COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437, Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and propertytax.lacounty.gov

KEITH KNOX
TREASURER AND TAX COLLECTOR

October 13, 2020

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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-F October 13, 2020

CELIA ZAVALA
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, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT)
(GREEN BONDS)
(SECOND AND THIRD DISTRICTS) (4 VOTES)

SUBJECT

The Treasurer and Tax Collector (TTC) is requesting authorization to issue the Los Angeles County Public Works Financing Authority (Authority) Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) in an aggregate par amount not to exceed $425 million. The proceeds from the sale of the 2020 Series A Bonds will be used to provide funding for the Los Angeles County Museum of Art (LACMA) new Building for the Permanent Collection (LACMA Project).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the environmental impacts of construction of the new LACMA museum facility that would be financed by issuance and sale of the 2020 Series A Bonds were previously analyzed in an

Environmental Impact Report (EIR) (SCH No. 2016081014) prepared pursuant to the California Environmental Quality Act (CEQA), which this Board certified on April 9, 2019, and that there have been no changes to the LACMA Project or the circumstances under which the project is being undertaken that would require revisions to the EIR.

2. Adopt the resolution authorizing: a) the issuance and sale of the 2020 Series A Bonds on a tax-exempt basis with an aggregate par amount not to exceed $425 million to provide funding for the LACMA Project; and b) the execution and delivery of various legal documents required to issue the 2020 Series A Bonds and complete the proposed transaction.

3. Ratify the public hearing related to the issuance of the 2020 Series A Bonds held by the TTC on October 7, 2020, in accordance with Section 6586.5 of the California Government Code.

4. Ratify the public hearing related to the issuance of the 2020 Series A Bonds held by the TTC on October 7, 2020, in accordance with Section 147(f) of the United States Federal Government Internal Revenue Code of 1986.

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 the 2020 Series A Bonds on a tax-exempt basis with an aggregate par amount not to exceed $425 million to provide funding for the LACMA Project; and b) the execution and delivery of various legal documents required to issue the 2020 Series A Bonds and complete the proposed transaction.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommendations will authorize the issuance of the 2020 Series A Bonds and the execution and delivery of all related documents. The issuance of the 2020 Series A Bonds will generate $425 million of proceeds which will be used to (i) refinance the $125 million of outstanding commercial paper notes previously issued by the County to finance the County’s contribution to the LACMA Project and (ii) provide $300 million of additional proceeds that will be used to fund the construction of the LACMA Project, which will be repaid by Museum Associates.

The LACMA Project

On April 9, 2019, the LACMA Project was approved by your Board and consists of the demolition of four County-owned buildings and the replacement of these buildings with a single 347,500 square-foot building, designed by Pritzker prize winning architect Peter Zumthor. The new building, currently under construction, will consist of a single horizontal elevated gallery and seven art towers that support the elevated gallery, which will cover much of LACMA’s east campus and span across Wilshire Boulevard to the Spaulding lot owned by Museum Associates, the nonprofit public benefit corporation that operates LACMA.

The four buildings, which have been demolished to facilitate construction of the LACMA Project, were located on LACMA's east campus. Three of the four buildings, the Ahmanson Building, Hammer Building, and Bing Center were constructed in 1965. The fourth building, the Art of the Americas Building, was completed in 1985. According to the building evaluation study prepared by the Owen Group in September 2014, the demolished buildings had experienced extensive water intrusion damage and were compromised by deteriorating and failing building and mechanical systems that exceeded their expected useful life and would have required a County expenditure of approximately $246 million to fund a minimal level of repairs. The repairs would have been limited to visually apparent defects, and not include any upgraded systems that would have extended the useful life of the buildings. The replacement of the old buildings with a new museum facility is a cost-effective measure to address the problems with the old buildings. The total LACMA Project cost of $650 million will be paid by $525 million in private donations fundraised by Museum Associates and $125 million by the County contribution approved by your Board.

Prior Board actions regarding the LACMA Project in April 2019, included approval of the LACMA Project; certification of the Final EIR for the LACMA Project; adoption of the Mitigation Monitoring and Reporting Program and Environmental Findings of Fact and Statement of Overriding Considerations; authorization of the demolition of the four buildings to be replaced; delegation of authority to the Chief Executive Officer (CEO) to execute agreements between the County and Museum Associates to facilitate the construction of the LACMA Project; authorization of the remainder of the County's $125 million contribution to the LACMA Project; and delegation of authority to the CEO, or her designee, to negotiate and execute agreements and to take other necessary actions to facilitate the financing and construction of the LACMA Project. Prior Board actions regarding the LACMA Project in November 2014, included approval in concept of the funding plan by which the County would issue long-term lease revenue bonds in the total amount of $425 million, $125 million of which would be used to finance the County’s contribution to the LACMA Project and $300 million of which would be made available to Museum Associates, with Museum Associates responsible for the repayment of debt service on the $300 million. It is anticipated that construction will be completed late 2023 with occupancy in the middle of 2024.

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

This action supports the County’s Strategic Plan Goal III.3: Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability by providing a cost-effective source of financing to fund the capital construction needs of the County.

<u>FISCAL IMPACT/FINANCING</u>

LACMA Project Funding Plan

As approved by the Board in April 2019, the total cost of the LACMA Project is $650 million, which will be funded with $525 million in private donations raised by Museum Associates and the County’s contribution of $125 million. The County’s contribution to the LACMA Project, which was disbursed in 2019, is currently financed with short-term commercial paper notes issued through the LAC-CAL Lease Revenue Note Program (Note Program). The 2020 Series A Bonds will generate $425 million of proceeds, including $125 million to refinance the County’s contribution on a long-term basis and $300 million of new money proceeds to fund construction of the LACMA Project. To date, LACMA has raised $525 million in private donations, of which it has collected approximately $176 million. The remaining $349 million in private donations will be collected over the next 15 years. LACMA will have sole responsibility for the payment of any project costs in excess of $650 million. However, the construction costs of the LACMA Project are subject to a guaranteed maximum price construction contract with Clark Construction.

Based on current market conditions, the County expects to issue the 2020 Series A Bonds in an aggregate par amount of approximately $342 million and generate an additional $85 million of proceeds through bond premium. The total proceeds from the issuance of the 2020 Series A Bonds will be used to redeem and refinance $125 million of outstanding commercial paper notes, fund a $300 million deposit to the project fund used for the construction of the LACMA Project and pay approximately $2 million in estimated costs of issuance related to this transaction. Since LACMA is operated by Museum Associates, a private non-profit entity, the County will issue the 2020 Series A Bonds as 501(c)(3) bonds to comply with IRS regulations for tax-exempt financings.

The 2020 Series A Bonds will be issued through the Authority using a standard lease revenue structure issued on the County's credit, with the repayment of debt service secured by annual General Fund appropriations. However, pursuant to the terms of a funding agreement between Museum Associates and the County (Funding Agreement), Museum Associates will be responsible for reimbursing the County for the annual debt service costs associated with the $300 million new money portion of the 2020 Series A Bonds, with the County responsible for the repayment of debt service on its $125 million contribution to the LACMA Project. Under the Funding Agreement, Museum Associates will be required to prefund annual debt service obligations by June 30 of the preceding fiscal year. Among the actions approved by your Board on April 9, 2019, the CEO was granted delegated authority to execute and carry out the terms of the Funding Agreement with Museum Associates to help ensure repayment of all debt service costs for the $300 million new money portion of the 2020 Series A Bonds.

The Resolutions being presented to your Board require the 2020 Series A Bonds to be issued at a true interest cost not to exceed 5.0%. Given the current interest rate environment, the actual borrowing costs should be significantly lower and result in a true interest cost to the County of approximately 3.2%. The TTC is recommending that the 2020 Series A Bonds be structured with level debt service payments over a 30-year amortization period commencing in 2021, with a final maturity in 2050. 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 $22.3 million, and total debt service of approximately $670.0 million over the 30-year term. Pursuant to the terms of the Funding Agreement, the County General Fund would pay net annual and net total debt service costs of approximately $6.6 million and $197.1 million, respectively, after reimbursement from LACMA. The actual interest cost to the County and the debt service payments will depend on market conditions on the sale date of the 2020 Series A Bonds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The 2020 Series A Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 et seq. of the California Government Code. The County intends to issue the 2020 Series A Bonds through the Authority using a lease revenue financing structure. To facilitate the issuance of the 2020 Series A Bonds, the County will execute a bond indenture, site lease, sublease and various other lease and financing documents related to the transaction. To avoid the cost of capitalized interest during the construction of the LACMA Project, Museum Associates will lease certain Museum Associates owned real estate assets to the County that are located on LACMA's west campus, including the Broad Contemporary Art Museum, the Resnick Exhibition Pavilion, and the Pritzker Parking Garage (Museum Associates Assets). To provide security for the 2020 Series A Bonds during the construction phase of the LACMA Project, the County will lease the Museum Associates Assets and the County-owned Pavilion for Japanese Art (collectively, Leased Assets) to the Authority. The Authority will then sublease the Leased Assets back to the County. The 2020 Series A Bonds will be secured by annual base rental payments from the County to the Authority, which are subject to annual appropriation by the Board. The County will then lease the Museum Associates Assets back to Museum Associates, which will continue to operate the Museum Associates Assets. Upon receipt of a certificate of temporary occupancy for the completed LACMA Project, authorized representatives of the County will have delegated authority to execute amendments to the financing leases and related subleases to release the Leased Assets and substitute the LACMA Project as security for the repayment of the 2020 Series A Bonds.

In order to facilitate construction of the LACMA Project, which will be partially constructed on LACMA's east campus, owned by the County, and partially constructed on a portion of the Spaulding lot, owned by Museum Associates, the County and Museum Associates have entered into ground lease agreements to enable the construction of the LACMA Project.

The series of lease and subleases are solely for the purposes of issuing the 2020 Series A Bonds and shall not modify any existing contracts or funding agreements between the County and Museum Associates. On April 9, 2019, the CEO was granted delegated authority to execute any necessary agreements to facilitate the financing and construction of the LACMA Project.

Financing Team

Given the relative complexity of a large lease-revenue bond financing, the TTC is recommending that the sale of the Bonds be conducted on a negotiated basis. Wells Fargo was selected by the TTC, with input from Museum Associates, to serve as the senior managing underwriter, with Montague DeRose and Associates appointed as the municipal advisor for this transaction. Additional firms from the County's pre-qualified Underwriter Pool will be appointed by the TTC to serve as co-managers prior to the sale date of the 2020 Series A Bonds. Hawkins Delafield & Wood was selected by County Counsel to serve as bond counsel and disclosure counsel.

ENVIRONMENTAL DOCUMENTATION

On April 9, 2019, the Board certified the Final EIR for the LACMA Building for the Permanent Collection (SCH No. 2016081014) pursuant to the California Environmental Quality Act (CEQA); adopted a Mitigation Monitoring and Reporting Program (MMRP), CEQA Findings of Fact, and a Statement of Overriding Considerations; and approved the LACMA project. The Final EIR analyzed the environmental impacts of demolishing the then-existing buildings on the LACMA campus and constructing the new museum building. The construction that would be financed by the 2020 Series A Bonds was, therefore, fully evaluated in the previously-certified Final EIR, and there have been no changes to the approved project or its circumstances that would result in any new significant effects not discussed in the Final EIR or any significant environmental effects that would be more severe than shown in the Final EIR. Therefore, pursuant to Public Resources Code section 21166 and CEQA Guidelines section 15162, no further environmental documentation is required. The previously adopted CEQA Findings of Fact, Statement of Overriding Consideration and MMRP continue to apply to the current action.

On May 13, 2019, a lawsuit was filed in Los Angeles Superior Court challenging the Board's April 9, 2019, project approval on CEQA grounds. A hearing on the merits of lawsuit is currently scheduled for November 12, 2020. The existence of the lawsuit does not impact the Board's ability to proceed with issuing or selling the 2020 Series A Bonds.

Upon the Board's approval of the recommended actions, the County will file a Notice of Determination with the Registrar-Recorder/County Clerk in accordance with Section 21152(a) of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no direct impact on current services or projects in connection with the issuance of the 2020 Series A Bonds. The redemption of $125 million of outstanding commercial paper notes issued to finance the County's contribution to the LACMA Project will free up capacity in the Note Program to finance other capital construction projects.

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 TTC.

Respectfully submitted,

KEITH KNOX
Treasurer and Tax Collector

KK:EBG:DW:TG:JP:BS:ad

Enclosures

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

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY BY THE COUNTY OF A LEASE, A SITE LEASE, A SUBLEASE, A SUB-SUBLEASE, AN 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, 2020 SERIES A (LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT) (GREEN BONDS), APPROVING THE ISSUANCE OF SUCH BONDS IN AN AGGREGATE AMOUNT OF NOT TO EXCEED $425,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the County of Los Angeles (the "County"), the Los Angeles County Regional Park and Open Space District, the Los Angeles County Flood Control District and the Community Facilities District No. 2 of the County of Los Angeles (Rowland Heights Area) have executed a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended, the "Agreement"), pursuant to the Joint Exercise of Powers Act constituting Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) establishing the Los Angeles County Public Works Financing Authority (the "Authority") for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the County; and

WHEREAS, Museum Associates, doing business as the Los Angeles County Museum of Art ("Museum Associates"), a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), desires to finance the demolition, construction and equipping of improvements to certain real property designated as 5905Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") has issued its Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") from time to time for, among other purposes, the interim financing of a portion of the Project; and

WHEREAS, the County has determined to enter into a Funding Agreement (the "Funding Agreement") with Museum Associates pursuant to which the County will provide certain financial assistance to Museum Associates in connection with the Project; and

WHEREAS, in connection with the Funding Agreement, Museum Associates will lease certain real property owned by Museum Associates, including the buildings thereon and improvements thereto, consisting of such properties known as the Broad Contemporary Art Museum, the Resnick Exhibition Pavilion and the Pritzker Parking Garage (collectively, the "Museum Associates Property") to the County, pursuant to the Lease (the "Lease"); and

WHEREAS, in order to provide long-term financing for a portion of the costs financed with the Commercial Paper Notes and to finance a portion of the balance of the costs of the Project, the County will lease the Museum Associates Property, together with certain real property of the County and the building thereon known as the Japanese Pavilion, including the improvements thereto (the "County Property" and together with the Museum Associates Property, the "Property"), to the Authority pursuant to the Site Lease (the "Site Lease"), and sublease the Property back from the Authority pursuant to the Sublease (the "Sublease"); and

WHEREAS, the County will sub-sublease the Museum Associates Property back to Museum Associates pursuant to the Sub-Sublease (the "Sub-Sublease"); and

WHEREAS, upon completion of the Project and satisfaction of the terms set forth in the Sublease, the Museum Associates Property will be released from the Site Lease and Sublease and the Project and the land on which it is located will be substituted therefor as the Property under the Site Lease and the Sublease; and

WHEREAS, in order to provide the funds necessary to 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, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds") in the aggregate principal amount of not to exceed $425,000,000, pursuant to an Indenture (the "Indenture"), by and among the Authority, the County and a corporate trustee (the "Trustee") as selected by the Treasurer and Tax Collector of the County or any authorized deputy thereof (collectively, the "County Treasurer"), 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, Wells Fargo Bank, National Association (the "Representative"), on behalf of itself and on behalf of such other co-underwriters as may be selected by the County Treasurer and the Treasurer of the Authority prior to the sale of the Bonds (collectively, the "Underwriters"), will enter into a Bond Purchase Agreement with the Authority and the County (the "Bond Purchase Agreement") to purchase the Bonds; 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 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 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 Bonds has been prepared; and

WHEREAS, in accordance with Government Code Section 5852.1, the County obtained from Montague DeRose and Associates, LLC, the County's Municipal Advisor (the "Municipal Advisor"), and the Representative the required good faith estimates and such estimates are disclosed and set forth in Exhibit A hereto; and

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

WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the County; and

WHEREAS, the Board of Supervisors of the County (the "Board of Supervisors") is the elected legislative body of the County and is the "applicable elected representatives" required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, on October 7, 2020, the Office of the Treasurer and Tax Collector of the County held a public hearing on the financing of the Project and the issuance of the Bonds, in accordance with Section 6586.5 of the Act and Section 147(f) of the Code, which hearing commenced at 9:30 a.m. and was held, following notice duly given, with respect to the Bonds by telephone at a toll-free dial-in number: 1-888-844-7798 / pass code: 213-236-9068#; and all persons desiring to be heard have been heard; and

WHEREAS, in accordance with Section 6586.5 of the Act and Section 147(f) of the Code, notice of such hearing was published at least 7 days prior to the hearing in the Daily News, a newspaper of general circulation in the County; and

WHEREAS, the County desires to make a finding of significant public benefit in accordance with Section 6586(a)-(d), inclusive, of the Act and approve the financing of the Project and the issuance of the Bonds by the Authority in order to satisfy the public approval requirements of Section 147(f) of the Code; and

WHEREAS, 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, among other things, provide demonstrable savings in effective interest rate costs.

