPLE CAPITAL PROJECTS]) 20__ SERIES __ (_________________)

WRITTEN REQUEST NO. __ FOR DISBURSEMENTS FROM THE [SERIES 20___ SUBACCOUNT OF] THE SERIES 20___ ________________ ACCOUNT OF THE PROJECT FUND

Dear ________:

In accordance with the terms of the Master Indenture, dated as of ________ 1, 2014 (the "Indenture"), by and among the Los Angeles County Public Works Financing Authority, the County of Los Angeles (the "County") and you, as Trustee, you are hereby authorized and requested to make immediate disbursement of funds held by you for Project Costs as set forth herein.

In this regard, the undersigned hereby states and certifies:

(a) that the undersigned is the duly appointed, qualified and acting ___________________ of the County, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(b) that you, as Trustee, are hereby requested to disburse from [the Series 20____ Subaccount of] the Series 20__ __________ Account of the Project Fund, established pursuant to the Indenture, to the payee(s) set forth below, the amount(s) set forth below, for payment of such costs identified below;

(c) that each item of cost identified below has been properly incurred and the amounts to be disbursed pursuant to this Written Request are for Project Costs properly chargeable by the County to the [the Series 20____ Subaccount of] the Series 20__ __________ Account of the Project Fund, and no amounts to be disbursed pursuant to this Written Request have been the subject of a previous Written Request for disbursement from said account or subaccount; and

(d) that an invoice for each item of cost identified below is attached hereto.

Payee Name: ____

Payee Address: ____

____

____

____

____

Amount: ____

Purpose: ____

____

____

____

____

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Sincerely,

WILLIAM T FUJIOKA
Chief Executive Officer
County of Los Angeles

Capital Projects/Debt Management

By: ___________________________

Name: ___________________________

Title: ___________________________

WTF:BC:RR
DJT:

EXHIBIT D

FORM OF COSTS OF ISSUANCE FUND REQUISITION

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS ([MULTIPLE CAPITAL PROJECTS])

WRITTEN REQUEST NO. __ FOR DISBURSEMENTS FROM COSTS OF ISSUANCE

The undersigned hereby states and certifies:

(a) that the undersigned is the duly appointed, qualified and acting ____________ of the County of Los Angeles, a political subdivision of the State of California (the "County"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(e) that [Trustee], as trustee (the "Trustee"), is hereby requested to disburse from the Costs of Issuance Fund, established pursuant to the Master Indenture, dated as of ________ 1, 2014 (the "Indenture"), by and among the Los Angeles County Public Works Financing Authority, the County and the Trustee, to the payees set forth on Attachment I attached hereto and by this reference incorporated herein, the amount set forth on Attachment I opposite each such payee, for payment of such costs identified on said Attachment I;

(c) that each item of cost identified on Attachment I has been properly incurred and the amounts to be disbursed pursuant to this Written Request are for Costs of Issuance properly chargeable to the Costs of Issuance Fund, and no amounts to be disbursed pursuant to this Written Request have been the subject of a previous Written Request for disbursement from said account; and

(d) that an invoice, for each item of cost identified on Attachment I is attached hereto.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: _____________

COUNTY OF LOS ANGELES

By: ________________________________

ATTACHMENT I

COST OF ISSUANCE FUND DISBURSEMENTS

Payee Name and Address	**Purpose of Obligation**	**Amount**

EXHIBIT E

DESCRIPTION OF THE PROJECT

The County plans to apply the proceeds of the Series 2014 Bonds to be deposited into the Project Fund established under the Indenture to certain capital improvement projects, collectively referred to as the "Project," as follows:

1. ***San Fernando Valley Family Service Center.*** The San Fernando Valley Family Service Center will be located on a 6.78 acre County-owned property and is designed to provide an efficient service delivery model for families requiring access to multiple government services. The new facility will include office space and facilitate the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services, and Probation. The project involves the demolition of existing County facilities and includes the construction of a new five-story office building with approximately 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces.

2. ***Manhattan Beach Library.*** The Manhattan Beach Library project includes the replacement of a single-story 12,188 square foot County library with a new two-story approximate 21,500 square foot library located on County-owned property within the Manhattan Beach City Civic Center. The new library will include a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways, and security lighting.

$[Principal Amount]
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects), 2014 Series A

BOND PURCHASE AGREEMENT

[Pricing Date]

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, Barclays Capital 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, [Trustee], 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 $[Principal Amount] aggregate principal amount of Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A (the "Series 2014 Bonds"). The Series 2014 Bonds are being issued pursuant to the Master Indenture, dated as of December 1, 2014 (the "Indenture"), by and among the County, the Authority and the Trustee.

The Series 2014 Bonds shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The Series 2014 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 2014 Bonds will be payable semiannually each April 1 and October 1, commencing on [First Interest Payment Date]. The Series 2014 Bonds shall otherwise be as described in the Official Statement (as defined herein) with respect to the Series 2014 Bonds, dated [Pricing Date] (as further defined below), and be subject to redemption as provided therein.

The aggregate purchase price of the Series 2014 Bonds shall be $[Purchase Price] (representing the aggregate principal amount of the Series 2014 Bonds of $[Principal Amount].00, [plus/minus] a [net] original issue [premium/discount] of $[OIP/OID], and less an Underwriters' discount of $[UW Discount]).

The Authority and the County acknowledge and agree that: (a) the purchase and sale of the Series 2014 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 2014 Bonds, the Authority and the County have consulted their own financial and other advisors to the extent they have deemed appropriate. The Authority and the County also acknowledge that they previously received from each of the Underwriters a letter regarding Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Disclosures, and that they have provided to the Underwriters acknowledgements of such letters.

2. The Series 2014 Bonds. The Series 2014 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 2014 Bonds and certain matters relating thereto (the "the Authority Resolution"), and a Resolution of the County approving the issuance of the Series 2014 Bonds and certain matters relating thereto (the "County Resolution").

The Series 2014 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 December 1, 2014 (the "Sublease"), by and between the County and the Authority, 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 December 1, 2014 (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 Indenture, the Authority assigns to the Trustee certain of its rights, title and interest in and to the Site Lease and the Sublease.

3. Purpose of the Series 2014 Bonds. The proceeds of the Series 2014 Bonds will be used to finance and refinance certain capital improvement projects, including payments of Commercial Paper Notes issued by the County to finance certain capital improvement projects, to fund the Common Reserve Account established for the Series 2014 Bonds [, to fund capitalized interest on the Series 2014 Bonds] and to pay certain costs of issuance incurred in connection with the issuance of the Series 2014 Bonds.

4. Offering. (a) It shall be a condition to the Authority's obligation to sell and issue the Series 2014 Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for Series 2014 Bonds that the entire aggregate principal amount of the Series

2014 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 2014 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 2014 Bonds, provided that the Underwriters shall not change the interest rates set forth on Exhibit B. The Series 2014 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2014 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 2014 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 2014 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 [POS Date] (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 2014 Bonds, in connection with the public offering and sale of the Series 2014 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 2014 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 2014 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 2014 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 2014 Bonds; provided, however, that in no event shall the County be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

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

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2014 Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the County will notify the Representative, and, if in the reasonable opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall cooperate with the Authority in preparing and furnishing to the Underwriters (at the expense of the County) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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. <u>Representations, Warranties and Agreements of the Authority</u>. 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds or the payment of principal and interest on the Series 2014 Bonds or in any way contesting or affecting the validity or enforceability of the Series 2014 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 2014 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 2014 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 2014 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 2014 Bonds; provided, however, that in no event shall the Authority be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

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

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2014 Bonds, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Representative, and, if in the reasonable opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall forthwith prepare and furnish to the Underwriters (at the expense of the County) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the Series 2014 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 2014 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 [December 2, 2014], 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 2014 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 Orrick, Herrington & Sutcliffe 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 2014 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 2014 Bonds is herein called the "Closing"). The Series 2014 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 2014 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 2014 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 2014 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 Orrick, Herrington & Sutcliffe LLP, Bond Counsel, dated the date of Closing and addressed to the Authority, 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 2014 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 2014 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS" and "TAX MATTERS," and in APPENDIX C – "Summary of Principal Legal Documents," excluding any material that may be treated as included under such option by cross-refinance, insofar as such statements expressly summarize certain provisions of the Series 2014 Bonds, the Site Lease, the Sublease and the Indenture, and the form and content of Bond Counsel's approving opinion, are accurate in all material respects;

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

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

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

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

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

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the County or threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the County's covenant to make the necessary annual appropriations for all the Base Rental Payments as required under the Sublease or contesting or affecting as to the County the validity or enforceability of the Act or the Legal Documents, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the Series 2014 Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authorization in connection with the adoption of the County Resolution, or the execution and delivery by the County of the Legal Documents to which the County is party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the County or the performance by the County of its obligations under and in connection with the Legal Documents to which the County is a party; and

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

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

(A) the Authority is a joint exercise of powers authority duly organized and operating pursuant to Chapter 5, Division 7, Title 1 of the California Government Code, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party and the Series 2014 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 2014 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 2014 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 2014 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 2014 Bonds or Legal Documents executed by the Authority; and the issuance of the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the Series 2014 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 2014 Bonds or the Legal Documents; and

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture and to authenticate and deliver the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds, or which, in any way, would adversely affect the validity of the Series 2014 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 2014 Bonds; and

(F) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Series 2014 Bonds to the purposes specified in the Indenture;

(xi) 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 2014 Bonds; and

(B) the Series 2014 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;

(xii) an opinion of Hawkins Delafield & Wood 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;

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

(xiv) 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;

(xv) 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;

(xvi) 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;

(xvii) 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;

(xviii) an executed copy of the Tax Certificate for the Series 2014 Bonds, in form and substance acceptable to Bond Counsel;

(xix) evidence that the ratings on the Series 2014 Bonds are as described in the Official Statement; and

(xx) 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 2014 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 2014 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 2014 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 2014 Bonds) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds, including any supplements or amendments thereto;

(g) the purchase of and payment for the Series 2014 Bonds by the Underwriters, or the resale of the Series 2014 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 2014 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 2014 Bonds; (iii) the fees and disbursements of Hawkins Delafield & Wood 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 2014 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:

Barclays Capital Inc.
555 California Street, 30th Floor

San Francisco, California 94104
Attention: Michael T. Gomez

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 2014 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,

Barclays Capital 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 November, 2014

COUNTY OF LOS ANGELES,CALIFORNIA

By: ____________________________________
Joseph Kelly
Acting Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS
FINANCING AUTHORITY

By: ____________________________________
[Joseph Kelly]
[Acting Treasurer]

Approved as to Form:

MARK J. SALADINO
County Counsel

By: ____________________________________
Principal Deputy County Counsel

<u>EXHIBIT A</u>

UNDERWRITERS

Barclays Capital Inc.

J.P. Morgan Securities LLC

[Co-Managers to Come]

EXHIBIT B

MATURITY SCHEDULE

$[Principal Amount]
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects), 2014 Series A

Date (October 1)	Principal Amount	Interest Rate	Yield

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A (the "Bonds") by the Los Angeles County Public Works Financing Authority (the "Authority"). The Bonds are being issued pursuant to the Master Indenture, dated as of December 1, 2014 (the "Indenture"), by and among the County, the Authority and [Trustee], as trustee (the "Trustee"). The County covenants and agrees as follows:

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

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

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

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

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

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

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

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

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than February 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2014 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies;

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

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

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

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

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

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

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

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

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

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

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

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

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

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

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

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

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

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 2, 2014.

COUNTY OF LOS ANGELES

By: ____

[Name],
[Treasurer and Tax Collector]

CONTINUING DISCLOSURE EXHIBIT A

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

Name of Issuer:	County of Los Angeles
Name of Bond Issue:	Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A
Date of Issuance:	December 2, 2014

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

Dated:_______________

COUNTY OF LOS ANGELES

By: ____

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2014

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2014 Bonds. See "TAX MATTERS."

$[Preliminary Par Amount]*
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects), 2014 Series A

Dated: Date of Delivery **Due: October 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), 2014 Series A (the "Series 2014 Bonds") are payable solely from Lease Revenues and the other assets pledged therefor under the Master Indenture, dated as of December 1, 2014 (the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and [Trustee], 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 December 1, 2014 (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 2014 BONDS" herein.

The proceeds of the Series 2014 Bonds will be used to finance and 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 the Common Reserve Account established for the Series 2014 Bonds [, to fund capitalized interest on the Series 2014 Bonds] and to pay certain costs of issuance incurred in connection with the issuance of the Series 2014 Bonds. See "THE PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2014 Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2014 Bonds will be dated their date of delivery and are payable with respect to interest semiannually each April 1 and October 1, commencing on [First Interest Payment Date]. The Series 2014 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 2014 Bonds. Ownership interests in the Series 2014 Bonds may be purchased in book-entry form only. Principal of and interest and redemption premium, if any, on the Series 2014 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 2014 Bonds. See APPENDIX D – "Book-Entry Only System" attached hereto.

The Series 2014 Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2014 BONDS – Redemption of the Series 2014 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 2014 Bonds.

THE OBLIGATION OF THE COUNTY TO PAY THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE SERIES 2014 BONDS SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE LEASE REVENUES AND THE OTHER ASSETS PLEDGED

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* Preliminary, subject to change.

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 2014 BONDS. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The Series 2014 Bonds are offered when, as and if issued, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe 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, Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the Series 2014 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December 2, 2014.

Barclays

J.P. Morgan **[Co-Managers]**

Dated: November __, 2014

MATURITY SCHEDULE

$[Preliminary Par Amount]*
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects) 2014 Series A

(Base CUSIP†: 54473E)

Due (October 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP†	Due (October 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP†

$___________ ___% Term Bonds due October 1, 20__; Price to Yield – ___% CUSIP†: __________
$___________ ___% Term Bonds due October 1, 20__; Price to Yield – ___% CUSIP†: __________
$___________ ___% Term Bonds due October 1, 20__; Price to Yield – ___% 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.

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS
(Multiple Capital Projects) 2014 Series A

Board of Supervisors

Don Knabe
Fourth District, Chairman

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer-Clerk
Board Of Supervisors

County Officials

William T Fujioka
Chief Executive Officer

Mark J. Saladino
County Counsel

Joseph Kelly
Acting Treasurer And Tax Collector

John Naimo
Auditor-Controller

Orrick, Herrington & Sutcliffe LLP
Bond Counsel

Public Resources Advisory Group
Financial Advisor

[Trustee]
Trustee

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 2014 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 2014 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the Authority and the County, and other sources that are believed by the Authority and the County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Series 2014 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and the Authority.

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

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

The County maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2014 Bonds.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2014 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 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 2014 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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$[Preliminary Par Amount][*]
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds
(Multiple Capital Projects), 2014 Series A

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), 2014 Series A (the "Series 2014 Bonds"). The Series 2014 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 December 1, 2014 (the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and [Trustee], as trustee (the "Trustee"), to finance and 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 the Common Reserve Account established for the Series 2014 Bonds [, to fund capitalized interest on the Series 2014 Bonds] and to pay certain costs of issuance incurred in connection with the issuance of the Series 2014 Bonds. See "THE PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2014 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 December 1, 2014 (the "Sublease"), by and between the County and the Authority.

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 2014 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

[*] Preliminary, subject to change.

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."

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 are not secured by the Lease Revenues, and the Series 2014 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 2014 Bonds under the Indenture.

Description of the Series 2014 Bonds

The Series 2014 Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Series 2014 Bonds will be dated their date of delivery and are payable with respect to interest semiannually each April 1 and October 1, commencing on [First Interest Payment Date].

The Series 2014 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 2014 Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2014 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 2014 Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Series 2014 Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2014 BONDS – Redemption of the Series 2014 Bonds."

For a more complete description of the Series 2014 Bonds and the basic documentation pursuant to which they are being issued, see "THE SERIES 2014 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 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 December 1, 2014 (the "Site Lease"), by and between the County and the Authority. The County subleases the Property from the Authority pursuant to the Sublease. The Series 2014 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 from, as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event.

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 Series 2014 Bonds when due. The Base Rental Payments are equal to the principal of and interest on the Series 2014 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 Series 2014 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 Series 2014 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 2014 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 2014 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 Series 2014 Bonds and any additional bonds (the "Additional Bonds" and, together with the Series 2014 Bonds, the "Bonds") issued under the Indenture and designated to be secured thereby. Within the Reserve Fund, the Trustee shall establish and maintain a separate account designated the "Common Reserve Account" and may establish and maintain one or more additional accounts (each, a "Series Reserve Account"), each of which may secure one or more Series of Bonds pursuant to the Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the Common Reserve Account secure the payment of principal of and interest on each Common Reserve Series, being the Series 2014 Bonds and those Series of Additional Bonds secured by the Common Reserve Account as provided in the Supplemental Indenture providing for each such Series of Additional Bonds (collectively, the "Common Reserve Series"). The Reserve Fund will be funded in an amount sufficient to satisfy the Reserve Requirement, which is defined as an amount equal to (a) with respect to the Common Reserve Series, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Series Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Series Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Series Bonds, and (b) with respect to any other Series of Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Reserve Fund."

Additional Bonds

Under the Indenture, the Authority may issue Additional Bonds payable from Lease Revenues on a parity with respect to the Lease Revenues with the Series 2014 Bonds and all other Bonds hereinafter 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 2014 BONDS – Parity Obligations; Additional Bonds" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Purpose of the Series 2014 Bonds

The proceeds of the Series 2014 Bonds will be used to finance and refinance certain capital improvement projects described herein (collectively, the "Projects"), including payment of Commercial Paper Notes issued by the County to finance certain capital improvement projects, to fund the Common Reserve Account established for the Series 2014 Bonds [, to fund capitalized interest on the Series 2014 Bonds] and to pay certain costs of issuance incurred in connection with the issuance of the Series 2014 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 2014 Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2015, 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 2014 Bonds in complying with the Rule15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Certain Risk Factors

Certain events could affect the ability of the County to make the Base Rental Payments when due. See "CERTAIN RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2014 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 2014 Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2014 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: [Trustee Address], 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 2014 Bonds will be used to finance and refinance the Projects, to fund the Common Reserve Account established for the Series 2014 Bonds [, to fund capitalized interest on the Series 2014 Bonds] and to pay certain costs of issuance incurred in connection with the issuance of the Series 2014 Bonds. The following are summary descriptions of the Projects:

San Fernando Valley Family Service Center. The San Fernando Valley Family Service Center project, to be located on a 6.78 acre County-owned property in Van Nuys, California, is designed to provide an efficient service delivery center for families requiring access to multiple government services. The new facility will include office space and facilitate the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services, and Probation. The project includes the demolition of existing County facilities and the construction of a new five-story office building with 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces. The project cost is estimated to be $_________, with approximately $7.3 million being funded from available County moneys and the remainder being funded from proceeds of the Series 2014 Bonds. Construction of the project commenced in ________ and is expected to be completed in _________.

Manhattan Beach Library. The Manhattan Beach Library project includes the replacement of a single-story 12,188 square foot County library with a new two-story 21,500 square foot library located on County-owned property within the Manhattan Beach City Civic Center. The new library will include a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways, and security lighting.

The project cost is estimated to be $_________, with approximately $12.2 million being funded from property tax revenues collected from property owners in the City of Manhattan Beach and the remainder being funded from proceeds of the Series 2014 Bonds. Construction of the project commenced in ________ and is expected to be completed in _________.

The Commercial Paper Notes to be refinanced with a portion of the proceeds of the Series 2014 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 U.S. Bank National Association, as successor 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 Civic Center Heating and Refrigeration Plant, the Internal Services Department Headquarters and the Manhattan Beach Library.

Los Angeles County Civic Center Heating and Refrigeration Plant. The Los Angeles County Civic Center Heating and Refrigeration Plant (the "Refrigeration Plant") is located on a 2.28 acre property in the City of Los Angeles situated on the northerly side of Temple Street, and extending between Hill Street and North Broadway. The site also has frontage on the southerly side of the Hollywood/Santa Ana (101) Freeway right-of-way. The Refrigeration Plant was originally constructed in 1959, and was modified as new systems and upgrades were implemented. It supplies electrical steam and chilled water to the Los Angeles County Civic Center and other nearby County buildings. The Refrigeration Plant's main building is a special-purpose industrial structure designed for a cogeneration facility that is divided into a boiler or heating plant that occupies the north section and a refrigeration plant is located at the south portion. [Description of seismic standards used.] The appraised value of the Refrigeration Plant was approximately $100 million as of 2013.