Section 3. The form of the Lease, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Chair of the Board of Supervisors, and such other member of the Board of Supervisors as the Chair may designate, the County Treasurer, and such other officer or employee of the County as the County Treasurer may designate (each, an "Authorized Representative" and collectively the "Authorized Representatives") are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Lease in substantially said form, with such changes therein as the Authorized Representative 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 Site Lease, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Representatives 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 Representative executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Representatives are each hereby further authorized to enter into an amendment to the Site Lease in order to release the Museum Associates Property and substitute therefor the Project and the land on which it is located as the Property under the Site Lease and the Sublease (or any other property the County may from time to time select to be the Property in accordance with the provisions in the Sublease, such approval to be conclusively evidenced by the execution and delivery of such amendment.

Section 5. 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 Representatives 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 Representatives executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Sublease shall not exceed 31 years (plus an extension period of not to exceed ten (10) years in accordance with the terms of the Sublease). The Authorized Representatives are each hereby further authorized to enter into an amendment to the Sublease in order to release the Museum Associates Property and substitute therefor the Project and the land on which it is located as the Property under the Site Lease and the Sublease (or any other property the County may from time to time select to be the Property in accordance with the provisions in the Sublease, such approval to be conclusively evidenced by the execution and delivery of such amendment.

Section 6. The form of the Sub-Sublease, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Representatives are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Sub-Sublease in substantially said form, with such changes therein as the Authorized Representatives executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. 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 Representative 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 Representatives 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 Bonds shall not exceed $425,000,000, the final maturity date of the Bonds shall be no later than the date which is 31 years from the date of the Bonds and the true interest cost applicable to the Bonds shall not exceed 5.00% per annum.

Section 8. The issuance of not to exceed $425,000,000 aggregate principal amount of 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 9. 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 Representatives 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 Representative 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 Bonds shall not exceed six tenths of one percent (0.6%) of the aggregate principal amount.

Section 10. The form of the Continuing Disclosure Certificate, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Representatives 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 Representative executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. The form of Preliminary Official Statement (the "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 Representative, is hereby approved, and the use of the Preliminary Official Statement by the Underwriters in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Representatives 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 12. The preparation and delivery of an Official Statement, and its use by the Underwriters in connection with the offering and sale of the 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 Representative.

Section 13. The Board of Supervisors hereby approves the plan of finance for the Project and the issuance of the Bonds by the Authority. It is the purpose and intent of the Board of Supervisors that this Resolution constitute approval of the plan of finance for the Project and the issuance of the Bonds for the purposes of Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f).

Section 14. The Authorized Representatives 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, if an Authorized Representative determines that it will be advantageous to the County to purchase municipal bond insurance or other credit enhancement or liquidity with respect to some or all of the Bonds any Authorized Representative is hereby authorized to purchase such insurance or other credit enhancement or liquidity at market rates.

Section 15. In compliance with California Government Code Section 5852.1 (SB 450), the Board of Supervisors has obtained the required good faith estimates from the Municipal Advisor and the Representative and such estimates are disclosed and set forth in Exhibit A attached hereto

Section 16. 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 17. 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 __________ day of ____________, 2020, 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 of Supervisors so acts.

CELIA ZAVALA
Executive Officer-Clerk of the Board of Supervisors
of the County of Los Angeles

By: ___________________________________
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: ___________________________________
Deputy County Counsel

EXHIBIT A

COSTS OF ISSUANCE ESTIMATES

The following information was obtained from Montague DeRose and Associates, LLC, the Municipal Advisor, and Wells Fargo Bank, National Association, the Representative, with respect to the bonds (the "Bonds") approved in the attached Resolution and is provided in compliance with Government Code Section 5852.1 with respect to the Bonds:

Section 1. True Interest Cost of the Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.22%.

Section 2. Finance Charge of the Bonds. Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is $1,906,328.

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the amount of proceeds expected to be received by the County for sale of the Bonds less the finance charge of the Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is $425,000,000.

Section 4. Total Payment Amount. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the County will make to pay debt service on the Bonds plus the finance charge of the Bonds described in Section 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is $669,976,631.

The foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bonds sale, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the County based on the need for funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the County's control.

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 SITE LEASE, A SUBLEASE, AN INDENTURE AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE OF LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY LEASE REVENUE BONDS, 2020 SERIES A (LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT) (GREEN BONDS), AUTHORIZING THE ISSUANCE OF SUCH BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $425,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the County of Los Angeles (the "County"), the Los Angeles County Regional Park and Open Space District, the Los Angeles County Flood Control District and the Community Facilities District No. 2 of the County of Los Angeles (Rowland Heights Area) have executed a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended, the "Agreement"), pursuant to the Joint Exercise of Powers Act constituting Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) establishing the Los Angeles County Public Works Financing Authority (the "Authority") for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the County; and

WHEREAS, Museum Associates, doing business as the Los Angeles County Museum of Art ("Museum Associates"), a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), desires to finance the demolition, construction and equipping of improvements to certain real property designated as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") has issued its Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") from time to time for, among other purposes, the interim financing of a portion of the Project; and

WHEREAS, the County of Los Angeles (the "County") has determined to enter into a Funding Agreement (the "Funding Agreement") with Museum Associates pursuant to which the County will provide certain financial assistance to Museum Associates in connection with the Project; and

WHEREAS, in connection with the Funding Agreement, Museum Associates will lease certain real property owned by Museum Associates, including the buildings thereon and improvements thereto, consisting of such properties known as the Broad Contemporary Art Museum, the Resnick Exhibition Pavilion and the Pritzker Parking Garage (collectively, the "Museum Associates Property") to the County pursuant to the Lease (the "Lease"); and

WHEREAS, in order to provide long-term financing for a portion of the costs financed with the Commercial Paper Notes and to finance a portion of the balance of the costs of the Project, the County will lease the Museum Associates Property, together with certain real property of the County and the building thereon known as the Japanese Pavilion, including the improvements thereto (the "County Property" and together with the Museum Associates Property, the "Property"), to the Authority pursuant to a Site Lease (the "Site Lease"), and sublease the Property back from the Authority pursuant to a Sublease (the "Sublease"); and

WHEREAS, the County will lease the Museum Associates Property to Museum Associates pursuant to the Sub-Sublease (the "Sub-Sublease"); and

WHEREAS, upon completion of the Project and satisfaction of the terms set forth in the Sublease, the Museum Associates Property will be released from the Site Lease and Sublease and the Project and the land on which it is located will be substituted therefor as the Property under the Site Lease and the Sublease; and

WHEREAS, in order to provide the funds necessary to 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, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds") in the aggregate principal amount of not to exceed $425,000,000, pursuant to an Indenture (the "Indenture"), by and among the Authority, the County and a corporate trustee (the "Trustee") as selected by the Treasurer and Tax Collector of the County or any authorized deputy thereof (collectively, the "County Treasurer"), 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, Wells Fargo Securities Bank, National Association (the "Representative"), on behalf of itself 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 Bonds (collectively, the "Underwriters"), will enter into a Bond Purchase Agreement with the Authority and the County (the "Bond Purchase Agreement") to purchase the Bonds; and

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

WHEREAS, in accordance with Government Code Section 5852.1, the County obtained from Montague DeRose and Associates, LLC, the County's Municipal Advisor (the "Municipal Advisor"), and the Representative the required good faith estimates and such estimates are disclosed and set forth in Exhibit A hereto; and

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

WHEREAS, pursuant to Section 147(f) of the Code, the issuance of the Bonds by the Authority must be approved by the County; and

WHEREAS, the Board of Supervisors of the County (the "Board of Supervisors") is the elected legislative body of the County and is the "applicable elected representatives" required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, on October 7, 2020, the Office of the Treasurer and Tax Collector of the County held a public hearing on the financing of the Project and the issuance of the 2020 Bonds, in accordance with Section 6586.5 of the Act and Section 147(f) of the Code, which hearing commenced at 9:30 a.m. and was held, following notice duly given, with respect to the Bonds by telephone at a toll-free dial-in number: 1-888-844-7798 / pass code: 213-236-9068#; and all persons desiring to be heard have been heard; and

WHEREAS, in accordance with Section 6586.5 of the Act and Section 147(f) of the Code, notice of such hearing was published at least 7 days prior to the hearing in the Daily News, a newspaper of general circulation in the County; and

WHEREAS, following the public hearing, the County made a finding of significant public benefit in accordance with Section 6586(a)-(d), inclusive, of the Act and approved the financing of the Project and the issuance of the Bonds by the Authority in satisfaction of the public approval requirements of Section 147(f) of the Code; 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 financing contemplated hereby, and the Board of Directors has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, AS FOLLOWS:

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

Section 2. The form of the Site Lease, on file with the Secretary of the Authority, is hereby approved, and the Chair of the Board of Directors of the Authority, and such other member of the Board of Directors as the Chair may designate, the Treasurer of the Authority or deputy or assistant thereof, and such other officers of the Authority as the Treasurer of the Authority may designate (each an "Authorized Officer" and 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, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby further authorized to enter into an amendment to the Site Lease in order to release the Museum Associates Property and substitute therefor the Project and the land on which it is located as the Property under the Site Lease and the Sublease (or any other property the County may from time to time select to be the Property in accordance with the provisions in the Sublease, such approval to be conclusively evidenced by the execution and delivery of such amendment.

Section 3. The form of the Sublease, 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, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Sublease shall not exceed 31 years (plus an extension period of not to exceed ten (10) years in accordance with the terms of the Sublease). The Authorized Officers are each hereby further authorized to enter into an amendment to the Sublease in order to release the Museum Associates Property and substitute therefor the Project and the land on which it is located as the Property under the Site Lease and the Sublease (or any other property the County may from time to time select to be the Property in accordance with the provisions in the Sublease, such approval to be conclusively evidenced by the execution and delivery of such amendment.

Section 4. The issuance of not to exceed $425,000,000 aggregate principal amount of the 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 authorized and approved. The form of Indenture, on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the final maturity date of the Bonds shall be no later than December 1, 2050, and the true interest cost applicable to the Bonds shall not exceed five percent (5.00%) per annum.

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

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

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

Section 8. The 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, signing additional agreements, certifications and/or instruments relating to the issuance of the Bonds or the refinancing and payoff of the Commercial Paper Notes, and 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 Bonds if such insurance or surety is determined to be in the best interests of the Authority.

Section 9. In compliance with California Government Code Section 5852.1 (SB 450), the Board of Directors has obtained the required good faith estimates from the Municipal Advisor and the Representative and such estimates are disclosed and set forth in Exhibit A attached hereto.

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

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

[Remainder of Page Intentionally Left Blank]

The foregoing Resolution was on the 13th day of October, 2020, adopted by the Board of Directors of the Los Angeles County Public Works Financing Authority.

CELIA ZAVALA,
Secretary of the Board of Directors of the Los Angeles County Public Works Financing Authority

By: Lachelle Smitherman
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By:
Deputy County Counsel

COUNTY OF LOS ANGELES
CALIFORNIA

[Signature Page to the Board of Directors of the Authority Resolution]

EXHIBIT A

COSTS OF ISSUANCE ESTIMATES

The following information was obtained from Montague DeRose and Associates, LLC, the Municipal Advisor, and Wells Fargo Bank, National Association, the Representative, with respect to the bonds (the "Bonds") approved in the attached Resolution and is provided in compliance with Government Code Section 5852.1 with respect to the Bonds:

Section 1. True Interest Cost of the Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.22%.

Section 2. Finance Charge of the Bonds. Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is $1,906,328.

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the amount of proceeds expected to be received by the County for sale of the Bonds less the finance charge of the Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is $425,000,000.

Section 4. Total Payment Amount. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the County will make to pay debt service on the Bonds plus the finance charge of the Bonds described in Section 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is $669,976,631.

The foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bonds sale, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the County based on the need for funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the County's control.

TO BE RECORDED AND WHEN RECORDED RETURN TO:

Nixon Peabody, LLP
300 South Grand Avenue, Suite 4100
Los Angeles, CA 90071-3151
Attention: Dan Deaton, 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.

LEASE

by and between

MUSEUM ASSOCIATES

and

COUNTY OF LOS ANGELES

Dated as of November 1, 2020

Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

LEASE

THIS LEASE (this "Lease"), executed and entered into as of November 1, 2020, is by and between MUSEUM ASSOCIATES, a California nonprofit public benefit corporation and a tax-exempt organization described in Section 501(c)(3) of the Code, doing business as the Los Angeles County Museum of Art ("Museum Associates"), as lessor, and the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), as lessee.