Internal Services Department Headquarters. The Internal Services Department Headquarters (the "ISD Headquarters") is located on a 32.8-acre property at 1100 North Eastern Avenue in the [City of Los Angeles] and consists of two one-story industrial buildings, one administrative office building, a metal industrial building, and one office/communications building. The combined gross building area is 455,383 square feet. The ISD Headquarters is occupied by the Internal Services Department of the County of Los Angeles ("ISD") and used as a maintenance, storage and service facility. ISD provides computer, telecommunications, building maintenance and repair, purchasing and contracts, vehicle repair, mail messenger and printing services to County departments. [Description of seismic standards used.] The appraised value of this facility was approximately $40 million as of 2010.

Manhattan Beach Library. The Manhattan Beach Library is one of the projects to be financed with proceeds of the Series 2014 Bonds. See "The Projects – Manhattan Beach Library" herein.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS – Insurance" and "CERTAIN RISK FACTORS – Abatement."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2014 Bonds are expected to be applied approximately as set forth below:

Sources of Funds:	
Principal Amount of the Series 2014 Bonds	$
Net Original Issue Premium/Discount	
TOTAL SOURCES	$
Uses of Funds:	
Project Fund	$
Payment of Commercial Paper Notes	
Common Reserve Account	
[Series 2014 Capitalized Interest Subaccount](1)	
Costs of Issuance(2)	
TOTAL USES	$

____

(1) [Reflects capitalized interest to ______________.]

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

THE SERIES 2014 BONDS

The following is a summary of certain provisions of the Series 2014 Bonds. Reference is made to the Series 2014 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 2014 Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2014 Bonds will be dated their date of delivery and are payable with respect to interest semiannually each April 1 and October 1, commencing on [First Interest Payment Date].

The Series 2014 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 2014 Bonds. Ownership interests in the Series 2014 Bonds may be purchased in book-entry form only. Principal of and interest and premium, if any, on the Series 2014 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 2014 Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Redemption of the Series 2014 Bonds

Optional Redemption of the Series 2014 Bonds. The Series 2014 Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2014 Bonds maturing on or after October 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after October 1, 20__, in whole or in part, in Authorized Denominations, from (i) prepaid Base Rental Payments paid pursuant to the 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.

Extraordinary Redemption of the Series 2014 Bonds. The Series 2014 Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, 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.

Mandatory Sinking Fund Redemption of the Series 2014 Bonds. The Series 2014 Bonds maturing October 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on October 1 in each year, commencing October 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 (October 1)	Principal Amount to be Redeemed
	$
(Maturity)	

If some but not all of the Series 2014 Bonds maturing on October 1, 20__ are redeemed pursuant to the extraordinary redemption provisions as described herein under the caption " – Extraordinary Redemption of the Bonds," the principal amount of Series 2014 Bonds maturing on October 1, 20__ to be redeemed pursuant to mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the Series 2014 Bonds maturing on October 1, 20__ so redeemed pursuant to the extraordinary redemption provisions, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Series 2014 Bonds maturing on October 1, 20__ are redeemed pursuant to the optional redemption provisions as described herein under the caption "– Optional Redemption of the Series 2014 Bonds," the principal amount of Series 2014 Bonds maturing on October 1, 20__ to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the Series 2014 Bonds maturing on October 1, 20__ 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 2014 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 Series 2014 Bonds, as directed in a Written Certificate of the County, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, any Bond may be redeemed in part in Authorized Denominations.

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 2014 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 2014 Bonds to be redeemed (except in the event of redemption of all of the Series 2014 Bonds of such maturity or maturities in whole), and shall require that such Series 2014 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 2014 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 2014 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 2014 Bonds, unless at the time such notice is given the Series 2014 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 2014 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 2014 Bonds. In the event a notice of redemption of Series 2014 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2014 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 2014 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 2014 Bonds shall become due and payable on said date and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2014 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 2014 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 2014 Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2014 Bonds shall be held in trust for the account of the Owners of the Series 2014 Bonds so to be redeemed without liability to such Owners for interest thereon.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS

Special Obligations; Pledge of Lease Revenues

The Series 2014 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 2014 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 from, as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event. The Indenture provides that, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged to the payment of the principal of and interest on the

Bonds as provided in the Indenture, and that the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. The Indenture provides that said pledge shall constitute a first lien on such assets.

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

Base Rental Payments; Abatement

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

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

During any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the County waives any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be 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 the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Rental Payments – Rental Abatement."

Subject to the abatement provisions set forth in the Sublease, the Base Rental Payments are equal to the principal of and interest on the Series 2014 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	Principal	Interest(1)	Total Base Rental Payments(1)
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			
2041			
2042			
2043			
2044			
Total(1):			

(1) Amounts reflect individual rounding.

Additional Rental

The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following: (a) all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates of the Authority or the County therein; (b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses payable by the

Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Sublease or to defend the Authority and its members, officers, agents and employees; (c) insurance premiums for all insurance required pursuant to the Sublease; (d) any amounts with respect to the Bonds required to be rebated to the federal government in accordance with the Code; and (e) all other payments required to be paid by the County under the provisions of the Sublease or the Indenture.

Reserve Fund

A Reserve Fund has been established under the Indenture in order to secure the payment of principal of and interest on Series 2014 Bonds and one or more Series of Additional Bonds issued under the Indenture and designated to be secured thereby. Within the Reserve Fund, the Trustee shall establish and maintain a separate account designated the "Common Reserve Account" and may establish and maintain one or more additional Series Reserve Accounts, each of which may secure one or more Series of Bonds pursuant to the Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds. Amounts in the Common Reserve Account secure the payment of principal of and interest on each Common Reserve Series, being the Series 2014 Bonds and those Series of Additional Bonds secured by the Common Reserve Account as provided in the Supplemental Indenture providing for each such Series of Additional Bonds. The Reserve Fund will be funded in an amount sufficient to satisfy the Reserve Requirement, which is defined as an amount equal to (a) with respect to the Common Reserve Series, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Series Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Series Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Series Bonds, and (b) with respect to any other Series of Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds. The initial deposit to the Common Reserve Account in the amount of $___________ will be made from a portion of the proceeds of the Series 2014 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. In connection with the issuance of Additional Bonds, there will additionally be deposited in the Common Reserve Account or any Series Reserve Account established and/or maintained for such Additional Bonds, as applicable, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued. The Indenture permits the issuance of Additional Bonds not secured by any Reserve Account.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made. "Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year). "Bond Year" means each twelve-month period beginning on July 1 in each year and extending to the next succeeding June 30, both dates inclusive, except that the first Bond Year shall begin on the date of issuance of the Series 2014 Bonds and end on June 30, 2015. "Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

The County may substitute a Reserve Facility for all or part of the moneys on deposit in any Reserve Account by depositing such Reserve Facility with the Trustee, provided that, at the time of such substitution, the amount on deposit in such Reserve Account, together with the amount available under all Reserve Facilities on deposit in such Reserve Account, shall be at least equal to the Reserve Requirement for such Reserve Account.

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

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

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

Additional Bonds

Under the Indenture, the Authority may issue Additional Bonds payable from Lease Revenues on a parity with respect to Lease Revenues with all other Bonds, including the Series 2014 Bonds, theretofore issued under the Indenture, but only subject to satisfaction of certain conditions precedent, including, (1) the provision to the Trustee of a Supplemental Indenture that, among other things, specifies whether such Additional Bonds shall (A) constitute a Common Reserve Series secured by the Common Reserve Account, (B) be secured by a Series Reserve Account, or (C) not be secured by any Reserve account and (2) the filing with the Trustee, among other things, of (a) a certificate of the County to the effect that, upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period, is not in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds, and (b) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type set forth in the Sublease. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Insurance

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

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

Substitution and Release of Property

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

Events of Default and Remedies

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

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

CERTAIN RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Series 2014 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 2014 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 2014 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 2014 Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

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

Additional Obligations of the County

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

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

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" and APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance." [The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Property. - Please confirm.] 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 proportionately, and the County waives any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be 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 the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the Reserve Fund or other funds and accounts established under the Indenture, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners of the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. The Sublease provides that the County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided in the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive hereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease. Notwithstanding anything to the contrary contained in the Sublease, the Authority in the Sublease expressly waives (i) any right to terminate the Sublease or the County's right to possession of the Property thereunder regardless of whether or not the County has abandoned the Property and (ii) any right of entry or re-entry to take possession of and/or re-let the Property. Further, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease.

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

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

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

Hazardous Substances

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

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

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

Seismic Events

The 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 aggregate principal amount of the Series 2010 Bonds and the Series 2014 Bonds and is not required to be used, if obtained, to replace or repair the Property or to redeem the 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."

[The Property consists of ______________. The __________ 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. The _________ is currently under construction but has a building design that includes special moment resisting steel frames with concrete spread footings to resist seismic lateral loads, and has a seismic design which is compliant with the California Building Code (2010), the County of Los Angeles Building Code (2011), the American Concrete Institute Building Code (ACI 318-08) and the American Institute of Steel Construction AISC Manual (13th Edison). See "DESCRIPTION OF THE PROPERTY." – To be revised upon determination of the Property.]

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 2014 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 2014 Bonds, the Authority and the County have covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2014 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Series 2014 Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Series 2014 Bonds were issued, as a result of acts or omissions of the Authority or the County in violation of the Code. Should such an event of taxability occur, the Series 2014 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

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), bond counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2014 Bonds is less than the amount to be paid at maturity of such Series 2014 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2014 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2014 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2014 Bonds is the first price at which a substantial amount of such maturity of the Series 2014 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2014 Bonds accrues daily over the term to maturity of such Series 2014 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2014 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2014 Bonds. Beneficial Owners of the Series 2014 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2014 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2014 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2014 Bonds is sold to the public.

Series 2014 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2014 Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2014 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2014 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2014 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2014 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2014 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2014 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2014 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2014 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2014 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series 2014 Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series 2014 Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2014 Bonds. Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2014 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2014 Bonds ends with the issuance of the Series 2014 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Series 2014 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2014 Bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2014 Bonds for audit, or the course or result of such audit, or an audit of Series 2014 Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2014 Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Series 2014 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, 2015, 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 2014 Bonds in complying with the Rule15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The County's underlying rating was upgraded by S&P from "A+" to "AA-" in October 2012 in connection with the issuance of its Los Angeles County Public Works Financing Authority Lease

Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds ") and disclosed in the Official Statement for the Series 2012 Bonds. The County did not file an event notice for the rating changes assigned to the County's other General Fund obligations. In addition, the County did not file notices of certain rating changes on bonds insured by a financial guaranty insurance company. The County has since filed notices setting forth the current ratings on each of its obligations.