RECITALS

WHEREAS, the County and Museum Associates desire to finance the demolition, construction and equipping of improvements to certain real property located as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, in connection with the Project, Museum Associates will lease certain real property owned by Museum Associates including the buildings thereon and improvements thereto (collectively, the "Museum Associates Property") to the County pursuant to this Lease; and

WHEREAS, in order to finance the Project, the County will lease the Museum Associates Property together with certain real property of the County, including the improvements thereto (the "County Property" and, together with the Museum Associates Property, the "Property") to 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"), pursuant to a Site Lease dated the date hereof (the "Site Lease"); and

WHEREAS, the County will sublease the Property back from the Authority pursuant to a Sublease dated the date hereof (the "Sublease"); and

WHEREAS, the County will sub-sublease the Museum Associates Property back to Museum Associates pursuant to a Sub-Sublease dated the date hereof ("Sub-Sublease"); and

WHEREAS, the Museum Associates Property is more particularly described in Exhibit A hereto; 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 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 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 Lease.

ARTICLE II

LEASE OF MUSEUM ASSOCIATES PROPERTY; RENTAL

Section 2.01. **Lease of Museum Associates Property**. Museum Associates hereby leases to the County and the County hereby leases from Museum Associates the Museum Associates Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Lease.

Section 2.02. **Rental**. Museum Associates acknowledges receipt from the County as and for rental hereunder the sum of One Dollar ($1.00).

ARTICLE III

QUIET ENJOYMENT

The parties intend that the Museum Associates Property will be leased back to Museum Associates pursuant to the Sub-Sublease for the term thereof. Subject to all Permitted Encumbrances (including, but not limited to any rights Museum Associates may have under the Sub-Sublease to possession and enjoyment of the Museum Associates Property) and to the terms and provisions of this Lease, Museum Associates hereby covenants and agrees that it will not take any action to prevent the County from having quiet and peaceable possession and enjoyment of the Museum Associates Property during the term hereof and will, at the request of the County and at Museum Associates' cost, to the extent that it may lawfully do so, join in any legal action in which the County asserts its right to such possession and enjoyment.

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

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

Section 4.02. **Further Assurances and Corrective Instruments**. Museum Associates and the County 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 Museum Associates Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

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

All liabilities under this Lease on the part of Museum Associates shall be solely liabilities of Museum Associates as a nonprofit public benefit corporation, and the County hereby releases each and every director, officer and employee of Museum Associates of and from any personal or individual liability under this Lease. No director, officer or employee of Museum Associates shall at any time or under any circumstances be individually or personally liable under this Lease to the County or to any other party whomsoever for anything done or omitted to be done by Museum Associates hereunder.

Section 4.04. Taxes. Museum Associates 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 Museum Associates Property.

Section 4.05. Intentionally Omitted.

Section 4.06. Representations of Museum Associates. Museum Associates represents and warrants to the County as follows:

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

(b) except for Permitted Encumbrances, the Museum Associates 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 Museum Associates Property for public purposes as contemplated by the County; and

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

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

ARTICLE V

ASSIGNMENT, SELLING AND SUBLEASING

Section 5.01. **Assignment, Selling and Subleasing**. With the exception of the Site Lease, the Sublease and the Sub-Sublease, the Museum Associates Property may not be subleased as a whole or in part, or assigned or sold as a whole or in part, by the County without the prior written consent of Museum Associates. With the exception of the Site Lease, the Sublease and the Sub-Sublease, the County shall, within 30 days after such a permitted assignment, sale or sublease, furnish or cause to be furnished to Museum Associates a true and correct copy of such assignment, sublease or sale, as the case may be.

Section 5.02. **Restrictions on Conveyance of Museum Associates Property**. Except as contemplated by the Permitted Encumbrances, Museum Associates agrees that it will not mortgage, sell, encumber, assign, transfer or convey the Museum Associates Property or any portion thereof during the term of this Lease.

ARTICLE VI

IMPROVEMENTS

Title to all improvements made on the Museum Associates Property during the term hereof shall vest in Museum Associates. Notwithstanding the foregoing, for the avoidance of doubt, all artwork now or hereafter located on the Museum Associates Property, including hardware and installation material for said artwork, shall remain vested at all times in the owner(s) who hold legal title to such artwork.

ARTICLE VII

TERM; TERMINATION

Section 7.01. **Term**. The term of this 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 December 1, 2050, unless all of the Museum Associates Property is released from the Sublease pursuant to Section 7.02 thereof (in which event this Lease shall automatically terminate and thereafter be of no further force or effect) or such term is extended or sooner terminated as hereinafter provided. Following termination, the parties shall execute and record a termination of this Lease.

Section 7.02. **Extension; Early Termination**. If, on December 1, 2050, 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 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 Lease shall in no event be extended more than ten years. If, prior to December 1, 2060, 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 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 County hereunder, Museum Associates shall have all the rights and remedies permitted by law, except Museum Associates, to the extent permitted by law, waives any and all rights to terminate this Lease.

ARTICLE VIII

MISCELLANEOUS

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

Section 8.02. **Severability**. In the event any provision of this 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 Lease may be amended, changed, modified, altered or terminated only in accordance with the written consent of Museum Associates and the County.

Section 8.04. **Execution in Counterparts**. This 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 8.05. **Applicable Law**. This Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 8.06. **Captions**. The captions or headings in this Lease are for convenience only and in no way define or limit the scope or intent of any provision of this Lease.

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

MUSEUM ASSOCIATES

By: ____
Name:_______________________________________
Title:_______________________________________

COUNTY OF LOS ANGELES

By: ____
Keith Knox,
Treasurer and Tax Collector

[Signature Page to Lease]

EXHIBIT A

DESCRIPTION OF THE MUSEUM ASSOCIATES PROPERTY

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

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above

____
Signature of Notary Public

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 Lease, dated as of [Dated Date], by and between Museum Associates, a California nonprofit public benefit corporation, doing business as the Los Angeles County Museum of Art ("Museum Associates") and the County of Los Angeles, a political subdivision of the State of California (the "County"), from Museums Associates 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 [BRD], and the County consents to recordation thereof by its duly authorized officer.

Dated: [Closing Date]

COUNTY OF LOS ANGELES

By: ____

Keith Knox,
Treasurer and Tax Collector

HDW Draft – 9/30/20

TO BE RECORDED AND WHEN RECORDED RETURN TO:
Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90017
Attention: Arto C. Becker, 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.

SITE LEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of November 1, 2020

Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

SITE LEASE

THIS SITE LEASE (this "Site Lease"), executed and entered into as of November 1, 2020, 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, the County and Museum Associates, doing business as the Los Angeles County Museum of Art ("Museum Associates"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, desires to finance the demolition, construction and equipping of improvements to certain real property located as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") has issued its Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") from time to time for, among other purposes, the interim financing of a portion of the Project; and

WHEREAS, in connection with the Project, Museum Associates will lease certain real property owned by Museum Associates, including the buildings thereon and improvements thereto (the "Museum Associates Property") to the County pursuant to the Lease dated as of the date hereof (the "Lease"); and

WHEREAS, in order to finance the Project, the County will lease the Museum Associates Property together with certain real property of the County and the building thereon known as the Japanese Pavilion, including the improvements thereto (the "County Property" and, together with the Museum Associates Property, the "Property"), to the Authority pursuant to this Site Lease;, and the County will sublease the Property back from the Authority pursuant to a Sublease dated the date hereof (the "Sublease"); and

WHEREAS, the County will sub-sublease the Museum Associates Property back to Museum Associates pursuant to the Sub-Sublease dated the date hereof by and between Museum Associates and the County (the "Sub-Sublease"); and

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

WHEREAS, in order to provide long-term financing for a portion of the costs financed with the Commercial Paper Notes and to finance a portion of the balance of the costs of the Project, the Authority and the County desire to provide for the issuance of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds") in the aggregate principal amount of $[PA], pursuant to an Indenture dated as of the date hereof (the "Indenture"), by and among the Authority, the County and [XYZ], 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 acknowledges receipt from the County as and for rental hereunder the sum of One Dollar ($1.00).

ARTICLE III

QUIET ENJOYMENT

Section 3.01. Quiet Enjoyment. The parties intend that the Property will be subleased back to the County pursuant to the Sublease for the term thereof and that the Museum Associates Property will be sub-subleased back to Museum Associates pursuant to the Sub-Sublease for the term thereof. Subject to all Permitted Encumbrances (including, but not limited to any rights Museum Associates may have under the Sub-Sublease to possession and enjoyment of the Museum Associates Property and 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. In the event that an Event of Default has occurred and is continuing under the Sublease, 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 or Museum Associates; provided, however, during the term of the Sub-Sublease, the Authority shall not assign or sell the Property without the consent of Museum Associates. 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. During the term of the Sub-Sublease, so long as no Event of Default has occurred and is continuing under the Sublease, (i) no portion of the Museum Associates Property may be subleased as a whole or in part by the Authority without the prior written consent of the County and Museum Associates, and (ii) this Site Lease may not be assigned or sold by the Authority without the prior written consent of the County and Museum Associates. 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

Section 6.01. Improvements. Title to all improvements made on the Property during the term hereof shall vest in the County. Title to all improvements made on the County Property during the term hereof shall vest in the County. Title to all improvements made on the Museum Associates Property during the term hereof shall vest in Museum Associates. Notwithstanding the foregoing, all artwork now or hereafter located on the Museum Associates Property, including hardware and installation material for said artwork, shall remain vested at all times in the owner who holds legal title to such artwork.

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 December 1, 2050, unless such term is extended or sooner terminated as hereinafter provided.

Section 7.02. **Extension; Early Termination**. If, on December 1, 2050, 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 December 1, 2060, 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. Upon termination of this Site Lease, the County and the Authority shall execute and record a termination of this Site Lease.

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 release portions of the Property and substitute real property for 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.

[Remainder of Page Intentionally Left Blank]

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: ______________________________________
Keith Knox,
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ______________________________________
Keith Knox,
Treasurer

[Signature Page to the Site Lease]

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:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

____

Place Notary Seal Above Signature of Notary Public

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 Site Lease, dated as of November 1, 2020, 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 [BRD], and the Authority consents to recordation thereof by its duly authorized officer.

Dated: [Closing Date]

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ______________________________________

Keith Knox,
Treasurer

TO BE RECORDED AND WHEN RECORDED RETURN TO:
Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90017
Attention: Arto C. Becker, Esq.

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SUBLEASE

by and between

COUNTY OF LOS ANGELES

and

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Dated as of November 1, 2020

Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

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SUBLEASE

THIS SUBLEASE (this "Sublease"), dated as of November 1, 2020, 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, the County and Museum Associates, doing business as the Los Angeles County Museum of Art ("Museum Associates"), a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Code, desires to finance the demolition, construction and equipping of improvements to certain real property located as 5905, 5906, 5907 and 5908 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") has issued its Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") from time to time for, among other purposes, the interim financing of a portion of the Project; and

WHEREAS, in connection with the Project, Museum Associates will lease certain real property owned by Museum Associates, including the buildings thereon and improvements thereto (the "Museum Associates Property"), to the County pursuant to the Lease dated as of the date hereof by and between Museum Associates and the County (the "Lease"); and

WHEREAS, in order to provide long-term financing for a portion of the costs financed with the Commercial Paper Notes and to finance a portion of the balance of the costs of the Project, the County will lease the Museum Associates Property together with certain real property of the County and the building thereon known as the Japanese Pavilion, including the improvements thereto (the "County Property" and, together with the Museum Associates Property, the "Property") to the Authority pursuant to the Site Lease dated the date hereof, and the County will sublease the Property back from the Authority pursuant to this Sublease (the "Sublease"); and

WHEREAS, the County will sub-sublease the Museum Associates Property to Museum Associates pursuant to the Sub-Sublease dated as of the date hereof (the "Sub-Sublease");

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

WHEREAS, in order to provide the funds necessary to 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, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds"), in the aggregate principal amount of $[PA], pursuant to an Indenture dated as of the date hereof (the "Indenture"), by and among the Authority, the County and [XYZ], as trustee (the "Trustee"), 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. Definitions. 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 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 [Closing Date].

"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 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.

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

"Museum Associates" means Museum Associates, doing business as the Los Angeles County Museum of Art, a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Code.

"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 Museum Associates Property, any and all encumbrances that exist with respect thereto as of the Closing Date, including, but not limited to title encumbrances of record, and, 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) the Lease, (e) the Sub-sublease, (f) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law, (g) 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, (h) any and all easements, covenants, affidavits and similar restrictions or dedications reasonably required in connection with relevant approvals for the initial development and/or construction of the Project, including, but not limited to, building and construction permits, and (i) other 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, 2021 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of this Sublease.

"Scheduled Termination Date" means December 1, 2050.

"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 hereof.

"Sublease" means this 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 hereof.

"Sub-Sublease" means the Sub-Sublease, dated as of the date hereof, by and between the County and Museum Associates, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Trustee" means [XYZ], 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. Lease of Property. (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. Term; Occupancy. 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.

The County shall take possession of the Property on the Closing Date. Upon termination of this Sublease, the County and the Authority shall execute and record a termination of this Sublease.

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 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 subject to the Permitted Encumbrances 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 the Permitted Encumbrances, 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 (including, but not limited to Museum Associates pursuant to the Sub-Sublease) 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. Notwithstanding the foregoing, all artwork now or hereafter located on the Museum Associates Property, including hardware and installation material for said artwork, shall remain vested at all times in the owner who holds legal title to such artwork.

Section 4.10. Installation of County's Equipment. The County and any sublessee (including, but not limited to Museum Associates pursuant to the Sub-Sublease) 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 and Regulations. 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. <u>No Condemnation</u>. 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. <u>Authority's Purpose</u>. 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 notice 30 days in advance of the expiration date 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, 2021, 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. Self-Insurance. 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 County 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) In the event of a taking under the power of eminent domain, 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**. Until such time as completion of the Project and receipt by the County of a temporary certificate of occupancy for the building and improvements on the County Property has occurred, 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 except as provided in the Sub-Sublease. From and after completion of the Project and receipt by the County of a temporary certificate of occupancy for the building and improvements on the County Property, except for the Sub-Sublease, 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;

(e) unless an event of default has occurred and is continuing under the Funding Agreement, obtaining the prior written consent of the Museum Associates; and

(f) 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 the 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 the Site Lease and 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. In addition, upon completion of the Project and receipt by the County of a temporary certificate of occupancy for the building and improvements on the County Property, the County shall amend this Sublease and the Site Lease to remove the Museum Associates Property, Any substitution or release of Property authorized by this Section 7.02 is subject to the following conditions, which are hereby made conditions precedent to such substitution or release.

(a) a qualified employee of 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, which conclusion may be based on construction costs or replacement costs, 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 the Bonds to be included in gross income for federal income tax purposes; and

(d) 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 remove or substitute any portion of the Property being released or substituted or 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, as applicable.

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 County 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. 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 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. Action on Default. (a) In each and every case during the continuance of an Event of Default hereunder, the Authority shall have the right, without terminating this Sublease 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. **Amendments**. (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 substitution or release of a portion of the Property in accordance with the provisions of Section 7.02 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; or

(v) 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. <u>Authority Not Liable</u>. 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. <u>Assignment to Trustee; Effect</u>. 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. The foregoing sale, assignment and transfer shall not impact, disturb or otherwise affect the terms, provisions or effectiveness of the Sub-Sublease. 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. California Law. This Sublease shall be construed and governed in accordance with the laws of the State of California.

Section 10.06. 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:	[XYZ] ________________________ ________________________ ________________________ Attention: _______________

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. Execution in Counterparts. 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.

[Remainder of Page Intentionally Left Blank]

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: ____
Keith Knox,
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ____
Keith Knox,
Treasurer

[Signature Page to the Sublease]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above

____
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above

____

Signature of Notary Public

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 Sublease Agreement, dated as of November 1, 2020, 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 [BRD], and the County consents to recordation thereof by its duly authorized officer.

Dated: [Closing Date]

COUNTY OF LOS ANGELES

By: ____

Keith Knox,
Treasurer and Tax Collector

NP Draft – 9/29/20

TO BE RECORDED AND WHEN RECORDED RETURN TO:

Nixon Peabody, LLP
300 South Grand Avenue, Suite 4100
Los Angeles, CA 90071-3151
Attention: Dan Deaton, 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.

SUB-SUBLEASE

by and between

COUNTY OF LOS ANGELES

and

MUSEUM ASSOCIATES

Dated as of November 1, 2020

Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

SUB-SUBLEASE

THIS SUB-SUBLEASE (this "Sub-Sublease"), executed and entered into as of November 1, 2020, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), as lessor, and MUSEUM ASSOCIATES, a California nonprofit public benefit corporation and a tax-exempt organization described in Section 501(c)(3) of the Code, doing business as the Los Angeles County Museum of Art ("Museum Associates"), as lessee.

RECITALS

WHEREAS, the County and Museum Associates desire to finance the demolition, construction and equipping of improvements to certain real property located as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, in connection with the Project, Museum Associates will lease certain real property owned by Museum Associates including the buildings thereon and improvements thereto (collectively, the "Museum Associates Property") to the County pursuant to the Lease ("Lease") dated the date hereof by and between Museum Associates and the County; and

WHEREAS, in order to finance the Project, the County will lease the Museum Associates Property together with certain real property of the County, including the improvements thereto (the "County Property" and, together with the Museum Associates Property, the "Property"), to 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"), pursuant to a Site Lease dated the date hereof (the "Site Lease"); and

WHEREAS, the County will sublease the Property back from the Authority pursuant to a Sublease dated the date hereof (the "Sublease"); and

WHEREAS, the County will sub-sublease the Museum Associates Property back to Museum Associates pursuant to this Sub-Sublease; and

WHEREAS, the Museum Associates Property is more particularly described in Exhibit A hereto; 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 Sub-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 Sub-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

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 Sub-Sublease.

ARTICLE II

LEASE OF THE PROPERTY; RENTAL

Section 2.01. **Sub-Sublease of Museum Associates Property**. The County hereby sub--subleases to Museum Associates and Museum Associates hereby sub-subleases from the County the Museum Associates Property, subject only to Permitted Encumbrances, to have and to hold for the term of this Sub-Sublease.

Section 2.02. **Rental**. The County acknowledges receipt from Museum Associates as and for rental hereunder the sum of One Dollar ($1.00).

ARTICLE III

QUIET ENJOYMENT

Subject to all Permitted Encumbrances, the County hereby covenants and agrees that it will not take any action to prevent Museum Associates from having quiet and peaceable possession and enjoyment of the Museum Associates Property during the term hereof [and will, at the request of Museum Associates and at the County's cost, to the extent that it may lawfully do so, join in any legal action in which Museum Associates asserts its right to such possession and enjoyment.]

ARTICLE IV

SPECIAL COVENANTS AND PROVISIONS

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

Section 4.02. **Further Assurances and Corrective Instruments**. The County and Museum Associates 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 Museum Associates Property hereby leased or intended so to be or for carrying out the expressed intention of this Sub-Sublease.

Section 4.03. Waiver of Personal Liability.

All liabilities under this Sub-Sublease on the part of Museum Associates shall be solely liabilities of Museum Associates as a nonprofit public benefit corporation, and the County hereby releases each and every director, officer and employee of Museum Associates of and from any personal or individual liability under this Sub-Sublease. No director, officer or employee of Museum Associates shall at any time or under any circumstances be individually or personally liable under this Sub-Sublease to the County or to any other party whomsoever for anything done or omitted to be done by Museum Associates hereunder.

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

Section 4.04. Taxes. Museum Associates 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 Museum Associates Property.

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

Section 4.06. Representations of County. The County represents and warrants to Museum Associates as follows:

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

(b) [except for Permitted Encumbrances, the Museum Associates 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; and

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

Section 4.07. Representations of Museum Associates. Museum Associates represents and warrants to the County that Museum Associates has the full power and authority to enter into, to execute and to deliver this Sub-Sublease, and to perform all of its duties and obligations hereunder, and has duly authorized the execution and delivery of this Sub-Sublease.

ARTICLE V

ASSIGNMENT, SELLING AND SUBLEASING

Section 5.01. **Assignment, Selling and Subleasing**. This Sub-Sublease may be assigned or sold, and the Museum Associates Property may be further subleased, as a whole or in part, by Museum Associates, without the necessity of obtaining the consent of the County. Museum Associates 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.

Section 5.02. **Restrictions on Conveyance of Museum Associates Property**. Except as contemplated by the Permitted Encumbrances, the County agrees that it will not mortgage, sell, encumber, assign, transfer or convey the Museum Associates Property or any portion thereof during the term of this Sub-Sublease.

ARTICLE VI

IMPROVEMENTS

Title to all improvements made on the Museum Associates Property during the term hereof shall vest in Museum Associates. Notwithstanding the foregoing, for the avoidance of doubt, all artwork now or hereafter located on the Museum Associates Property, including hardware and installation material for said artwork, shall remain vested at all times in the owner(s) who hold legal title to such artwork.

ARTICLE VII

TERM; TERMINATION

Section 7.01. **Term**. The term of this Sub-Sublease 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 December 1, 2050, unless all of the Museum Associates Property is released from the Sublease pursuant to Section 7.02 thereof (in which event this Sub-Sublease shall automatically terminate and thereafter be of no further force or effect) or such term is extended or sooner terminated as hereinafter provided. Following termination, the parties shall execute and record a termination of this Sub-Sublease.

Section 7.02. **Extension; Early Termination**. If, on December 1, 2050, 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 Sub-Sublease 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 Sub-Sublease shall in no event be extended more than ten years. If, prior to December 1, 2060, 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 Sub-Sublease 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 Museum Associates 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 Sub-Sublease.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. **Binding Effect**. This Sub-Sublease shall inure to the benefit of and shall be binding upon the County, Museum Associates and their respective successors and assigns.

Section 8.02. **Severability**. In the event any provision of this Sub-Sublease 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 Lease may be amended, changed, modified, altered or terminated only in accordance with the written consent of Museum Associates and the County.

Section 8.04. **Execution in Counterparts**. This Sub-Sublease 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 8.05. **Applicable Law**. This Sub-Sublease shall be governed by and construed in accordance with the laws of the State of California.

Section 8.06. **Captions**. The captions or headings in this Sub-Sublease are for convenience only and in no way define or limit the scope or intent of any provision of this Sub-Sublease.

IN WITNESS WHEREOF, the parties hereto have caused Sub-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: ____
Keith Knox,
Treasurer and Tax Collector

MUSEUM ASSOCIATES

By: ____
Name:_______________________________________
Title:____

[Signature Page to the Sub-Sublease]

EXHIBIT A

DESCRIPTION OF THE MUSEUM ASSOCIATES PROPERTY

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

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On , before me,
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")
personally appeared
Name of Signer(s)

who proved to me on the basis of satisfactory evidence to 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.

Place Notary Seal Above

____
Signature of Notary Public

INDENTURE

by and among

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

and

COUNTY OF LOS ANGELES

and

[XYZ], AS TRUSTEE

Dated as of November 1, 2020

Relating to
Los Angeles County Public Works Financing Authority
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

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INDENTURE

THIS INDENTURE (this "Indenture"), dated as of November 1, 2020, 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 [XYZ], 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, the County and Museum Associates, doing business as the Los Angeles County Museum of Art ("Museum Associates"), a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Code, desires to finance the demolition, construction and equipping of improvements to certain real property located as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"); and

WHEREAS, the Los Angeles County Capital Asset Leasing Corporation (the "Corporation") has issued its Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") from time to time for, among other purposes, the interim financing of a portion of the Project; and

WHEREAS, in connection with the Project, Museum Associates will lease certain real property owned by Museum Associates (the "Museum Associates Property") to the County, pursuant to a Lease by and between Museum Associates and the County dated as of November 1, 2020 (the "Lease"); and

WHEREAS, in order to provide long-term financing for a portion of the costs financed with the Commercial Paper Notes and to finance a portion of the balance of the costs of the Project, the County will lease the Museum Associates Property, together with certain real property of the County, including the property known as the Japanese Pavilion, including the improvements thereto located thereon (the "County Property" and together with the Museum Associates Property, the "Property"), to the Authority pursuant to a Site Lease (the "Site Lease"), and sublease the Property back from the Authority pursuant to a Sublease (the "Sublease"); and

WHEREAS, the County will sub-sublease the Museum Associates Property back to Museum Associates pursuant to the Sub-Sublease dated the date hereof (the "Sub-Sublease"); and

WHEREAS, the County desires to provide financing for a portion of the Project by providing for the issuance of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds"), in the aggregate principal amount of $[PA], payable from the base rental payments (the "Base Rental Payments") to be made by the County pursuant to the Sublease; 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. <u>Definitions</u>. 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 Rental Payments" means all amounts payable by the County as Additional Rental Payments pursuant to Section 3.02 of the Sublease.

"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 Museum Associates Officer" means its Director, Chief Operating Officer, Chief Financial Officer or any other person or persons designated as an Authorized Officer of Museum Associates designated by Museum Associates to the Trustee.

"Authorized Denominations" means $5,000 and any integral multiple thereof.

"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, 2021.

"Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds).

"Book-Entry Bonds" means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for such 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 Bonds are delivered to the Original Purchaser, being [Closing Date]

"Code" means the Internal Revenue Code of 1986.

"Commercial Paper Note Issuing and Paying Agent" means U.S. Bank National Association, as issuing and paying agent under the Lease Revenue Commercial Paper Notes Fourth Amended and Restated Trust Agreement pursuant to the Fourth Amended and Restated Commercial Paper Note Issuing and Paying Agent Agreement.

"Commercial Paper Notes Issuing and Paying Agent Agreement" means the Fourth Amended and Restated Issuing and Paying Agent Agreement, dated as of April 1, 2019, by and between the Los Angeles County Capital Asset Leasing Corporation and 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 Notes Trust Agreement" means the Fourth Amended and Restated Trust Agreement, dated as of April 1, 2019, by and between the Los Angeles County Capital Asset Leasing Corporation and U.S. Bank National Association, as trustee.

"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 Lease, the Sub-Sublease, 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, 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.

"County Property" means initially the property known as the Japanese Pavilion, including the improvements thereto, located thereon, located at 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles, and any property substituted therefor in accordance with Section 7.02 of the Sublease.

"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) Permitted Investments described in clause (8) of the definition thereof, 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 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 Interest Account within the Payment Fund pursuant to Section 4.04 hereof.

"Interest Payment Date" means each June 1 and December 1, commencing [FIPD], so long as any Bonds remain Outstanding.

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

"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.

"Museum Associates" means Museum Associates, doing business as the Los Angeles County Museum of Art, a nonprofit public benefit corporation organized and existing under the laws of the State of California.

"Museum Associates Property" means such properties known as the Broad Contemporary Art Museum, the Resnick Exhibition Pavilion and the Pritzker Parking Garage located at 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles, respectively.

"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 Wells Fargo Bank, National Association, on behalf of itself and on behalf of the other original purchasers of the 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" 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 either (a) is restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States or (b) is rated in the highest rating category by either S&P or Moody's.

(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 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) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

(10) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(11) 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.

“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 Principal Account 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 demolition, construction and equipping of improvements to certain real property located as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles.

“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.

“Property” means the Museum Associates Property and the County Property.

"Rebate Fund" means the fund by that name established pursuant to Section 4.06 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 the $125,000,000 aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Commercial Paper Notes Series _______ maturing on _______, 2020.

"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, 2021 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Sublease.

"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.

"Interest Account" means the Interest Account by that name within the Payment Fund established pursuant to Section 4.04 hereof.

"Principal Account" means the Principal Account by that name within the Payment Fund established pursuant to Section 4.04 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.

"Sub-Sublease" means the Sub-Sublease, dated as of the date hereof, by and between the County and Museum Associates, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"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 each Tax Certificate executed by the Authority, the County and Museum Associates at the time of issuance of the 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.

"Trustee" means XYZ, 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. **Authorization of Bonds**. 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 Authorized 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, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green 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. **Terms of Bonds**. (a) The Bonds shall be designated "Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds)" (the "Bonds"). The aggregate principal amount of Bonds that may be issued and Outstanding under this Indenture shall not exceed $[PA], except as may be otherwise provided in Section 2.11 hereof.

(b) The Bonds shall be issued in fully registered form without coupons in Authorized Denominations. The Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of $[PA], shall mature on [December] 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

Maturity Date (December 1)	Principal Amount	Interest Rate
2021		

2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2040
2050

(c) Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a 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 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 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 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 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 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 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. Application of Proceeds of Bonds. Upon the receipt of payment for the Bonds when the same shall be sold to the original purchaser or purchasers thereof in the aggregate amount of $____________, being equal to the $[PA] aggregate principal amount of the Bonds, plus net original issue premium of __________, less underwriter's discount of $________, the

Trustee shall transfer to the Project Fund the sum of $________________, to the Costs of Issuance Fund the sum of $_________, and to Commercial Paper Note Issuing and Paying Agent the sum of $__________ for deposit 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.

Section 2.04. 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 2.05. 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 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 2.06. 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 2.07. Transfer and Exchange of Bonds. 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 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 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 pursuant to this Section during the period commencing on the date five days before the date of selection of Bonds for redemption and ending on the date of mailing notice of such redemption, or with respect to any Bonds selected for redemption.

Section 2.08. **Book-Entry System**. (a) Prior to the issuance of a the Bonds, the Authority may provide that the Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds 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 maturing in a single year or, if Bonds 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 shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The 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 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, so long as any Book-Entry Bond 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.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. 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 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 d 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 issued under the provisions of this Section in lieu of any Bond 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 secured by this Indenture.

Section 2.10. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds 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 it shall execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds 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 and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Extraordinary Redemption. 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. Optional Redemption. The Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after December 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after December 1, 20__, in whole or in part, in 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. Mandatory Sinking Fund Redemption. The Bonds maturing December 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

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

If some but not all of the Bonds maturing on December 1, 20__ are redeemed pursuant to Section 3.01 hereof, the principal amount of Bonds maturing on December 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Bonds maturing on December 1, 20__ so redeemed pursuant to Section 3.01 hereof, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis, in amounts equal to

Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Bonds maturing on December 1, 20__ are redeemed pursuant to Section 3.02 hereof, the principal amount of Bonds maturing on December 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Bonds maturing on December 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.