CERTAIN LEGAL MATTERS

The validity of the Series 2014 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe 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, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the County and the Authority by County Counsel.

FINANCIAL STATEMENTS

The Fiscal Year 2012-13 financial statements of the County, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 16, 2013.

FINANCIAL ADVISOR

Public Resources Advisory Group, has served as Financial Advisor to the County in connection with the issuance of the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bonds.

UNDERWRITING

The Series 2014 Bonds are being purchased by Barclays Capital 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 2014 Bonds from the County and the Authority at an aggregate purchase price of $__________ (consisting of the aggregate principal amount of the Series 2014 Bonds, [plus/minus] an original issue [premium/discount] of $__________ and less an 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 2014 Bonds offered under the Bond Purchase Agreement if any of the Series 2014 Bonds offered thereunder are purchased.

[The following two sentences have been provided by J.P. Morgan Securities LLC, one of the Underwriters of the Series 2014 Bonds: J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2014 Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2014 Bonds, at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Series 2014 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2014 Bonds that CS&Co. 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: [Trustee Address], 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 2014 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 2014 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
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LOS ANGELES, CALIFORNIA 90012
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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 2012, the County is the most populous of the 58 counties in California and has a larger population than 43 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

COUNTY GOVERNMENT

The County is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving three consecutive terms commencing as of December 2002. In December 2014, the Supervisors for the First District and the Third District will reach their term limits. Their successors will be determined by voters in the November 2014 election.

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

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance, which was designed to improve the operational efficiency of County governance. This new governance structure delegates to the Chief Executive Office (the "CEO") additional responsibilities for the administration of the County, including the oversight, evaluation and recommendation for appointment and removal of specific Department Heads and County Officers. The five departments that continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational direction. In May 2011, the Board of Supervisors further revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

COUNTY SERVICES

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

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

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

Health and Welfare

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

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

Disaster Services

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

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 19,000 inmates.

General Government

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

Culture and Recreation

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

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

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by sixty (60) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which has twenty-four (24) collective bargaining units that represent the vast majority of County employees; the Coalition of County Unions ("CCU"), which includes twenty-three (23) collective bargaining units; and the Independent Unions (the "Independent Unions"), which encompass thirteen (13) collective bargaining units. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

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

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

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

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

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

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

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

The new fringe benefit agreements included provisions to increase the aggregate matching contribution cap for represented employees participating in the County's deferred compensation savings plans. The County increased the Fiscal Year 2012-13 matching contribution cap of $112 million, which was in place since Fiscal Year 2008-09, to $121 million in Fiscal Year 2013-14; and $130 million in Fiscal Year 2014-15. In Fiscal Year 2015-16, there will be no maximum contribution cap, and represented employees will be eligible to receive a full County match for their deferred compensation plan savings over the entire fiscal year.

On February 25, 2014, the Board of Supervisors also approved a $500 cash bonus for all full-time permanent employees, payable in two equal installments via their cafeteria benefit plans on March 28, 2014 and July 30, 2014. Temporary and part-time employees will receive a similar cash bonus of $250, also payable in two equal installments.

RETIREMENT PROGRAM

General Information

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

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

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

LACERA's total membership as of June 30, 2013 was 161,950, consisting of 73,951 active vested members, 17,594 non-vested active members, 58,086 retired members and 12,319 terminated vested (deferred) members. Of the 91,545 active members (vested and non-vested), 79,006 are general members in General Plans A through G, and 12,539 are safety members in Safety Plans A through C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of the Plan A benefits. The Plan A retirement benefits are considerably more generous than other plan options currently available to County employees.

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

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

2012 State Pension Reform

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

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the County Employees Retirement Law of 1937, LACERA is required to comply with the provisions of PEPRA.

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

Contributions

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

Investment Policy

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

Actuarial Valuation

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

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

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

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

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

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

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

In October 2011, based on the 2010 Investigation of Experience, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return will be 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively.

In December 2013, Milliman released the 2013 Investigation of Experience for Retirement Benefit Assumptions (the "2013 Investigation of Experience"), The 2013 Investigation of

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

UAAL and Deferred Investment Returns

For the June 30, 2012 Actuarial Valuation (the "2012 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 0.3%, which corresponds to a $1.145 billion or 2.9% decrease in the market value of assets from June 30, 2011. The market rate of return in Fiscal Year 2011-12 was significantly lower than the 7.60% assumed rate of return. As a result of the five-year smoothing process for prior year gains and losses in market value, the actuarial value of Retirement Fund assets decreased by $154 million or 0.4% from $39.194 billion to $39.039 billion as of June 30, 2012. The 2012 Actuarial Valuation reported that the AAL increased by $2.211 billion to $50.809 billion, and the UAAL increased by $2.365 billion to $11.770 billion from June 30, 2011 to June 30, 2012.

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

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

Based on new assumptions from the 2013 Investigation of Experience, the AAL and the UAAL from the 2012 Actuarial Valuation were increased from $50.809 billion and $11.770 billion to $51.321 billion and $12.281 billion, respectively. The adjustment to the actuarial liability numbers from the 2012 Actuarial Valuation resulted in a decrease in the Funded Ratio from 76.8% to 76.1% and provides the basis for calculating the change in the corresponding actuarial liability numbers in the 2013 Actuarial Valuation.

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

Despite the strong performance of the Retirement Fund relative to the assumed rate of return in Fiscal Year 2012-13, the Funded Ratio decreased from 76.1% to 75.0% as of June 30, 2013. The Funded Ratio has declined steadily since June 30, 2008 after it reached a cyclical high of 94.5%, prior to the economic downturn. The steady decline in the Funded Ratio over the last five years is primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses in Fiscal Years 2008-09 and 2011-12 (especially in Fiscal Year 2008-09). The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 have been fully accounted for in the valuation of the Retirement Fund as of June 30, 2013.

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

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

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

A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior six years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-11.

Pension Funding

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

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

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement

Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, however, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") was $470.71 million as of June 30, 2012. The County Contribution Credit Reserve has never been included in the actuarial valuation of Retirement Fund assets. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of an OPEB trust. As of June 30, 2013, the remaining balance in the County Contribution Credit Reserve was $21.891 million, all of which is attributable to the Los Angeles County Superior Court.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2013, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2013 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase from 21.34% to 21.89% for Fiscal Year 2014-15, and the Funded Ratio would decrease from 75.6% to 73.8% as of June 30, 2013. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $36.061 million in Fiscal Year 2014-15.

Pension Obligation Securities

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County previously issued pension obligation bonds and certificates in 1994 and transferred the proceeds to LACERA to finance its then-existing UAAL. All of the outstanding pension obligation bonds and certificates related to the 1994 financing were repaid in full as of June 30, 2011.

New Pension Accounting Standards

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

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

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

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

Postemployment Health Care Benefits

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

In Fiscal Years 2011-12 and 2012-13, total payments from the County to LACERA for postemployment health care benefits were $424.0 million, and $441.1 million, respectively. In Fiscal Year 2013-14, the County is estimating $447.9 million in payments to LACERA for retiree health care. For Fiscal Year 2014-15, the County is budgeting $466.2 million in retiree health care payments to LACERA.

Financial Reporting for Other Postemployment Benefits

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

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

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

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

OPEB Actuarial Valuation

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

In accordance with the requirements of GASB 43, Milliman completed an OPEB actuarial valuation report as of July 1, 2010 (the "2010 OPEB Valuation"), which was issued in March 2011. In the 2010 OPEB Valuation, Milliman reported an AAL of $24.03 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $22.94 billion, which represents a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.86 billion, which represents approximately 29% of the County's payroll costs, and a 12% increase from the prior OPEB Valuation.

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

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

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

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

Funding for Other Postemployment Benefits

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

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

The County has reached a tentative agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who begin County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will still apply to the new tier. The proposed agreement will not affect current retirees or current employees. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement will be presented to the Board of Retirement on May 22, 2014 for its consideration, and if approved, it will be presented to the Board of Supervisors for final approval.

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

Long-Term Disability Benefits

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

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

LITIGATION

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

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs ("ALADS") and the Los Angeles County Professional Peace Officers Association (the "PPOA"). In 2010, the County was able to successfully defeat the "class certification" in the PPOA lawsuit based on the recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the *Bamonte* decision, both ALADS and PPOA filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County's motion with regard to most of the plaintiffs' claims in the two remaining collective actions and granted the County's motion to decertify the collective classes, which resulted in the dismissal of all of the "opt-in" plaintiffs. Following the Federal court's ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County's liability exposure. The County filed a State court action challenging the proposed proceedings involving the class grievances. The State court granted the County's petition for writ of mandate, essentially precluding the cases from proceeding as class grievances. The balance of the State litigation is still in the early stages of the legal process.

Other Litigation

In March, 2008, a lawsuit entitled *Natural Resources Defense Council, Inc., et al. v. County of Los Angeles, et al.*, was filed against the County and the Los Angeles County Flood Control District (the "LACFCD") under the citizen suit provision of the Federal Clean Water Act. The case was bifurcated to first determine liability and then penalties and remedies. The County and the LACFCD were found to have violated water quality standards in Malibu, California. Part of the summary judgment granted to the County and LACFCD was appealed to the Ninth Circuit, which upheld the trial court's ruling with certain exceptions for violations at two watersheds. The Ninth Circuit denied the LACFCD's motion for reconsideration and in May 2014 a writ of certiorari was denied by the U.S. Supreme Court, which then remanded the case back to the Ninth Circuit. The Ninth Circuit then remanded the case back to the District Court for further proceedings, which are limited only to the determination of liability on one claim and to start the remedy phase for the two claims in which the County and the LACFCD were already found liable. Plaintiffs are seeking injunctive relief, civil penalties and attorney fees. Any monetary payments attributable to the County will be paid from the County General Fund, and from a separate fund for the portion of the settlement attributable to the LACFCD.

In January, 2014, the Board of Supervisors voted to add a Christian cross to the image of the San Gabriel Mission that is depicted on the County seal. The intent of the Board of Supervisors, as reflected in a motion to add the cross, was for the depiction of the San Gabriel mission on the County seal to be artistically and historically accurate. In February, 2014, the American Civil Liberties Union, on behalf of a number of plaintiffs, filed an action entitled *Davies v. County of Los Angeles* in federal court, challenging the Board's action. The lawsuit primarily asserts that the Board's action to add a Christian cross to the County seal violates the Establishment Clause of the United States and California Constitutions by violating the principle separating the church and state. No trial date has been set for this lawsuit.

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et. al.*, the school district alleged that the Auditor-Controller improperly calculated statutory pass through payments related to the Educational Revenue Augmentation Funds ("ERAF") that were due to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's Petition for Review was denied by the California Supreme Court. On remand in January 2012, the trial court issued a statement of decision regarding calculation of the statutory payments which reduced the County's exposure from the previously reported range of $24 to $38 million to approximately $17.9 million. On September 7, 2012, LAUSD appealed the trial court's ruling. On June 26, 2013, the Court of Appeal reversed the trial court ruling and sided with LAUSD, stating that the statutory payments due to LAUSD should have included a higher share of the ERAF revenue that was diverted by the Triple Flip and Vehicle License Fee Swap legislation. The California Supreme Court denied the County's petition for review. The Court of Appeal's decision has resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. In response to the Court of Appeal's decision, the County has reserved $76.7 million for the expected resolution of this lawsuit.

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. In November 2012, the California Supreme Court upheld the appellate court's decision. The case has been remanded to the trial court to resolve outstanding issues regarding the applicable statute of limitations. The County's total liability exposure was estimated at approximately $40 million. The County settled with the Alhambra plaintiffs and two additional claimants for $35.4 million. The *Alhambra* case was dismissed on February 28, 2014, concluding the case. Still remaining as a result of the *Alhambra* Supreme Court decision, is the *Agoura Hills v. COLA* lawsuit involving nine cites. In addition, thirty cities have retained counsel or have potential claims for damages seeking return of the excessive administrative fees charged. The County is currently in settlement negotiations with the remaining cities. The potential remaining liability for the *Agoura Hills* lawsuit and related claims is between $22.8 million and $33.2 million.

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

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

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

In 2011, the United States Department of Justice ("DOJ") commenced investigations into alleged discriminatory practices by the Los Angeles County Sheriff's Department, the Housing Authority of the County of Los Angeles, and the cities of Lancaster and Palmdale regarding Section 8 participants in the Antelope Valley area of the County. The DOJ found all four public agencies engaged in conduct that was intentionally discriminatory. The DOJ has proposed a consent decree which would impose an injunction prohibiting all agencies from future discrimination, it also includes a requirement that $12.28 million be deposited into a settlement fund to provide for compensation of an unknown number of affected persons. No litigation has yet been filed.

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

In February, 2014, Sutherland Health Care Solutions, a County contract provider that provides claim and billing services to the Department of Health Services was the victim of a commercial burglary in which a number of desktop computers were stolen. Both the County District Attorney's Office and the Torrance Police Department are continuing their collective efforts in investigating the crime. This crime has resulted in the breach of approximately 338,000 individual patient accounts. Four separate class action lawsuits have already been filed against the County and Sutherland Health Care Solutions: *A. Doe v. Sutherland Healthcare Solutions, et al., Harasim et al., v. County of Los Angeles, et al., Rogers, et al., v. Sutherland Healthcare Solutions, Inc. et al, and Kamon, et al, v. Sutherland Healthcare Solutions, Inc. et.al*. Under the State's California Medical Information Act, the plaintiff can assert both nominal and actual damages, as well as seek attorney fees. While the plaintiffs may also assert punitive damages, the County would not be subject to payment on such claims. Nominal damages and attorney fees could exceed $700 million. Should the State exercise regulatory damages and civil penalties, those amounts could be $2,500 for each violation. The litigation is in its initial phase, with many procedural and other issues still to be determined. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

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

Pending Litigation

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

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

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2008	$38,724,671	$39,662,361	$41,975,631	$2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%
06/30/2012	38,306,756	39,039,364	51,320,699	12,281,335	76.07%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%

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

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

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

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

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

Fiscal Year	Pension Payment to LACERA	OPEB Payment to LACERA	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2007-08	$827,789	$352,000	$381,603	$1,561,392	-
2008-09	$805,300	$365,424	$320,339	$1,491,063	-4.5%
2009-10	802,500	384,034	358,165	1,544,699	3.6%
2010-11	898,803	406,937	372,130	1,677,870	8.6%
2011-12	1,026,867	424,030	-	1,450,897	-13.5%
2012-13	1,118,514	441,062	-	1,559,576	7.5%
2013-14	1,263,381 *	447,929 *	-	1,711,310	9.7%
2014-15	1,414,762 *	466,166 *	-	1,880,928	9.9%

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

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

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

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

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

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

COUNTY BUDGET OVERVIEW

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

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

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

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

Special District Funds, which account for approximately 8.2% of the 2014-15 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.7% of the 2014-15 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

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

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

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2013-14 is $19,345,849,874. The 2013-14 Final Adopted Budget included proceeds from taxes of $7,109,543,000, which is substantially below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California. In February 2005, a claim was filed, and followed in May 2005 by a lawsuit entitled *Oronoz v. County of Los Angeles* that contends the County's Utility User Tax ("UUT") did not meet the requirements of Proposition 62 and is therefore invalid. In November 2006, the trial court certified the case as a class action. In July 2008, the parties agreed to a tentative settlement of the case, which was finally approved by the court in March 2009. The settlement, which is currently in the process of being implemented, calls for a total expenditure by the County of $75 million to be used for tax refunds to class members and enhanced services within the areas of the County from which the tax was collected. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation, with the reserve more than sufficient to fully fund the entire $75 million settlement. Claim processing for the settlement has been completed. All refunds have been issued and all fees and costs have been paid. After the settlement payments were made, approximately $31 million was transferred to the cy pres fund in addition to an original $10 million deposit. All cy pres funds, which are required to finance enhanced services within the areas in the County in which the tax was collected, have been earmarked for specific projects that have been approved by the court. Twelve projects have been completed, leaving a remaining balance of approximately $29.3 million. The County anticipates that the projects will be fully funded between Fiscal Year 2014-15 and Fiscal Year 2018-19. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62. The plaintiffs filed a motion alleging that the 2008 election was improperly conducted, which was denied on April 26, 2012. The plaintiffs subsequently appealed the ruling, which was denied by the Court of Appeal on October 2, 2013. The plaintiffs sought a petition for review in the California Supreme Court, which was denied on December 11, 2013. Except for the ongoing implementation of the settlement terms, including the expenditure of the remaining cy pres funds, the case has been fully resolved.

On August 11, 2009, a lawsuit, *Patrick Owens and Patricia Munoz v. County of Los Angeles* was filed in Los Angeles Superior Court, challenging the imposition of the County's UUT after its passage at the election held on November 4, 2008. The complaint alleges that the impartial analysis prepared by County Counsel failed to inform the voters that: 1) the material provisions of the prior UUT were being rescinded regardless of the outcome of the election; and 2) it was not a "continuation" of an existing tax, but rather was the enactment of a completely new UUT. The County filed a demurrer and motion to strike plaintiffs' complaint on October 16, 2009. A hearing was held on April 15, 2010 in which the Court denied the County's demurrer in light of the early phase of the litigation process. The County then filed a motion on November 12, 2010 to dispose of the issues challenging the legality of the election. A hearing was held on February 16, 2011 in which the Court denied the County's motion as the plaintiff raised a constitutional question, which the Court determined must be ruled on together with the motion in the Oronoz case related to the 2008 election issue. The case proceeded with the discovery phase and was set for a bench trial, which was heard with the *Oronoz* motion on April 26, 2012. The court ruled in favor of the County and issued final judgment. The plaintiffs filed an appeal, which was denied. The plaintiffs petition to the California Supreme Court was also denied. As of December 2013, this case was completely resolved with no liability to the County.

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

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

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

Proposition 218

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

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

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

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

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

Proposition 1A 2004

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

Proposition 26

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

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

Future Initiatives

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

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Funding Requirements and Revenue Sources" on page A-11 of this Appendix A, $4.236 billion of the $20.271 billion 2014-15 Recommended General County Budget is received from the Federal government and $5.402 billion is funded by the State. The remaining $10.632 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 48% of General County funding is provided by the State and Federal governments illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

The partisan divide in Washington, D.C. has contributed to Congressional gridlock on Federal budget matters, which has made it difficult to enact annual appropriations bills needed to fund Federal programs and operations. As a result of the current political environment, the County does not expect that Federal legislation will be enacted that would significantly reduce mandatory (entitlement) programs, such as Medicaid, Temporary Assistance for Needy Families, Title IV-E Foster Care and Adoption Assistance, Child Support Enforcement, and the Supplemental Nutrition Assistance Program, through which the County receives the vast majority of its Federal revenue. However, the County's Medicaid revenue is expected to grow significantly due to the expansion of Medicaid under the Affordable Care Act.

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

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

STATE BUDGET PROCESS

Recent State budgets have reflected the State's efforts to stabilize its fiscal position in response to the challenging and uncertain economic environment. Over the past twenty years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 recession and subsequent recovery, and the most recent economic downturn that started in 2008. The State's budgetary decisions in response to the economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

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

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

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation (CDCR) to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which created a constitutional amendment prohibiting the Legislature from reducing or removing AB 109 funding.

The 2014-15 State Budget estimates AB 109 funding at $1.1 billion. Based on the current 31.77% share of the AB 109 funding allocation, the County would expect to receive approximately $349.5 million in Fiscal Year 2014-15. The current distribution of AB 109 funds is based on a short-term agreement between the State and the counties that can be adjusted in the future to more effectively align AB 109 funding with the cost of housing inmates transferred to the counties. A more permanent solution to the AB 109 funding allocation is expected in Fiscal Year 2014-15.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

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

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

Under ABx1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes", are to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453 million in Fiscal Year 2009-10.

Despite the receipt of residual property tax revenue beginning in Fiscal Year 2011-12, the County's 2012-13 Final Adopted Budget did not include any residual tax revenue from the dissolution of the redevelopment agencies. The estimated amount of such revenues in Fiscal Year 2012-13 was uncertain due to fluctuation in the amounts of enforceable obligations and the potential for disputes between successor agencies and the California Department of Finance, which has the authority to determine the validity of such obligations.