The Bonds maturing December 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

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

If some but not all of the Bonds maturing on December 1, 20__ are redeemed pursuant to Section 3.01 hereof, the principal amount of Bonds maturing on December 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Bonds maturing on December 1, 20__ so redeemed pursuant to Section 3.01 hereof, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis, in amounts equal to Authorized Denominations, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Authority and the County. If some but not all of the Bonds maturing on December 1, 20__ are redeemed pursuant to Section 3.02 hereof, the principal amount of Bonds maturing on December 1, 20__ to be redeemed pursuant to this Section shall be reduced by the aggregate principal amount of the Bonds maturing on December 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. Selection of Bonds for Redemption. 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 Bonds on a pro rata basis as nearly as practicable and (b) with respect to any optional redemption of Bonds, as directed in a Written Certificate of the County. 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. 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 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, 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. Partial Redemption of Bonds. 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 in Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 3.07. Effect of Notice of Redemption. 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." On the Closing Date, the Trustee shall deposit into the Project Fund the amount required to be deposited therein pursuant to Section 2.03 hereof.

(b) The moneys in 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 an Authorized Museum Associates Officer substantially in the form attached hereto as Exhibit B. Upon receipt of each such Written Request of Museum Associates, the Trustee shall pay the amount set forth in such Written Request of Museum Associates as directed by the terms thereof.

(c) 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 and used to pay interest on the Bonds in accordance with Section 4.04 hereof, and upon such transfer the Project Fund shall be closed.

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.

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 "Interest Account" and a separate account designated the "Principal Account."

(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.

(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 Bonds coming due on such Interest Payment Date. Moneys in the Interest Account shall be withdrawn and used by the Trustee for the purpose of paying interest on the Bonds as and when due and payable.

(d) 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 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 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. Rebate Fund. (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 4.07. 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.

(c) Investments (except investment agreements) in any fund or account established hereunder shall be valued, exclusive of accrued interest not less often than annually nor more often than monthly. 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 shall be retained therein.

(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 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 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 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 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 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee, or any holder or Beneficial Owner of the 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 , 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. <u>Other Remedies of the Trustee</u>. 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. <u>Remedies Not Exclusive</u>. 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. <u>Application of Amounts After Default</u>. 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. <u>Power of Trustee to Enforce</u>. 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 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 Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; and

(iv) 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 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:	[XYZ] ____________________________ ____________________________ Attention: ____________________

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.

[Remainder of Page Intentionally Left Blank]

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: ____
Keith Knox,
Treasurer

COUNTY OF LOS ANGELES

By: ____
Keith Knox,
Treasurer and Tax Collector

[XYZ]

By: ____
Authorized Officer

[Signature Page to the Indenture]

EXHIBIT A

FORM OF SERIES 2020 BOND

No. R-

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT) (GREEN BONDS)**

MATURITY DATE	INTEREST RATE	DATED DATE	CUSIP NO.
December 1, 20__	___%	November 1, 2020	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: $_________________

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 June 1 and December 1 in each year, commencing [FIPD] (the "Interest Payment Dates"), until payment of such Principal Amount in full. This Bond is issued pursuant to the Indenture, dated as of November 1, 2020 (the "Indenture"), by and among the Authority, the County of Los Angeles (the "County") and [XYZ], 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, 2021, 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 [XYZ], 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, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds)" (the "Bonds") in the aggregate principal amount of $[PA]. The Bonds are issued pursuant to the Indenture, and this reference incorporates the Indenture herein. 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 Sublease, dated as of November 1, 2020, 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 Bonds are subject to 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 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 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: ____
Chair

ATTEST:

____
Secretary

CERTIFICATE OF AUTHENTICATION

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

Date: ________________________

[XYZ], 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

FORM OF PROJECT FUND REQUISITION

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT) (GREEN BONDS)

WRITTEN REQUEST NO. __ FOR DISBURSEMENTS FROM THE PROJECT FUND

The undersigned hereby states and certifies:

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

(b) that [XYZ], as trustee (the "Trustee") under the Indenture dated as of November 1, 2020 by and among the Los Angeles County Public Works Financing Authority, the County and the Trustee,, is hereby requested to disburse from the Project Fund established pursuant to the Indenture 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; and

(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 Project Costs properly chargeable by the County to 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 is attached hereto.

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

Dated: _____________

MUSEUM ASSOCIATES

By: ___________________________
Authorized Representative

ATTACHMENT I

PROJECT FUND DISBURSEMENTS

Payee Name and Address	Purpose of Obligation	Amount

EXHIBIT C

FORM OF COSTS OF ISSUANCE FUND REQUISITION

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT) (GREEN BONDS)**

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 (the "County") and as such is familiar with the facts herein certified and is authorized and qualified to certify the same;

(b) that [Trustee], as trustee (the "Trustee"), is hereby requested to disburse from the Costs of Issuance Fund, established pursuant to the Indenture, dated as of November 1, 2020 (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

$________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT)
(GREEN BONDS)

BOND PURCHASE AGREEMENT

_________, 2020

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, Wells Fargo Bank, National Association, 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 is made subject to receipt by the Underwriters of the documents referred to in Section 10 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 (as defined herein).

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], [a national banking association] duly organized and existing under and by virtue of the laws of [the United States of America], as Trustee ("the Trustee"), to deliver to the Underwriters for such purpose, all (but not less than all), in the manner provided herein, of the Authority's (a) $________ aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds"). The Bonds are being issued pursuant to the

Indenture, dated as of November 1, 2020 (the "Indenture"), by and among the County, the Authority and the Trustee.

The Bonds shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The 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 Bonds will be payable semiannually each June 1 and December 1, commencing on _______1, 20__. The Bonds shall otherwise be as described in the Official Statement (as defined herein), and be subject to redemption as provided therein.

The aggregate purchase price of the Bonds shall be $_______ representing the aggregate principal amount of the Bonds, plus [net] original issue premium of $_________ and less underwriters' discount of $_______.

The Authority and the County acknowledge and agree that: (a) the purchase and sale of the 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 Bonds, the Authority and the County have consulted their own financial, legal 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 Bonds. The 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 Bonds and certain matters relating thereto (the "Authority Resolution"), and a Resolution of the County approving the issuance of the Bonds and certain matters relating thereto (the "County Resolution").

The 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 the Sublease, dated as of November 1, 2020 (the "Sublease"), by and between the Authority, as lessor, and the County, as lessee, 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 the Site Lease, dated as of November 1, 2020 (the "Site Lease"), by and between the County, as lessor, and the Authority, as lessee, 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 will assign to the Trustee certain of its rights, title and interest in and to the Site Lease and the Sublease.

The County's leasehold interest in a portion of the Property was acquired by the County in the first instance under a Lease, dated of November 1, 2020 (the "Lease"), by and between Museum Associates corporation ("Museum Associates"), as lessor, and the County, as lessee. Concurrently with execution and delivery of the Sublease, the County will sublease the Property to Museum Associates, under the Sub-Sublease, dated of November 1, 2020 (the "Sub-Sublease"), by and between the County, as lessor, and Museum Associates, as lessee.

[The County has entered into a Funding Agreement dated ______, 2020 (the "Funding Agreement") with Museum Associates to finance the Project (defined below).]

3. **Purpose of the Bonds**. The proceeds of the Bonds will be used to (a) finance and refinance certain capital improvement projects described in the Official Statement, including payment of certain Lease Revenue Commercial Paper Notes issued by the Los Angeles County Capital Asset Leasing Corporation for, among other purposes, the financing of a portion of the costs of the demolition, construction and equipping of improvements to certain real property located as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project"), and (b) pay certain costs of issuance incurred in connection with the issuance of the Bonds.

4. **Offering**. (a) It shall be a condition to the Authority's obligation to sell and issue the Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Bonds that the entire aggregate principal amount of the Bonds referred to in Section 1 shall be issued by the Authority and purchased, accepted and paid for by the Underwriters at Closing (as defined herein). The Underwriters agree to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit B attached hereto and incorporated herein by reference. Subject to the provisions set forth in Section 5 below, 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 Bonds, provided that the Underwriters shall not change the interest rates set forth on Exhibit B. Subject to the provisions set forth in Section 5 below, the Bonds may be offered and sold to certain dealers (including dealers depositing the 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 Lease, the Site Lease, the Sublease, the Sub-Sublease, the Authority Resolution, the County Resolution, the Continuing Disclosure Certificate (hereinafter defined), [the Funding Agreement] and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds (each as defined herein and, collectively, the "Legal Documents").

(b) The Underwriters agree as follows:

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

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

5. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate substantially in the form attached hereto as Exhibit C, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit B attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Representative shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the Issuer the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, the Issuer or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit B attached hereto, except as otherwise set forth therein. Exhibit B also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the Issuer or the Issuer's municipal advisor promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Issuer acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A)(1) to report the prices at which it sells to the public the unsold Securities of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

6. 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 July 31, 2019 (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 Bonds, in connection with the public offering and sale of the 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 Bonds.

7. 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 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 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 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 is and will be, as of the date hereof and as of the date of Closing, 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 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 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 Bonds shall mean the earlier of (i) the date of Closing 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 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 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 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 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) except as set forth in the Official Statement, 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;

(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.

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

(a) the Authority is, and will be on the date of Closing, 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 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 and the Bonds 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 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 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 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 Bonds or the payment of principal and interest on the Bonds or in any way contesting or affecting the validity or enforceability of the 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 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 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 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 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 is and will be, as of the date hereof and as of the date of Closing, 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 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 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 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.

9. Closing. At 8:00 a.m., California time, on _____, 2020, 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 Bonds in definite form duly executed and authenticated by the Trustee in book-entry form through the facilities of The Depository Trust Company, New York, New York ("DTC") as described below, or at such other place upon which the Representative, the Authority and the County may mutually agree, and the other documents hereinafter mentioned shall be delivered at the office of Hawkins Delafield & Wood LLP, Los Angeles, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Authority, the County and the Representative. Subject to the terms and conditions hereof, the Representative will accept delivery of the 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 Bonds is herein called the "Closing"). The 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 Bonds, fully registered in the name of Cede & Co., as nominee of DTC.

10. 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 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 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 date of 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 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 Closing;

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

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

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

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

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

(iii) executed copies of the Legal Documents;

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

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

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

(B) the 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 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," and in APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," insofar as such statements purport to summarize certain provisions of the Bonds, the Site Lease, the Sublease and the Indenture, and applicable Federal and State tax law, are accurate in all material respects;

(vi) an opinion of Hawkins Delafield & Wood LLP, as Disclosure Counsel ("Disclosure Counsel"), addressed to the Authority and the County, together with a reliance letter with respect thereto addressed to the Underwriters, in substantially the form of Exhibit D hereto;

(vii) an opinion of 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 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 have been duly authorized by the Board of Supervisors of the County;

(viii) an opinion of 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 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 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 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 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 Bonds or Legal Documents executed by the Authority; and the issuance of the 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 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 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 Bonds or the Legal Documents, or contesting the tax exempt status of payment and interest as would be received by the Owners of the 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 Bonds, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the 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 Bonds or the Legal Documents; and

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

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

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

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

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

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

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

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

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

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

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

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

(xi) a certificate of an authorized representative of Museum Associates dated the date of Closing to the effect that:

(A) the representations and warranties of Museum Associates contained in the Legal Documents to which it is a party are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing;

(B) to the best knowledge of the representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against Museum Associates, or threatened against Museum Associates which if adversely determined, could materially adversely affect the validity of, or performance by Museum Associates under, the Legal Documents to which it is a party; and

(C) Museum Associates 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;

(xii) 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 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 Bonds to the Representative pursuant to the terms of the Indenture;

(C) the execution and delivery by the Trustee of the Indenture and the authentication by the Trustee of the Bonds, and compliance with the terms of the Indenture, 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 authentication and delivery of the Bonds by the Trustee;

(E) the Trustee has duly authenticated the bonds;

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

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

(xiii) 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 Bonds; and

(B) the Bonds have been duly authenticated and 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;

(xiv) an opinion of Norton Rose Fulbright US LLP, Los Angeles, California, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters in form reasonably satisfactory to the Representative;

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

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

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

(xviii) 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;

(xix) 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;

(xx) 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;

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

(xxii) evidence that the ratings on the Bonds are as described in the Official Statement;

(xxiii) a legal opinion of Nixon Peabody LLP, counsel to Museum Associates corporation ("Museum Associates"), addressed to the Representative, on behalf of the Underwriters, the County and the Authority to the effect that:

(A) [Museum Associates is a California non-profit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), is exempt from federal income tax under

Section 501(a) of the Code (except for any unrelated business income tax imposed pursuant to Section 511 of the Code);

(B) The Legal Documents to which Museum Associates is a party have been duly authorized, executed and delivered by Museum Associates and, assuming due authorization, execution and delivery by the other party thereto, constitute the valid and binding agreements of Museum Associates, enforceable against Museum Associates 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, and 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

(C) As a matter of fact but not opinion, that, during the course of their engagement as counsel to Museum Associates with respect to the Preliminary Official Statement and the Official Statement, no facts came to the attention of the attorneys of that firm rendering legal services in connection with this matter that caused them to believe that statements under the captions [_____] of the Preliminary Official Statement as of the date of the Preliminary Official Statement and as of the date of this Bond Purchase Contract or the Official Statement as of the date of the Official Statement and as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.]

(xxiv) a legal opinion of general counsel to Museum Associates, addressed to the Representative, on behalf of the Underwriters, the County and the Authority to the effect that:

(A) [Museum Associates has been duly organized and is validly existing and in good standing as a California nonprofit public benefit corporation, and has all requisite power and authority: (a) to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents to which it is a party; and (b) to carry on its activities as currently conducted;

(B) Museum Associates has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (A) above, and Museum Associates has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents to which it is a party;

(C) The execution and delivery by Museum Associates of the Legal Documents to which it is a party and the compliance with the provisions of the Legal Documents to which it is a party, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of Museum Associates a material breach of or default under any agreement or instrument to which Museum Associates is a party or by which it is bound;

(D) The Legal Documents to which Museum Associates is a party constitute legal, valid and binding obligations of Museum Associates and are enforceable according to the terms thereof, 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, by the exercise of judicial discretion;

(E) No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against Museum Associates in any court in any way affecting the titles of the officials of Museum Associates to their respective positions, or seeking to restrain or to enjoin the issuance, execution and delivery of the Legal Documents, or in any way contesting or affecting the validity or enforceability of the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of Museum Associates or its authority with respect to the Legal Documents;

(F) The information contained in the Preliminary Official Statement, as of its date and as of the date of this Bonds Purchase Agreement and the Official Statement as of its date and as of the Closing Date under the captions "[______]" does not contain any untrue statement of a material fact and does not 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;

(G) To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by Museum Associates of the Legal Documents to which it is a party; and

(H) To the best of such counsel's knowledge after due inquiry, Museum Associates 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 Museum Associates is a party or is otherwise subject, which breach or default would materially adversely affect Museum Associates' ability to enter into or perform its obligations under the Legal Documents to which it is a party, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect Museum Associates' ability to enter into or perform its obligations under the Legal Documents to which it is a party.]