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

- Prior Period Residual Adjustments - [$32.4 million]
- January 2013 Residual - $75.0 million
- June 2013 Residual - [$34.0 million]
- Low-to-Moderate Income Housing Funds - $78.8 million
- Non-Housing Unencumbered Funds - $56.7 million

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

- Prior Period Residual Adjustments - $5.1 million
- January 2014 Residual - $53.1 million
- Low-to-Moderate Income Housing Funds - $1.3 million
- Non-Housing Unencumbered Funds - $32.5 million
- Sale of Fixed Assets and Reserves - $1.4 million

The County and all of its related taxing entities are expected to receive a residual payment and other revenue disbursements in June 2014, which is currently expected to include $45.9 million of residual payments and $6.2 million of prior period residual adjustments.

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

2014-15 STATE BUDGET

On January 10, 2014, the Governor released his Fiscal Year 2014-15 Proposed State Budget (the "Proposed State Budget"), which projects a beginning fund balance surplus from Fiscal Year 2013-14 of $4.212 billion, total revenues and transfers of $104.503 billion, total expenditures of $106.793 billion, and a year-end surplus of $1.922 billion for Fiscal Year 2014-15. Of the projected year-end surplus, $955 million will be allocated to the Reserve for Liquidation of Encumbrances and $967 million will be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also provides for a $1.591 billion deposit into the State's Budget Stabilization Account (Rainy Day Fund), which would be the first such deposit since Fiscal Year 2006-07. The Proposed State Budget also includes a proposal for a constitutional amendment to strengthen the Rainy Day Fund, which would put the State in a more fiscally sound position to pay its longer term liabilities and to address any future revenue shortfalls.

On May 13, 2014, the Governor released the Fiscal Year 2014-15 May Budget Revision (the "May Budget Revision"). The May Budget Revision projects a beginning fund balance surplus from Fiscal Year 2013-14 of $3.903 billion, total revenues and transfers of $105.346 billion, total expenditures of $107.766 billion, and a year-end surplus of $1.483 billion for Fiscal Year 2014-15. Of the projected year-end surplus, $955 million will be allocated to the Reserve for Liquidation of Encumbrances and $528 million will be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision continues to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the revised amount of $1.604 billion. The May Budget Revision includes a 4.4% increase in available resources and a 7.0% increase in expenditures from Fiscal Year 2013-14, which reflects the improving financial condition of the State.

The May Budget Revision contains no significant reductions to County-administered programs and is not expected to have a material impact to the financial condition of the County in Fiscal Year 2014-15.

As a result of the recent economic downturn and the continuing fiscal challenges in California, the long-term financial condition of the State is 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 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 for local governments by limiting the ability of the State to reallocate local property tax revenues during an economic downturn or 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 revenue is due in large part to Proposition 13, which helps to insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that has not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the recent economic downturn. To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in Fiscal Year 2009-10 and 2010-11, respectively. Assessed valuation returned to growth in Fiscal Years 2011-12, 2012-13 and 2013-14, with increases of 1.4%, 2.2% and 4.7% in the Net Local Roll, respectively. For the Fiscal Year 2013-14 tax roll, the County Assessor estimates that approximately 13.1% of all single-family residential parcels, 13.5% of all residential income parcels and 16.3% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

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

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

As a result of the recent economic downturn, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn had a significant impact on the Net County Cost (NCC) budget gap, which reached a peak of $491.6 million in Fiscal Year 2010-11. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues). In order to manage the budget gaps, the County has used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. Throughout the economic downturn, the County's employee labor groups agreed to zero cost-of-living adjustments (COLAs) and no salary increases. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, has enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

2013-14 FINAL ADOPTED BUDGET

The 2013-14 Final Adopted Budget, which was approved by the Board of Supervisors on October 8, 2013, appropriated $26.009 billion, which represents a 2.8% increase in total funding requirements from Fiscal Year 2012-13. For the General County Budget (General Fund and Hospital Enterprise Fund), the 2013-14 Final Adopted Budget appropriates $20.0 billion, which represents a 3.4% increase from the 2012-13 Final Adopted Budget. The 2013-14 Final Adopted Budget includes funding for 103,678 positions, which reflects a net increase of 624 budgeted positions from Fiscal Year 2012-13.

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

Fiscal Year 2013-14 NCC Budget Changes

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

Expiration of Prior Year One-Time Budget Solutions

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

Unavoidable Cost Increases

The primary components of the unavoidable cost increases are higher expenditures related to employee salaries, pension funding requirements and employee health insurance. The increase in the County's pension funding requirements are primarily due to the net actuarial investment losses sustained by LACERA in Fiscal Years 2008-09 and 2011-12, and the reductions in the assumed investment rates of return, which are described in detail in the Information Statement section of this Appendix A. The increase in the cost of employee salaries is directly related to the new labor agreements with the County's collective bargaining units, which is also described in detail in the Information Statement section of this Appendix A.

Revenue Increases

As the local economy continues to improve, the County is projecting increases in a variety of locally generated revenues and statewide sales tax revenues. For the third consecutive year, the Assessor reported an increase in assessed valuation, which is projected to generate $215.710 million of additional property tax revenue in Fiscal Year 2013-14. In addition, the

County is projecting to receive $40.0 million of additional revenue from the property tax residual related to the redevelopment agency dissolution.

The County continues to see year-over-year growth in both Proposition 172 Sales Tax and Realignment Sales Tax, which is projected to provide $96.041 million of additional revenue in Fiscal Year 2013-14.

2014-15 RECOMMENDED BUDGET

The 2014-15 Recommended Budget, which was approved on April 15, 2014, appropriates $26.054 billion, which reflects a $45 million or 0.2% decrease in total funding requirements from Fiscal Year 2013-14. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $20.271 billion, which represents a $262 million or 1.3% increase from Fiscal Year 2013-14. The 2014-15 Recommended Budget appropriates $5.783 billion for Special Funds/District, reflecting a $307 million or 5.0% decrease from Fiscal Year 2013-14.

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

Fiscal Year 2014-15 NCC Budget Changes

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

Unavoidable Cost Increases

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

The increase in the County's retirement contribution rates is primarily due to the actuarial investment losses sustained by LACERA in Fiscal Years 2008-09 and 2011-12, and the reductions in the assumed investment rates of return. The impact of the actuarial investment losses sustained in Fiscal Year 2008-09 will be fully recognized and accounted for by the end of Fiscal Year 2014-15. As a result, the County anticipates that annual expenditures for retirement costs will be more stable in the future.

Program Changes

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

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

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

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

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

Revenue Increases

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

The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. In the preliminary forecast for Fiscal Year 2014-15, the Assessor projected a 4.06% increase in assessed valuation, which provided the basis for the $184.9 million projected increase in property tax revenue in the 2014-15 Recommended Budget. In addition to the projected growth in property tax revenue, the County has included an additional $40.0 million revenue increase from the property tax residual in Fiscal Year 2014-15 as a result of the redevelopment agency dissolution.

In the final forecast for Fiscal Year 2014-15, which was released in May 15, 2014, the Assessor is projecting a 5.05% increase in assessed valuation. The projected increase in assessed valuation reflects the continuing recovery of the residential housing market, but is somewhat constrained by the recent period of low inflation. The Assessor is expected to release the 2014-15 tax roll by August 2014.

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

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

HEALTH SERVICES BUDGET

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

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

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

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

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

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

The May Budget Revision proposes to redirect $724.9 million in 1991-92 Realignment Program funding from the counties to the State, which is attributed to the expected increase in revenue to the counties as a result of the expansion of Medi-Cal under the ACA. The State indicates that this amount is based on the methodologies contained in AB 85 (Chapter 24, Statutes of 2013), which modified the distribution of 1991-92 Realignment Program funding to capture and redirect the anticipated financial benefits to counties from the ACA. The May Budget Revision decreases the estimated redirection amount from $900.0 million to $724.9 million in FY 2014-15. The May Budget Revision retains the redirection of $300.0 million for Fiscal Year 2013-14. The Governor has noted that the Fiscal Year 2013-14 and Fiscal Year 2014-15 estimated redirections are interim calculations, with a final reconciliation of the Fiscal Year 2013-14 redirection to take place no later than January 2016.

The estimated reduction in the County's 1991-92 Realignment Program funding from the State for Fiscal Year 2014-15 is estimated at $238.3 million. Although DHS believes that the State has overestimated the increase in Medi-Cal revenue to the County as a result of the ACA, the final determination of the 1991-92 Realignment Program funding is subject to the reconciliation and repayment process based on the County's actual results, as provided in AB 85.

General Fund Contributions and Advances

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

The Federal and State governments are the primary sources of revenue for the Hospital Funds. The County Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of June 30, 2013, the balance of General Fund cash advances to the Hospital Funds was approximately $739.0 million. DHS expects this amount to increase as a result of two key factors that are occurring simultaneously: the reduction in 1991-92 Realignment Program funding, and the substantial increase in the amount of services that have to be claimed on a patient-specific basis instead of through the realignment block grant, which has resulted in delays to cash receipts caused by a significant increase in pending Medi-Cal accounts and increased overall billing volume. Once the initial surge of new Medi-Cal applications is processed, DHS' cash receipts are expected return to a more timely and predictable pattern.

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

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

Martin Luther King Jr. Hospital

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

To assist with the opening of the MLK Hospital, the County has agreed to provide MLK-LA Healthcare with $50 million of coordination start-up funds, $39.1 million of grant funding, and $82.0 million of short-term and long-term loans. In addition, the County has committed to make an annual intergovernmental transfer of up to $50 million for the benefit of the new hospital. For use of the County-owned hospital facility, MLK-LA Healthcare will make annual lease payments to the County in the amount of $18 million. The County has initially financed the construction of the MLK Hospital with $281.498 million of short-term lease-revenue notes, which are currently outstanding. The County intends to refinance the MLK Hospital and pay-off the short-term notes through the issuance of long-term lease-revenue bonds.

Tobacco Settlement Revenue

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

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

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

In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. In Fiscal Year 2013-14, the County received $64.1 million in TSRs from the participating manufacturers. A settlement was reached in March 2013 with certain MSA participants (including California) to resolve the status of the disputed payments from 2003 to 2012, which also includes a new method for calculating future NPM adjustments. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds.

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

BUDGET TABLES

The 2014-15 Recommended Budget is supported by $4.382 billion in property taxes, $4.236 billion in Federal funding, $5.402 billion in State funding, $0.053 billion in cancelled obligated fund balance, $1.202 billion in Fund Balance and $4.996 billion from other funding sources.

The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2013-14 Final Adopted Budget with the 2014-15 Recommended Budget.

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

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

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

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

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

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

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.1 billion in 2014-15, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County

Source: Chief Executive Office

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

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

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

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2013-14 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

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

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

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2014-15 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

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

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

PROPERTY TAX RATE, VALUATION AND LEVY

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

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

PAYMENT DATES AND LIENS

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

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

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2013-14 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $35,203,145,464 which constitutes only 3.24% of the total full cash value for the entire County.

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

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

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the assessed cash values, property tax levies and collections from Fiscal Years 2009-10 through 2013-14.

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

Fiscal Year	Full Cash Value (1)	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections (2)	Current Collection As a Percent of Levies %
2009-10	$1,013,549,301,342	$2,449,393,435	$2,370,955,825	96.80%
2010-11	997,502,481,662	2,423,866,268	2,369,935,057	97.77%
2011-12	1,013,260,968,402	2,471,700,694	2,423,125,703	98.03%
2012-13	1,035,518,346,306	2,534,711,363	2,495,317,019	98.45%
2013-14	1,085,743,685,894	2,660,124,213	2,618,780,710 (3)	98.45%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) Preliminary estimate based on FY 2013-14 collections.

REDEVELOPMENT AGENCIES

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

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2009-10 through 2013-14.

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

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2009-10	$140,955,357,917	$1,266,067,367
2010-11	136,964,953,487	1,208,208,191
2011-12	137,243,985,288	1,187,749,842
2012-13	141,074,221,344	1,189,455,554
2013-14	149,910,987,097	995,288,952 (3)

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by community redevelopment agencies.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.
(3) Total CRA Tax Allocations from November 2013 through April 2014.

CASH MANAGEMENT PROGRAM

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

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

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

2013-14 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 14, 2013, the County issued the 2013-14 TRANs with an aggregate principal amount of $1 billion in two separate series: $300.0 million due February 28, 2014 and $700.0 million due June 30, 2014. The 2013-14 TRANs are general obligations of the County attributable to the 2013-14 fiscal year and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the County Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2013-14 for the purpose of repaying the 2013-14 TRANs on their respective maturity dates. The deposits to the Repayment Fund have been made in accordance with the following schedule:

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

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

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

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

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

	2009-10	2010-11	2011-12	2012-13	Estimated 2013-14
Property Taxes	$3,768,220	$3,733,822	$3,725,324	$4,276,875	$4,175,053
Other Taxes	154,228	137,907	172,703	167,054	187,090
Licenses, Permits and Franchises	46,825	56,799	58,642	61,268	57,950
Fines, Forfeitures and Penalties	254,428	242,904	218,380	226,737	215,034
Investment and Rental Income	133,640	123,582	111,506	107,105	100,951
State In-Lieu Taxes	424,760	401,679	366,352	335,310	349,611
State Homeowner Exemptions	21,966	21,616	21,505	21,101	19,736
Charges for Current Services	1,673,098	1,574,709	1,678,238	1,546,370	1,544,875
Other Revenue*	192,973	465,163	392,137	552,414	518,121
TOTAL UNRESTRICTED RECEIPTS	$6,670,138	$6,758,181	$6,744,787	$7,294,234	$7,168,421

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

Intrafund and Interfund Borrowing

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

Funds Available for Intrafund Borrowing

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

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

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

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

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

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

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

General Fund Cash Flow Statements

The Fiscal Year 2012-13 and Fiscal Year 2013-14 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2012-13, the County had an ending General Fund cash balance of $893 million. In Fiscal Year 2013-14, the County is estimating an ending cash balance in the General Fund of $710 million.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 2014, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$8.815
Schools and Community Colleges	12.309
Independent Public Agencies	2.351
Total	$23.475

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS-GAAP BASIS

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

The basic financial statements for the Fiscal Year ended June 30, 2013, and the unqualified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2013-14 Final Adopted Budget included an available General Fund balance of $1,497,581,000 as of June 30, 2013.

The 2013-14 Final Adopted Budget uses the fund balance language of the County Budget Act, which has been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

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

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

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

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

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 11 to the 2012-13 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

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

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

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

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

The tables on the following pages summarize the audited balance sheets for the General Fund since 2008-09 and provide a history of revenue and expenditure statement for the General Fund over the same period.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2013 (in thousands of $)

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

Source: Los Angeles County Auditor-Controller

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

ASSETS

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
Pooled Cash and Investments	$1,841,579	$1,689,490	$2,151,267	$2,010,858	$1,637,765
Other Investments	6,099	5,839	16,589	11,109	5,676
Taxes Receivable	301,269	246,288	210,914	186,830	171,919
Other Receivables	1,907,656	1,808,478	1,763,649	1,586,097	1,777,034
Due from Other Funds	326,379	436,441	356,860	407,604	391,605
Advances to Other Funds	825,017	1,018,161	1,063,061	703,512	754,376
Inventories	46,486	44,279	54,145	51,616	47,375
Total Assets	$5,254,485	$5,248,976	$5,616,485	$4,957,626	$4,785,750

LIABILITIES

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
Accounts Payable	$247,337	$266,916	$286,597	$354,119	$321,509
Accrued Payroll	504,374	286,407	289,546	303,615	309,926
Other Payables	121,665	454,244	1,039,126	525,438	89,852
Due to Other Funds	495,105	501,705	464,170	390,153	461,480
Deferred Revenue	343,386	346,829	382,897	346,488	302,656
Advances Payable	361,964	382,476	411,508	379,847	404,975
Third-Party Payor Liability	13,836	14,588	20,198	16,015	15,702
Total Liabilities	$2,087,667	$2,253,165	$2,894,042	$2,315,675	$1,906,100

EQUITY

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
Fund Balance (Deficit)					
Reserved	$539,851	$784,428			
Unreserved					
Designated	971,579	618,899			
Undesignated	1,655,388	1,592,484			
Total Unreserved	2,626,967	2,211,383		-	-
Nonspendable			$259,127	$259,597	$253,836
Restricted			35,377	55,115	59,786
Committed				332,255	528,865
Assigned			763,038	405,285	376,181
Unassigned			1,664,901	1,589,699	1,660,982
Total Equity	3,166,818	2,995,811	2,722,443	2,641,951	2,879,650
Total Liabilities and Equity	$5,254,485	$5,248,976	$5,616,485	$4,957,626	$4,785,750

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

COUNTY OF LOS ANGELES

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

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

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

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2012-13: 12 MONTHS ACTUAL
2013-14: 10 MONTHS ACTUAL

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

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

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

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

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

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

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2014	February 2014	March 2014	April 2014	Estimate May 2014	Estimate June 2014	
						PROPERTY TAX GROUP
$ 764,399	$ 448,356	$ 619,297	$ 2,355,863	$ 897,292	$ 164,829	**Tax Collector Trust Fund**
1,010,774	755,277	605,574	1,006,019	631,667	551,053	**Auditor Unapportioned Property Tax**
54,018	51,531	49,196	46,604	86,649	117,399	**Unsecured Property Tax**
9,700	8,958	8,709	8,313	8,844	8,527	**Miscellaneous Fees & Taxes**
25,862	29,801	22,127	28,790	31,728	23,139	**State Redemption Fund**
337,070	102,465	90,314	337,174	0	1,497	**Education Revenue Augmentation**
17,462	1,180	1,180	2,259	26,803	10,312	**State Reimbursement Fund**
38,237	2,589	16,001	23,786	115,000	0	**Sales Tax Replacement Fund**
295,110	123,211	198,050	239,818	526,021	3,444	**Vehicle License Fee Replacement Fund**
403	1,354	1,030	(1,469)	(33,593)	(18,123)	**Property Tax Rebate Fund**
21,889	7,222	10,216	9,454	36,148	10,964	**Utility User Tax Trust Fund**
$ 2,574,924	$ 1,531,944	$ 1,621,694	$ 4,056,611	$ 2,326,559	$ 873,041	**Subtotal**
						VARIOUS TRUST GROUP
$ 476,175	$ 456,370	$ 559,710	$ 668,625	$ 423,642	$ 419,434	**Departmental Trust Fund**
51,228	53,760	58,033	46,438	59,703	49,577	**Payroll Revolving Fund**
42,391	42,423	42,816	42,983	39,257	39,331	**Asset Development Fund**
6,194	5,848	5,632	5,465	7,447	7,116	**Productivity Investment Fund**
971	958	958	929	2,349	2,350	**Motor Vehicle Capital Outlays**
253	239	73	319	46	391	**Civic Center Parking**
451	461	393	419	487	1,009	**Reporters Salary Fund**
12,314	12,078	12,597	12,617	8,895	9,287	**Cable TV Franchise Fund**
16,363	16,310	16,152	15,922	19,674	19,597	**Megaflex Long-Term Disability**
8,109	8,123	8,192	8,267	4,852	4,933	**Megaflex Long-Term Disability & Health**
36,325	36,663	37,097	37,542	23,553	23,959	**Megaflex Short-Term Disability**
$ 650,774	$ 633,233	$ 741,653	$ 839,526	$ 589,905	$ 576,984	**Subtotal**
						HOSPITAL GROUP
$ 1,149	$ (1,366)	$ (1,796)	$ 2,477	$ 1,000	$ 1,000	**Harbor-UCLA Medical Center**
1,940	323	1,622	2,217	1,000	1,000	**Olive View-UCLA Medical Center**
(3,802)	1,479	(4,937)	1,585	1,000	1,000	**LAC + USC Medical Center**
454	455	456	456	1,000	1,000	**MLK Ambulatory Care Center**
333	(1,656)	492	962	1,000	1,000	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 74	$ (765)	$ (4,163)	$ 7,697	$ 5,000	$ 5,000	**Subtotal**
$ 3,225,772	**$ 2,164,412**	**$ 2,359,184**	**$ 4,903,834**	**$ 2,921,464**	**$ 1,455,025**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2012-13: 12 MONTHS ACTUAL
2013-14: 10 MONTHS ACTUAL