(xxv) 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 then to be performed and all conditions then to be satisfied.

11. 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 Bonds by notifying the County or Authority of its election to do so if, after the execution hereof and prior to 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 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 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 Bonds) or the interest thereon, which in the reasonable judgment of the Representative would materially adversely affect the market price or marketability of the Bonds or make it impracticable to market the 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 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 or crisis or escalation thereof (including an escalation of the COVID-19 pandemic) 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 Bonds on the terms and in the manner contemplated in the Official Statement or materially adversely affects the market price or marketability of the Bonds;

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Bonds or other debt securities issued by the Authority for the benefit of the County and secured by or payable from the general fund of the County 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 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 Bonds on the terms and in the manner contemplated in the Official Statement, including any supplements or amendments thereto or materially adversely affects the market price or marketability of the Bonds;

(g) the purchase of and payment for the Bonds by the Underwriters, or the resale of the 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.

12. 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 Bonds; (iv) the fees and disbursements of Bond Counsel, Disclosure Counsel and County Counsel; (v) the fees and disbursements of Montague DeRose and Associates, LLC for its services as municipal advisor to the Authority or the County; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority or the County; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Trustee, and (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the Authority or the County.

(b) The Authority has agreed to pay the Underwriters' discount set forth in Section 1 of this Bond Purchase Agreement, and inclusive in the expense component of the Underwriters' discount are actual expenses incurred or paid for by the Underwriters on behalf of the Authority in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, fees and expenses of Underwriters' counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, and California Debt and Investment Advisory Commission fees.

13. 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.

14. 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:

Wells Fargo Bank, National Association
333 Market Street, Suite 1500
San Francisco, California 94105
Attention: Doug Brown

15. 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 Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

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

17. **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.

18. **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.

19. **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.

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

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION , as Representative, on behalf of itself and the other underwriters set forth on Exhibit A hereto

By: ______________________________________
Doug Brown
Managing Director

ACCEPTED:

This ___ day of ______, 2020.

COUNTY OF LOS ANGELES, CALIFORNIA

By: ____
Keith Knox
Treasurer and Tax Collector

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

By: ____
Keith Knox
Treasurer

Approved as to Form:

MARY C. WICKHAM
County Counsel

By: ____
Deputy County Counsel

EXHIBIT A

UNDERWRITERS

Wells Fargo Bank, National Association

[_____]

EXHIBIT B

MATURITY SCHEDULE

$_________
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT)
(GREEN BOND)

Date (December 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering Price Rule

$___________ Term Bond due December 1, 20__, at ______%, Yield ______%[C]
Price _____[C], [10% Test Satisfied*]

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* At the time of the execution of this Purchase Agreement and assuming orders are confirmed by the end of the day immediately following the day of execution of this Purchase Agreement.

[C] Yield and priced to first optional redemption date of December 1, 20__ at par.

TERMS OF REDEMPTION

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

Mandatory Sinking Fund Redemption of the Term Bonds. The Series 2020 Bonds maturing December 1, 20__ (the "Term Bonds") shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

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

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

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

EXHIBIT C

FORM OF ISSUE PRICE CERTIFICATE OF THE REPRESENTATIVE

$_________
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA BUILDING FOR THE PERMANENT COLLECTION PROJECT)
(GREEN BONDS)

The undersigned, on behalf of Wells Fargo Bank, National Association ("Wells Fargo"), acting for and on behalf of itself, [_________], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) Wells Fargo offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated _________, 2020, by and among Wells Fargo, the County of Los Angeles, California and the Los Angeles County Public Works Financing Authority (the "Issuer"), Wells Fargo has agreed in writing that, (i) for each Maturity of the Hold the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (______, 2020), or (ii) the date on which Wells Fargo has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Los Angeles County Public Works Financing Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _________, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Wells Fargo's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in a Certificate as to Arbitrage and Tax Compliance Procedures for the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Hawkins Delafield & Wood LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

WELLS FARGO BANK, NATIONAL ASSOCIATION ,
acting for and on behalf of itself,
[__________]

By: ____________________________________
Name: __________________________________

Dated: _____, 2020

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

EXHIBIT D

FORM OF DISCLOSURE COUNSEL OPINION

[To come.]

HDW Draft – 9/30/20

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "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, 2020 Series A (LACMA Building for the Permanent Collection Project) (the "Bonds"). The Bonds are being issued pursuant to the terms of an Indenture dated as of November 1, 2020 (the "Indenture"), by and between the County and XYZ, as Trustee (the "Trustee") and a resolution of the Board of Supervisors of the County relating to the issuance of the Bonds. The County hereby 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 ("SEC") 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.

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

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"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 established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating 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 SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 of each year, commencing April 1, 2021 for the prior 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 specified in subsection (a) above, the County shall send a timely notice of this event to the MSRB in electronic form prescribed by the MSRB.

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

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

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

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

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

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

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

(iv) summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

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

(vi) 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 Listed Events.

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

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties of the County;

(iv) unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

(v) substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Bonds;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(viii) modifications to rights of Bondholders, if material;

(ix) redemption or call of the Bonds, if material, and tender offers;

(x) defeasances;

(xi) release, substitution or sale of property securing repayment of the Bonds, if material;

(xii) rating changes;

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

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

(xv) appointment of a successor or additional trustee or the change of name of the trustee, if material;

(xvi) incurrence of a Financial Obligation of the County, if material or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

(xvii) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Certain of the foregoing events may not be applicable to the Bonds.

(b) Upon the occurrence of a Listed Event described in Section 5(a), 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 Section 5(a) 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. 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 7. 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 8. 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), 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 either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders 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 9. 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 10. 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 11. 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: [Closing Date].

COUNTY OF LOS ANGELES

By:____
Authorized Representative

HDW Draft – 9/30/20

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2020

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

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

$[PA]*
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

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

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

The Los Angeles County Public Works Financing Authority is issuing its Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds") pursuant to the Indenture, dated as of November 1, 2020 (the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and XYZ, as trustee (the "Trustee"). The Bonds are payable solely from Lease Revenues and the other assets pledged therefor under the Indenture. 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 Sublease Agreement, dated as of November 1, 2020 (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 BONDS" herein.

The proceeds of the Bonds will be used to finance and refinance the demolition, construction and equipping of improvements to certain real property designated as 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles to be used by Museum Associates, a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Code, doing business as the Los Angeles County Museum of Art ("Museum Associates"), including payment of Commercial Paper Notes as described herein (the "Project"), and to pay certain costs of issuance incurred in connection with the issuance of the Bonds. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

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

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption of the 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 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 BONDS SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE LEASE REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The Bonds are offered when, as and if issued, subject to the approval as to their validity by Hawkins Delafield &Wood LLP, Los Angeles, California, Bond Counsel. to the Authority. Certain legal matters will be passed upon for the Authority and the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about [Closing Date].

Wells Fargo Securities

Dated: [Sale Date]

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* Preliminary, subject to change.

MATURITY SCHEDULE

$[PA]*
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

(Base CUSIP†: 54473E)

Due (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP†	Due (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP†
	$	%	%			$	%	%	

$________ ____% Term Bonds due December 1, 20__; Price to Yield – ___% CUSIP†:
$________ ____% Term Bonds due December 1, 20__; Price to Yield – ___% CUSIP†:

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* Preliminary, subject to change.

† Copyright American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated on behalf of the American Bankers Association by S&P Capital IQ, a division of McGraw Hill Financial Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Authority and are included solely for the convenience of the registered owners of the applicable bonds. The Underwriters, the Municipal Advisor, the County and the Authority are not responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the applicable bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the bonds.

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE BONDS, 2020 SERIES A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

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 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 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. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. All estimates, projections, forecasts or matters of opinion are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future.

Certain of the information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the 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.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 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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LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Bonds, 2020 Series A
(LACMA Building for the Permanent Collection Project) (Green Bonds)

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 $[PA][*] Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds) (the "Bonds"). The 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 Indenture, dated as of November 1, 2020 (the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and XYZ, as trustee (the "Trustee"), to finance the demolition, construction and equipping of improvements to certain real property located at 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "Project") to be used by Museum Associates, a nonprofit public benefit corporation organized and existing under the laws of the State of California and a tax-exempt organization described in Section 501(c)(3) of the Code doing business as the Los Angeles County Museum of Art ("Museum Associates"), including payment of Commercial Paper Notes (as described herein) issued by the County to finance certain parts of the Project, and to pay certain costs of issuance incurred in connection with the issuance of the Bonds. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 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 Sublease Agreement, dated as of November 1, 2020 (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 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 4,083 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 41 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For additional economic and

[*] Preliminary, subject to change.

demographic information with respect to the County, see Appendix A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and Appendix B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

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 Bonds are not secured by any other assets or property of the Authority other than the Lease Revenues and the other assets pledged to the payment of the Bonds under the Indenture.

Description of the Bonds

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

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

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

Security and Sources of Payment for the Bonds

Pursuant to a Lease by and between Museum Associates and the County, (the "Lease], Museum Associates will lease certain real property owned by Museum Associates, including the buildings thereon and improvements thereto, consisting of such properties known as the Broad Contemporary Art Museum, the Resnick Exhibition Pavilion and the Pritzker Parking Garage (collectively, the "Museum Associates Property") to the County. The County will lease the Museum Associates Property, together with certain real property of the County and the building thereon known as the Japanese Pavilion, including the improvements thereto, located at 5905 Wilshire Boulevard in the City of Los Angeles, County of Los Angeles (the "County Property" and together with the Museum Associations Property, the "Property"), to the Authority pursuant to a Site Lease, dated as of November 1, 2020 (the "Site Lease"), by and between the County and the Authority. The County will sublease the Property from the Authority pursuant to the Sublease. The County will thereafter lease the Property to Museum Associates pursuant to a Sub-Sublease by and between the County and Museum Associates dated as of November 1, 2020 (the "Sub-Sublease"). The County expects that upon completion of the Project and satisfaction of the conditions set forth in the Sublease, the Museum Associates Property and the initial County Property will be released and the project site and the buildings thereon, including the museum, will be substituted as the Property under the Site Lease and the Sublease. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Substitution and Release of Property” and Appendix C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE SUBLEASE - Substitution and Release of the Property”.

The 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 Bonds when due. The Base Rental Payments are equal to the principal of and interest on the Bonds when due. The County has covenanted under the Sublease to make all Base Rental Payments and Additional Rental Payments (collectively, the “Rental Payments”) provided for in the Sublease, to include all such Rental Payments in the County’s annual budgets and to make necessary annual appropriations for all such Rental Payments.

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

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

No Reserve Fund and No Additional Bonds

There is no reserve fund for the Bonds and no additional bonds may be issued under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – No Reserve Fund and No Additional Bonds.”

Purpose of the Bonds

The proceeds of the Bonds will be used to finance Project, including payment of Commercial Paper Notes (as described herein) issued by the County to finance certain parts of the Project, and to pay certain costs of issuance incurred in connection with the issuance of the Bonds. See “THE PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate dated the date of issuance of the Bonds (the "Continuing Disclosure Certificate"), the County will covenant to provide certain financial information and operating data relating to the County by not later than April 1 of each year, commencing April 1, 2021, for the prior fiscal year, in the form of an annual report (the "Annual Report"), and, no later than ten (10) business days after their occurrence, notice of the occurrence of the listed events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

COVID-19

The global outbreak of the novel coronavirus COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, is significantly affecting the national capital markets and national, state and local economies. The State announced that its general fund will be materially adversely impacted by the health-related and economic impacts of the Pandemic. Unemployment in the United States has dramatically increased as a result of the outbreak. Both the State and the County have taken actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses. The State has stated that the negative impact on revenues will be significant, affecting the current fiscal year and several fiscal years in the future. See Appendix A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2020-21 State Budget."

The ongoing Pandemic and the actions taken by the federal, State, and local governments have had a significant impact on County operations and finances, drastically increasing expenditures and reducing revenues. The actual impact of COVID-19 on the County, its economy and its finances will depend on future events, including future events outside of the control of the County, and actions by the federal government and the State. The County cannot predict the extent or duration of the Pandemic or what overall impact it may have on the County's financial condition or operations. Any financial information, including projections, forecasts and budgets presented herein do not yet account for the potential effects of COVID-19, unless specifically referenced. For further information concerning the potential effects of the Pandemic on the County, see Appendix A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – ECONOMIC AND DEMOGRAPHIC INFORMATION."

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 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 and the Sublease and any other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the 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."

Any statements herein 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 Bonds. 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 under this Official Statement 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 of this Official Statement.

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.

BONDS DESIGNATED AS GREEN BONDS

The purpose of designating the Bonds as "Green Bonds" is to allow investors to invest directly in a project that Museum Associates has identified as promoting environmental sustainability. Museum Associates intends to pursue a minimum of LEED® (Leadership in Energy & Environmental Design) Silver certification for the Project as a Green Bond Project. LEED is a green building certification program offered by the US. Green Building Council. Projects submitted for LEED certification are reviewed by the Green Building Certification Institute, a third-party organization, and assigned points based on the project's implementation of strategies and solutions aimed at achieving high performance in sustainable site development, water efficiency, energy efficiency, materials selection and indoor environmental quality, among other sustainable qualities.

The County will file a statement with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system prepared by Museum Associates that the Project is completed and that all proceeds of the Bonds have been spent. The information available on such website is not incorporated herein by reference. The County will not provide any other notices regarding the Project.

THE PROJECT

The proceeds of the Bonds will be used to finance and refinance the demolition of four buildings located on the east campus of the Los Angeles County Museum of Art and the construction and equipping of the new Los Angeles County Museum of Art Building for the Permanent Collection to be used by Museum Associates, including payment of Commercial Paper Notes (as described herein) issued by the County to finance certain parts of the Project, and to pay certain costs of issuance incurred in connection with the issuance of the Bonds.

The Los Angeles County Museum of Art Building for the Permanent Collection will consist of a single, 347,500 square-foot building consisting of a single horizontal elevated gallery and seven art towers that support the elevated gallery. The Los Angeles County Museum of Art Building for the Permanent Collection will cover much of Los Angeles County Museum of Art east campus and span across Wilshire Boulevard to a lot on the other side of Wilshire Boulevard.

Museum Associates has entered into a construction contract with Clark Construction for the Project with a guaranteed maximum price. Grading and excavation activities are presently underway and construction of foundation elements [has started]. Construction of the Los Angeles County Museum of Art Building for the Permanent Collection is expected to be completed late 2023 with occupancy in the middle of 2024.