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

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

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

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

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

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

* The net change in the outstanding Hospital Loan Balance is a decrease of $231 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2013	January 2014	February 2014	March 2014	April 2014	Estimated May 2014	Estimated June 2014	Total 2013-14
$ (16,816)	$ 358,844	$ 797,772	$ 689,240	$ (6,076)	$ 396,747	$ 779,157	
$ 1,044,377	$ 1,004,008	$ 194,235	$ 11,826	$ 757,203	$ 876,768	$ 103,771	$ 4,175,053
10,198	11,049	31,542	8,054	24,030	8,390	11,723	187,090
3,951	2,632	10,112	5,885	7,068	4,503	4,534	57,950
11,257	11,177	27,640	16,801	13,462	31,142	13,428	215,034
6,492	10,207	8,205	6,617	7,441	7,348	7,192	100,951
24,809	25,311	27,297	30,629	30,979	32,720	22,978	349,611
51,498	50,915	73,037	48,393	46,845	54,556	46,834	652,898
55,879	45,938	66,923	37,739	36,190	49,734	38,595	638,763
266,245	225,840	189,730	170,266	209,704	212,306	156,078	2,305,915
129,125	142,290	121,664	124,423	104,106	159,018	134,502	1,544,875
24,191	36,672	36,434	29,574	88,157	36,454	31,173	518,121
43,363	3,475	9,465	8,533	8,702	8,398	19,805	156,815
139,496	333,068	137,663	0	428,330	152,182	358,692	2,360,231
421,891	366,885	362,837	274,824	458,467	260,386	269,446	4,225,269
1,579	38,430	45,916	0	60,026	33,331	37,572	363,858
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,000,000
$ 2,234,351	$ 2,307,897	$ 1,342,700	$ 773,564	$ 2,280,710	$ 1,927,238	$ 1,256,324	$ 18,852,435
$ 213,680	$ 215,706	$ 212,626	$ 219,445	$ 221,001	$ 240,310	$ 228,910	$ 2,602,819
398,620	410,549	404,087	402,616	404,295	395,449	398,325	4,760,436
230,595	258,833	252,651	273,150	218,947	305,322	233,813	2,934,271
434,934	357,425	294,949	359,942	366,767	350,977	300,814	4,326,494
274,611	247,142	182,493	158,827	367,382	186,585	157,910	2,591,244
(68,627)	(92)	0	0	21,700	0	0	353,831
8,988	79,406	2,405	4,900	77,795	66,185	5,424	447,920
365,890	300,000	102,021	50,000	200,000	0	0	1,017,911
0	0	0	0	0	0	0	0
$ 1,858,691	$ 1,868,969	$ 1,451,232	$ 1,468,880	$ 1,877,887	$ 1,544,828	$ 1,325,196	$ 19,034,925
$ 358,844	**$ 797,772**	**$ 689,240**	**$ (6,076)**	**$ 396,747**	**$ 779,157**	**$ 710,284**	
5,582,245	$ 3,225,772	$ 2,164,412	$ 2,359,184	$ 4,903,834	$ 2,921,464	$ 1,455,025	
$ 5,941,089	$ 4,023,544	$ 2,853,652	$ 2,353,108	$ 5,300,581	$ 3,700,621	$ 2,165,309	

DEBT SUMMARY

INTRODUCTION

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

OUTSTANDING OBLIGATIONS

As of July 1, 2013, approximately $1.622 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $485 million of the outstanding debt. Revenues from special districts, special funds and Hospital Enterprise Funds secure the remaining $1.137 billion of outstanding obligations.

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

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

2013-14 Payments

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

Source: Los Angeles County Auditor-Controller

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

SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2014 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$700,000
Bond Anticipation Notes	49,000
Tax-Exempt Commercial Paper	393,000
Intermediate & Long-Term Obligations	1,553,975
Total Outstanding Principal	$2,695,975

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

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

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

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

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

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2014, $49.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before July 1, 2014.

Lease Revenue Note Program

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

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

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

DEBT RATIOS

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

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

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

Source: Los Angeles County Assessor and Auditor-Controller

Tobacco Bonds

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

DPSS Operating Leases

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate building construction required for the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations decreased to $260.0 million as of May 1, 2014 due to repayment activity in Fiscal Year 2013-14.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2013

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF May 1, 2014

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

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

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

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

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

Source: Los Angeles County Chief Executive Office

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

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

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

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

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

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

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF MAY 1, 2014

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

COPs = Certificates of Participation

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

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

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

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

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

RATIOS TO 2013-14 ASSESSED VALUATION

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

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

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

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

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

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

Quality of Life

Higher Education

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

Culture

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

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

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

Recreation

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

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

Population

The County is the most populous county in the U.S. with over 10 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 26.2% of the total population of California. The demographic profile of the County indicates that 48.2% of the population is Hispanic and 51.8% non-Hispanic. 27.3% of the County's population are White, 14.9% are Asian-Pacific Islander, and 9.3% are African American. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 97 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 76.4% of the adult population has a high school diploma or higher, and 29.5% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

The recent economic downturn, which started in late 2007, affected the entire nation and had a significant adverse impact on the local economy. The unemployment rate climbed to 12.6% in 2010, but gradually decreased over the last three years to 9.8% in 2013. In comparison, the average unemployment rates for the State of California and the nation in 2013 were 8.9% and 7.4%, respectively. The employment situation in the County showed signs of improvement in 2013, with estimated total net job growth of 61,600 among the various sectors of the local economy. In 2014, total non-farm employment is projected to grow by 1.6% (61,900 jobs), resulting in a lower unemployment rate of 8.7%. Table F details the non-agricultural employment statistics by sector for the County from 2009 through 2013.

Personal Income

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

Consumer Spending

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

Industry

With an estimated annual economic output of $583.9 billion in 2013, the County continues to rank among the world's largest economies. The County's 2013 Gross Product represents approximately 28.1% of the total economic output in California and 3.5% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2009 through 2013.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $431.7 billion in 2008. After suffering a substantial decrease in 2009, the value of two-way trade in the LACD has experienced strong growth over the last several years. From 2009 to 2012, the value of two-way trade at LACD increased by 43.4% which surpassed the record level attained in 2008. LACD continued this trend in 2013, handling approximately $503.1 billion worth of international trade, which represents a 3.1% increase from 2012. Based on the latest LAEDC projections, international trade is expected to exceed $510 billion in 2014, with continued growth projected for 2015. The LACD maintained its ranking as the top customs district in the nation for international trade in 2013, with China, Japan, South Korea, Taiwan and Thailand being the top trading partners. The LAEDC has projected an increase of 3% for 2014 in the value of international trade handled through the LACD.

Transportation/Infrastructure

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

Airports and Harbors

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

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been the fastest growing port facility in the United States, and are the busiest port complex in the U.S. and western hemisphere, and the eighth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. In 2013, the port complex experienced a 3.4% increase in the volume of cargo from 2012, and is projecting continued growth in 2014 and 2015.

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

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

Port Expansion

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

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County. The Fiscal Year 2013-14 operating budget for the MTA is $5.0 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2013, the Los Angeles region hosted a record high 28.5 million overnight visitors, representing a 2.2% increase from 2012. The newly built hotels in downtown Los Angeles and Hollywood are attracting business as well as leisure travelers to the County. According to the Los Angeles Convention and Visitors Bureau, the Los Angeles region was the third ranked destination for overseas visitors in 2013, with tourists and business travelers spending in excess of $17 billion.

Real Estate and Construction

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

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained relatively stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2013-14, the County Assessor reported a Net Local Roll of $1.13 trillion, which represents a 4.7% increase from the Net Local Roll of $1.08 trillion in Fiscal Year 2012-13. The Net Local Roll in Fiscal Year 2013-14 represents an 8.4% increase from Fiscal Year 2010-11, and the third consecutive year of assessed valuation growth after the recent economic downturn.

The commercial real estate sector experienced modest improvement in 2013, which is expected to continue in 2014. Construction lending experienced a significant increase of 39% from $4.601 billion in 2012 to $6.379 billion in 2013. Office market vacancy rates were essentially unchanged from 2012 to 2013, with the average vacancy rate increasing slightly from 16.7% to 16.9%, which is still significantly higher than the 9.7% rate in 2007, prior to the severe economic downturn. Industrial market vacancy rates experienced continued improvement in 2013, decreasing from 2.1% in 2012 to 1.9% in 2013, which is slightly higher than the 1.5% vacancy rate in 2007. A Korean conglomerate has broken ground on a new skyscraper in Downtown Los Angeles, which will become the tallest building in the western United States when completed in 2017. The 73-story, 1,100-foot tall structure, which will include a hotel, office space and condos, represents a $1.1 billion private investment in an area of the County that is currently experiencing robust growth and development.

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

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

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

TABLE B: POPULATION LEVELS

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

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

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

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

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

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

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

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

TABLE E: UNEMPLOYMENT RATES

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

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

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

Non-Agricultural Wage and Salary Workers (in thousands)

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

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

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

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

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

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

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

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

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

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

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

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

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

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

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

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

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

TABLE L: BUILDING PERMITS AND VALUATIONS

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

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

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

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

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

APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

COUNTY OF LOS ANGELES
CALIFORNIA

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 2014 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2014 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2014 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 2014 Bonds. The Series 2014 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 2014 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 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 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 2014 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 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 2014 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 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 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 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2014 Bond documents. For example, Beneficial Owners of the Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Bond certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A (the "Bonds") by the Los Angeles County Public Works Financing Authority (the "Authority"). The Bonds are being issued pursuant to the Master Indenture, dated as of December 1, 2014 (the "Indenture"), by and among the County, the Authority and [Trustee], as trustee (the "Trustee"). The County covenants and agrees as follows:

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

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

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

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

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

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

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

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

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than February 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2014 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

(1) Principal and interest payment delinquencies;

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

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

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

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

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

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

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

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

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

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

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

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

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

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

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

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

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

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 2, 2014.

COUNTY OF LOS ANGELES

By: ____

[Name],

[Treasurer and Tax Collector]

CONTINUING DISCLOSURE EXHIBIT A

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

Name of Issuer:	County of Los Angeles
Name of Bond Issue:	Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2014 Series A
Date of Issuance:	December 2, 2014

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

Dated:_______________

COUNTY OF LOS ANGELES

By: ____

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES

CALIFORNIA

Upon delivery of the Series 2014 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to issue an approving opinion in substantially the following form:

[TO COME]

COUNTY OF LOS ANGELES
CALIFORNIA