The Commercial Paper Notes in the principal amount of $125,000,000 to be refinanced with a portion of the proceeds of the 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 Fourth Amended and Restated Trust Agreement, dated as of April 1, 2019, by and between the Los Angeles County Capital Asset Leasing Corporation and U.S. Bank National Association. The Commercial Paper Notes were issued to finance certain parts of the Project to be paid by the County.

The County has entered into a Funding Agreement (the "Funding Agreement") with Museum Associates to finance $300 million of Project costs related to demolition and construction of the Project. Amounts due and payable by Museum Associates to the County pursuant to the Funding Agreement are not pledged to the payment for the Bonds and are not available to Bondholders for any purpose.

THE PROPERTY

The Property initially consists of the Museum Associates Property and the County Property. The Museum Associates Properties include properties located on the west campus of the Los Angeles County Museum of Art owned by Museum Associates known as the Broad Contemporary Art Museum, the Resnick Exhibition Pavilion and the Pritzker Parking Garage. The County Property initially consists of the Japanese Pavilion located on the east campus of the Los Angeles County Museum of Art. (the Museum Associates Property and the County Property are collectively referred to herein as the "Property").

Subject to the provisions described herein, the Sublease provides for the release of the Museum Associates Property from the Sublease upon completion of the Project and receipt by the County of a temporary certificate of occupancy for the building and improvements for the Project. Any release of Museum Associates Property as described in this paragraph is subject to the following conditions: (a) a qualified employee of 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, which conclusion may be based on construction costs or replacement costs, 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; and (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 to be included in gross income for federal income tax purposes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Assignment and Subletting; Substitution or Release;." The County expects that upon completion of the Project and satisfaction of the conditions set forth in the Sublease, the Museum Associates Property and the initial County Property will be released and the project site and the buildings thereon, including the museum, will be substituted as the Property under the Site Lease and the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Substitution and Release of Property" and Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE SUBLEASE - Substitution and Release of the Property".

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of the Bonds	$
Original Issue Premium	
Total Sources	$
Uses of Funds:	
Project Fund	$300,000,000
Payment of Commercial Paper Notes	125,000,000
Costs of Issuance[(1)]	
Total Uses	$

(1) Includes underwriters' discount, title insurance costs, rating agency fees, fees of Bond Counsel and Disclosure Counsel, fees of the Municipal Advisor, printing costs and other miscellaneous expenses.

THE BONDS

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

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

Redemption of the Bonds

Optional Redemption of the Bonds. The Bonds maturing on or before December 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after December 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after December 1, 20__, in whole or in part, in 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 Bonds. 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 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. 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 in excess of $50,000. See Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Application of Net Proceeds."

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

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

If some but not all of the Bonds maturing on December 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 Bonds maturing on December 1, 20__to be redeemed pursuant to mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the Bonds maturing on December 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 Bonds maturing on December 1, 20__are redeemed pursuant to the optional redemption provisions as described herein under the caption "– Optional Redemption of the Bonds," the principal amount of Bonds maturing on December 1, 20__to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the Bonds maturing on December 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.

The Bonds maturing December 1, 20__shall be subject to mandatory sinking fund redemption, in part, on December 1 in each year, commencing December 1, 20__, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts in the respective years as follows:

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

(Maturity)

If some but not all of the Bonds maturing on December 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 Bonds maturing on December 1, 20__to be redeemed pursuant to mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the Bonds maturing on December 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 Bonds maturing on December 1, 20__are redeemed pursuant to the optional redemption provisions as described herein under the caption "– Optional Redemption of the Bonds," the principal amount of Bonds maturing on December 1, 20__to be redeemed pursuant to the mandatory sinking fund redemption provisions shall be reduced by the aggregate principal amount of the Bonds maturing on December 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 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 Bonds on a pro rata basis as nearly as practicable and (b) with respect to any optional redemption of Bonds, as directed in a Written Certificate of the County. 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 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, unless at the time such notice is given the 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 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 individuals, corporations, limited liability companies, firms, associations, partnerships, trusts, or other legal entities or groups of entities, including governmental entities or any agencies or political subdivisions thereof 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.

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 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 described above 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.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Obligations; Pledge of Lease Revenues

The 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 Bonds. The Indenture provides that, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged to the payment of the principal of and interest on the Bonds as provided in the Indenture, and that the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. The Indenture provides that said pledge shall constitute a first lien on such assets.

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

Base Rental Payments; Abatement

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

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

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

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

SCHEDULE OF BASE RENTAL PAYMENTS

Fiscal Year Ending June 30	Principal	Interest[1]	Total Base Rental Payments[1]
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
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.

No Reserve Fund and No Additional Bonds

There is no reserve fund for the Bonds and no additional bonds may be issued under the Indenture.

Insurance

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

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

Substitution and Release of Property

Subject to the provisions described below, the Sublease provides that the County may substitute alternate real property for any portion of the Property or release a portion of the Property from the Sublease. Notwithstanding any substitution or release pursuant to the Sublease, the Sublease provides that there shall be no reduction in or abatement of the Base Rental Payments due from the County thereunder as a result of such substitution or release. In addition, upon completion of the Project and receipt by the County of a temporary certificate of occupancy for the building and improvements for the Project, the County shall amend the Sublease and the Site Lease to remove the Museum Associates Property. Any substitution or release of Property authorized as described herein and provided for in the Sublease is subject to the following conditions: (a) a qualified employee of 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, which conclusion may be based on construction cost or replacement cost, 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; and (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 to be included in gross income for federal income tax purposes. 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

In the event that an Event of Default has occurred and is continuing under the Sublease, the Site Lease may be assigned or sold, not termination of sublease or sublease - similar to Sublease - as long Sub Sublease 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 or Museum Associates; provided, however, during the term of the Sub-Sublease, the Authority shall not assign or sell the Property without the consent of Museum Associates. During the term of the Sub-Sublease, so long as no Event of Default has occurred and is continuing under the Sublease, (i) no portion of the Museum Associates Property may be subleased as a whole or in part by the Authority without the prior written consent of the County and Museum Associates, and (ii) the Site Lease may not be assigned or sold by the Authority without the prior written consent of the County and Museum Associates. The Authority shall assign all of its rights under the Site Lease to the Trustee under the Indenture. See Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SITE LEASE – Assignment, Selling and Subleasing."

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 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 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 Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. 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

No additional bonds are authorized to be issued under the Indenture. However, the County may incur into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased.

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

Adequacy of County Insurance Reserves or Insurance Proceeds

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

Abatement

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

In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the 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 Bonds in full.

The Project is currently being constructed and is anticipated to be completed and available for use as a museum in 2024. See "The Project". The County's use and occupy the Project will not be abated solely as a result of the continuance of the current Pandemic or the restrictions on activities related thereto. See "INTRODUCTION – COVID-19."

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture, the Site Lease, and the Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the Bonds by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion. See "– Limitations on Remedies; No Right of Re-Entry or Re-let; No Acceleration Upon an Event of Default" below.

As a result of the commencement of a bankruptcy case by either the County or the Authority, Owners could experience partial or total loss of their investment in the Bonds. The County is a governmental unit and the Authority is a public agency; therefore neither the County nor the Authority can 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 and the Authority may seek voluntary protection from their respective creditors for purposes of adjusting their respective debts, provided that they comply with the requirements of Section 53760 et seq. of the Government Code of the State. Under the Government Code as currently in effect, a local public entity, including the County and the Authority, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

In the event that either the County or the Authority was to become a debtor under the Bankruptcy Code, the affected entity would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding and an owner of a Bond would be treated as a creditor. Possible adverse effects of such a bankruptcy include, but are not limited to (i) the application of the automatic stay provisions of the Bankruptcy Code which, absent court approval, generally prohibit the commencement of any judicial or other action to recover a pre-petition claim against the County or the Authority, as applicable, any act to collect on a pre-petition debt or claim, or any act to obtain possession of the property of the County or the Authority, as applicable; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the commencement of the bankruptcy case; (iii) the existence of secured and/or unsecured creditors with allowed claims that may have priority over any claims of the Owners; and (iv) the possibility of the bankruptcy court's confirmation of a plan of adjustment of the debts of the County or the Authority, as applicable, which may restructure, delay, compromise or reduce the amount of the claim of the Owners.

In addition, under the Bankruptcy Code, certain provisions of the Site Lease and the Sublease that are based on the bankruptcy, insolvency or financial condition of the County or the Authority may be rendered unenforceable. Under the Indenture, the Trustee has a security interest in all the amounts on deposit from time to time in the funds and accounts established in the Indenture, including the Base Rental Payments, for the benefit of the Owners, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the County. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of the Owners.

If the County is in bankruptcy, the County may be able to obtain authorization from the bankruptcy court to sell the Property to a third party, free and clear of the Site Lease, the Sublease, and the rights of the Trustee and the Owners, over the objections of the Trustee and the Owners.

In bankruptcy, 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, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection would terminate the Sublease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Sublease to a third party, regardless of the terms of the transaction documents, so that the County would not be obligated to make any further payments under the Sublease. In the event the County rejects the Site Lease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim. Moreover, such rejection may terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder. The County may be able to stay in possession of the Property, notwithstanding its rejection of the Site Lease or the Sublease.

If the Authority is in bankruptcy, 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, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection would terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder, although the County may be able to remain in possession of the Property. In the event the Authority rejects the Sublease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection may terminate the Sublease and the County's obligations to make payments thereunder, although the County may be able to remain in possession of the Property. The Authority may also be permitted to assign the Site Lease or the Sublease to a third party, regardless of the terms of the transaction documents.

If the Authority is in bankruptcy, the lien of the Indenture may not attach to any payments made by the County after the commencement of the bankruptcy case. The provisions of the transaction documents that require the County to make payments directly to the Trustee rather than to the Authority may no longer be enforceable, and all payments may be required to be made to the Authority.

There may be delays in payments on the Bonds while the court considers any of these issues.

There may be other possible effects of a bankruptcy of the County or the Authority that could result in delays or reductions in payments on, or other losses with respect to, the Bonds. Regardless of any specific adverse determinations in a bankruptcy of the County or the Authority, the fact of a bankruptcy of the County or the Authority could have an adverse effect on the liquidity and value of the Bonds.

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 thereafter 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 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

Beneficial use of the Property may be limited by the discovery of hazardous materials or the existence or handling of hazardous material in a manner inconsistent with applicable law. 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 Property contains methane. The Environmental Impact Report prepared for the Project concluded that any impacts on the Property associated with methane are less than significant because, among other factors, the Project will comply with the most stringent legal provisions requiring methane mitigation.

Seismic Events

The Property is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the area of the County could result in substantial damage and interference with the County's right to use and occupy all or a portion of the Property, which could result in the Base Rental Payments being subject to abatement. Each of the facilities constituting the Property was constructed and will be constructed in compliance with applicable seismic standards. [Confirm] See "CERTAIN RISK FACTORS – Abatement." The Sublease does not require the County to procure and maintain insurance for damage caused by an earthquake. Presently, the County has insurance for damage to the Property caused by an earthquake, but is not obligated to maintain such insurance and no assurance is provided that the County will maintain such insurance.

Cybersecurity

The County relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the County and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. In May 2016, a phishing email attack occurred in which the perpetrator accessed usernames and passwords of County employees and caused a breach of information for over 750,000 individuals. The County's District Attorney Cyber Investigative Response Team found the perpetrator and criminal charges were filed. After the incident, the County created the Office of Privacy within the Chief Executive Office, Risk Management Branch. In collaboration with the Chief Information Security Officer, the Office of Privacy oversees and coordinates the privacy, security, and policies of the County that relate to personally identifiable and protected health information. The Office of Privacy works with other county offices and officials, including information security and law enforcement personnel and data experts, to protect confidential information from unauthorized disclosures and to comply with Federal and State privacy and information technology security regulations and best practices.

In November 2018, the Board adopted revised Information Technology and Security Board Policies which set forth directives on best practices for use of the County's computer systems. These policies include an Information Security Policy, an Information Classification Policy, a Use of County Information Assets Policy, an Information Security Incident Reporting and Response Policy and an Information Technology Audit and Risk Assessment Policy. The County uses a risk-based approach to manage cybersecurity threats, which allows the County to evaluate the vulnerabilities of its systems and the threats posed thereto so that the County may timely react to and address each situation. The County also conducts cybersecurity awareness training as a component of its cyber liability insurance policy.

No assurances can be given that the County's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems, and the costs of remedying any such damage could be substantial.

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 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.

Financial Conditions in Local, State and National Economies

The financial condition of the County can be significantly affected by generally prevailing financial conditions in the local, State and national economies. The County receives a significant portion of its funding from the State. Decreases in the State's General Fund revenues may significantly affect appropriations made by the State to public agencies, including the County. There can be no assurances that the occurrence of a recession or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the County in the future. See Appendix A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Maintenance of Museum Associates' Tax-Exempt Status

Museum Associates is a tax-exempt organization described in Section 501(c)(3) of the Code. Museum Associates owns the Museum Associates Property and will use the County Property upon completion of the Project as the Los Angeles County Museum of Art in Los Angeles, California. The federal tax-exempt status of the Bonds may depend, in part, upon maintenance by Museum Associates of its status as an organization described under Section 501(c)(3) of the Code which includes conducting its operations in a manner consistent with the representations previously made to the Internal Revenue Service (the "IRS") and with current and future IRS regulations and rulings governing tax-exempt cultural facilities. The loss of the tax-exempt status of Museum Associates could result in the loss of excludability of interest on the Bonds from gross income for federal income tax purposes. Museum Associates has covenanted to maintain its status as an organization described under Section 501(c)(3)of the Code and not take any action that would adversely affect the exclusion from gross income of interest on the Bonds. However, there can be no assurance that Museum Associates will maintain its tax-exempt status or that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the tax-exempt status of Museum Associates and the excludability of interest on the Bonds from gross income for federal income tax purposes retroactive to their date of issue. See "TAX MATTERS" herein.

The IRS and state, county and local tax authorities have undertaken audits and reviews of the operations of tax-exempt cultural institutions with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). Museum Associates may participate in activities that may generate UBTI. An investigation or audit could lead to a challenge that could result in taxes, interest and penalties with respect to unreported UBTI and in some cases ultimately could affect the tax-exempt status of Museum Associates as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County and the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County, the Authority and Museum Associates in connection with the Bonds, and Bond Counsel has assumed compliance by the County, the Authority and Museum Associates with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to Museum Associates regarding, among other matters, the current qualifications of Museum Associates as an organization described in Section 501(c)(3) of the Code.

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

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, *i.e.*, a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

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

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County will covenant to provide certain financial information and operating data relating to the County by not later than April 1 of each year, commencing April 1, 2021, for the prior fiscal year, 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. Certain of the events set forth under Rule 15c2-12 do not apply to the Bonds. See Appendix E — "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

The County did not timely file a notice of a rating upgrade with respect to the Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles, Improvement Area B Special Tax Refunding Bonds, Series 2011A. In addition, the notice of a rating upgrade with respect to the Los Angeles County Public Works Financing Authority, Lease Revenue Bonds, 2016 Series D (the "2016D Bonds") did not identify all of the applicable CUSIPs of this issue. The County filed a notice of the rating change with the applicable CUSIPs for the 2016D Bonds.

CERTAIN LEGAL MATTERS

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

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2019, 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 herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 13, 2019.

MUNICPAL ADVISOR

Montague DeRose and Associates, LLC served as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal 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 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 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. Summaries of certain pending lawsuits and claims are set forth in Appendix A attached hereto 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 –Litigation."

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") have assigned the Bonds ratings of "__" and "__," respectively. Such ratings reflect only the views of Fitch and Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the 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; 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 Bonds.

UNDERWRITING

The Bonds are being purchased by Wells Fargo Bank, National Association, 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 Bonds from the County and the Authority at an aggregate purchase price of $____________ (consisting of the aggregate principal amount of the Bonds of $_________, plus an original issue premium 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 Bonds offered under the Bond Purchase Agreement if any of the Bonds offered thereunder are purchased.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2020 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2020 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Indenture, the Sublease and the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions. 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 the 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 Bonds may obtain a copy of any such report, as available, from the County at the address set forth below. Such reports are not incorporated by this reference.

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

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

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX A

THE COUNTY OF LOS ANGELES INFORMATION STATEMENT

THE COUNTY OF LOS ANGELES
Information Statement

Certain statements contained in this Appendix A are "forward-looking statements." Particularly because of the evolving nature of the current public health crisis, no assurance can be given that any estimates of future impact discussed herein will be achieved, and actual results may differ materially from the potential impact described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe," "budget" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements in this Appendix A are expressly qualified in their entirety by this cautionary 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 4,083 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of 10.3 million in 2019, the County is the most populous of the 58 counties in California and has a larger population than 41 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 (the "Board of Supervisors"), each of whom is elected by residents from their respective supervisorial districts to serve four-year terms, with the potential to serve two additional four-year terms if re-elected by voters. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving a maximum of three consecutive terms commencing as of December 2002.

On July 7, 2015, the Board of Supervisors approved a new governance structure, pursuant to which all non-elected department heads report directly to the Board of Supervisors, and all Deputy Chief Executive Officer ("CEO") positions were eliminated. County departments continue to report to the CEO for day-to-day operations, and for administrative and budget matters. The CEO continues to function as the Board of Supervisor's agent to manage countywide policy objectives and departmental performance management. The new governance structure is designed to streamline County governance by improving communications with County departments and facilitating more effective decision making in response to the Board of Supervisors' policy objectives.

From 2014 to 2016, the County experienced significant changes to its elected leadership on the Board of Supervisors. In December 2014, the previous Supervisors for the First District and the Third District reached their term limits, with their successors elected by voters in the November 2014 election. The current Supervisors for the First and Third Districts commenced their first terms in December 2014. In November 2016, voters elected new Supervisors to the Fourth District and the Fifth District, replacing the previous Supervisors who had reached their term limits. The new Supervisors for the Fourth and Fifth Districts commenced their first terms in December 2016. The Second District Supervisor will complete his third term and be termed-out out of office in December 2020.

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 to the unincorporated areas or at a higher level of service 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 providing these services.

Health and Welfare

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

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

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 14 major dams, 172 debris basins, an estimated 120,000 catch basins, 35 sediment placement sites, and over 3,399 miles of storm drains and channels. County lifeguards monitor 25 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 inmate population of approximately 17,445 inmates. This number includes approximately 242 inmates who were serving their sentences outside of the jail in community-based programs.

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 5.5 million registered voters and maintains approximately 4,728 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 183 parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 8 nature centers, 41 public swimming pools, over 200 miles of horse, biking and hiking trails, and 20 golf courses. The County also maintains botanical centers, including the Arboretum and Botanic Garden, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Gardens, providing County residents with valuable environmental and educational resources.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

The County has a total of approximately 110,204 budgeted positions with 88.1% of the workforce represented by sixty-two (62) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which includes twenty-four (24) collective bargaining units that represent 57.4% of County employees; the Coalition of County Unions ("CCU"), which includes thirty-three (33) collective bargaining units representing 29.0% of County employees; and the Independent Unions (the "Independent Unions"), which encompass five (5) collective bargaining units representing 1.7% of County employees. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division is responsible for negotiating sixty-two (62) individual collective bargaining agreements for wages and salaries and an additional 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.

The current Memoranda of Understanding ("MOUs") with the various collective bargaining units cover wages, salaries and fringe benefits. The County has agreed to final terms with all 62 collective bargaining units. The MOUs have three-year terms and provide for a 7% cost of living increase over the term of the agreements, which have multiple expiration dates ranging from December 31, 2020 to September 30, 2021. Non-represented employees will also receive the 7% cost of living increase received by represented employees. In exchange for a significantly reduced County contribution to the fringe benefit allowance, employees received a 1% sustainability increase in January 1, 2020. Employees are also scheduled to receive a 2.75% half-step sustainability increase effective January 1, 2021. Negotiations are expected to begin with the units whose contracts expire on December 31, 2020 within the next few months.

The County currently has two MOUs with the SEIU and the CCU covering fringe benefits. The fringe benefit MOUs with SEIU and CCU, which expire on September 30, 2021 and on June 30, 2021, respectively, increase the County contribution toward healthcare benefits slightly each year, with the most significant change being the institution of caps on the amount of unused County contribution returned to the employee as taxable cash. The monthly health insurance subsidy for eligible temporary and recurrent employees represented by CCU will increase by 5.5% in 2019, 6% in 2020 and 6% in 2021. The SEIU agreement provides a one-time payment of $1,000 and the CCU agreement provides a one-time payment of $500 and a one-time increase of 8 hours of leave time for certain full-time permanent employees effective April 30, 2019.

Due to the agreements reached with SEIU and CCU, the Board of Supervisors approved comparable salary adjustments for most non-represented employees, except for the salaries of Tier 1 Management and Appraisal and Performance Plan participants, which include department heads.

In an effort to mitigate the budgetary impact caused by the COVID 19 pandemic, the Board of Supervisors approved a temporary suspension of the County's matching contribution to the Deferred Compensation and Thrift Plan and the 401(k) Savings Plan for non-represented employees and certain represented employees covered by the Flex and MegaFlex benefit plans. The suspension became effective on May 1, 2020 and will last through Fiscal Year 2020-21. The County continues to negotiate with its represented employees over concessions to the employer match on the 457 plan, and other concessions.

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 employees of the County, the Los Angeles Superior Court and four other participating agencies. The Superior Court and the other four non-County agencies account for approximately 4.9% of LACERA's total membership.

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

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified as "general" employees. County employees had 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 & G), 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 between January 4, 1982 and January 1, 2013 had the option to participate in Plan E, which is a non-contribution-based plan. The contribution-based plans (A through G) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2019 was 181,260, consisting of 72,623 active vested members, 26,563 active non-vested members, 66,507 retired members and 15,567 terminated vested (deferred) members. Of the 99,186 active members (vested and non-vested), 86,392 are general members in General Plans A through G, and 12,794 are safety members in Safety Plans A through C.

Of the 66,507 retired members, 53,560 are general members in General Plans A through G, and 12,947 are safety members in Safety Plans A, B and 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 Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2019, approximately 48% of the total active general members (vested and non-vested) were enrolled in General Plan D, and over 76% of all active safety members (vested and non-vested) 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.

2012 State Pension Reform

On September 12, 2012, the Governor signed AB 340 into law, which established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans, effective January 1, 2013. For new employees hired on or after January 1, 2013, 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 Retirement Law, 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. Based on the June 30, 2019 Actuarial Valuation (the "2019 Actuarial Valuation"), the total employer contribution rate in Fiscal Year 2020-21 for new employees hired on and after January 1, 2013 is 23.03% for General Plan G and 28.46% for Public Safety Plan C. The new employer contribution rates are slightly lower than comparative rates of 23.13% for General Plan D participants and 31.19% 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% cost of living adjustments during retirement, with no benefit reductions for members who retire at age 61 or older. For Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions beginning at age 50. Overall, the implementation of 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 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 valuations on an annual basis to assess changes in the Retirement Fund's portfolio.

When measuring assets to determine the unfunded actuarial accrued liability ("UAAL"), which is defined as the actuarial accrued liability ("AAL") minus the actuarial value of the assets of LACERA at a particular valuation date, the Board of Investments has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any fiscal year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, 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 the Retirement Benefit Funding Policy (the "2009 Funding Policy"). As a result of the 2009 Funding Policy the smoothing period to account for asset gains and losses increased from three years to five years.

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.

UAAL and Deferred Investment Returns

For the June 30, 2018 Actuarial Valuation (the "2018 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 9%, which was higher than the 7.25% assumed rate of return. As a result of the stronger than assumed investment performance, the market value of Retirement Fund Assets increased by $3.556 billion or 6.7% to $56.300 billion as of June 30, 2018. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.067 billion or 5.9% from $52.166 billion to $55.233 billion as of June 30, 2018. The 2018 Actuarial Valuation reported that the AAL increased by $3.216 billion to $68.527 billion, and the UAAL increased by $149 million to $13.294 billion from June 30, 2017 to June 30, 2018. The Funded Ratio as of June 30, 2018 increased slightly to 80.6% from the prior year Funded Ratio of 79.9%.

The 2018 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2019. The County's required contribution rate increased from 20.04% to 20.91% of covered payroll in Fiscal Year 2019-20. The increase in the contribution rate was primarily caused by a 0.96% cost increase from the last year of the three-year phase-in of the new actuarial assumption changes approved by the Board of Investments in December 2016, which was partially offset by a decrease in the funding requirement to finance the UAAL from 11.06% to 10.99%, and a slight decrease in the normal cost contribution rate from 9.94% to 9.92%.

The 2018 Actuarial Valuation does not include $503.874 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 81.3% as of June 30, 2018, and the required County contribution rate would have been 20.55% for Fiscal Year 2019-20.

In December 2019, Milliman released the 2019 Investigation of Experience for Retirement Benefit Assumptions (the "2019 Investigation of Experience"). The 2019 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the 2019 Actuarial Valuation. The key actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.25% to 7.00%; no changes in the assumed rates for wage growth and price inflation (currently at 3.25% and 2.75%, respectively); and a change in the mortality rates based on the public plan specific tables published in 2019 by the Society of Actuaries Retirement Plan Experience Committee. Milliman also recommended a change to the current 30-year layered amortization methodology used to fund future unanticipated changes in unfunded liabilities, such as assumption changes or actuarial gains and losses, to a maximum of 22 years. In January 2020, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions and methodology changes, with the resulting increase in the employer contribution rate to be phased in over a three-year period beginning in Fiscal Year 2020-21.

For the June 30, 2019 Actuarial Valuation (the "2019 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 5.5%, which was lower than the 7.25% assumed rate of return. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $2.384 billion or 4.3% from $55.233 billion to $57.617 billion as of June

30, 2019. The 2019 Actuarial Valuation reported that the AAL increased by $6.108 billion to $74.635 billion, and the UAAL increased by $3.724 billion to $17.018 billion from June 30, 2018 to June 30, 2019. The Funded Ratio as of June 30, 2019 decreased to 77.2% from the prior year Funded Ratio of 80.6%.

The 2019 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2020. The County's required contribution rate will increase from 20.91% to 22.59% of covered payroll in Fiscal Year 2020-21. The 1.68% increase in the employer contribution rate includes a 3.29% cost increase from the changes in actuarial assumptions and methodology changes (as described above), and a 0.58% increase from the recognition of current and prior years' actuarial investment losses, which were partially offset by a 2.19% cost reduction due to the three-year phase-in of the actuarial assumption and methodology changes. The remaining 2.19% cost increase from the actuarial assumption and methodology changes will be phased-in in Fiscal Years 2021-22 and 2022-23, resulting in higher employer contribution rates. If the three-year phase-in had not been adopted by the Board of Investments, the employer contribution rate for Fiscal Year 2020-21 would have been 24.78%.

The 2019 Actuarial Valuation does not include $94.601 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 77.3% as of June 30, 2019, and the required County contribution rate would have been 22.51% for Fiscal Year 2019-20.

As of June 30, 2020, LACERA reported a preliminary 1.8% fiscal year to date net gain on Retirement Fund assets, which is well below the actuarial assumed investment rate of return of 7.25%. Since the assumed rate of return was not realized by June 30, 2020, the County will be subject to higher employer contribution rates in Fiscal Year 2021-22.

An eight-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 eight years is presented in Table 2 ("Investment Return on Retirement Plan Assets") at the end of this Information Statement section.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual actuarially required contribution to LACERA. In Fiscal Years 2017-18, 2018-19, and 2019-20, the County's total contributions to the Retirement Fund were $1.499 billion, $1.636 billion, and $1.767 billion respectively. For Fiscal Year 2020-21, the County is projecting retirement contribution payments to LACERA of $2.021 billion, which would represent a 14.41% or $254.6 million increase from Fiscal Year 2019-20.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2021 is presented in Table 3 ("County Pension and OPEB Payments") at the end of this Information Statement section.

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, 2019, $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 2019 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would have increased from 22.59% to 23.11% for Fiscal Year 2020-21, and the Funded Ratio would have decreased from 77.20% to 76.40% as of June 30, 2019. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $39 million in Fiscal Year 2020-21.

Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the previous pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County. GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 was implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and expanded the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 was implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 does not materially affect the existing process for calculating the UAAL, it requires the County to recognize its proportionate share of LACERA's Net Pension Liability directly on the Statement of Net Position (government-wide balance sheet). The new requirement to recognize a liability in the financial statements represented a significant and material change from the previous standards, which only required the disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional reporting requirements, which have expanded the 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 pension benefits. For the Fiscal Year ended June 30, 2019 the County reported a Net Pension Liability of $10.345 billion, which represents a $505 million or 5% decrease from the $10.850 billion Net Pension Liability reported as of June 30, 2018.

Other Postemployment Benefits (OPEB)

LACERA administers a retiree 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. The 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.

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

In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve maintained with LACERA for the initial funding of the OPEB Trust. The transfer from the County Contribution Credit Reserve represented the accumulated balance of the County's proportionate share of excess earnings distributions from the Retirement Fund from Fiscal Years 1994 through 1998.

On June 22, 2015, the Board of Supervisors approved a multi-year plan to begin pre-funding the County's unfunded OPEB liability (the "OPEB Pre-funding Plan"). The OPEB Pre-funding Plan requires the County to fully fund the OPEB annual required contribution ("ARC") by incrementally increasing the annual contribution to the OPEB Trust. In Fiscal Years 2017-18, 2018-19, and 2019-20, the County contributed $120.8 million, $182.9 million, and $246.2 million, respectively, to the OPEB Trust in excess of the pay as you go amounts. The County expects to contribute $309.4 million in excess of the pay as you go amounts in Fiscal Year 2020-21. In future fiscal years, the County expects to incrementally increase its OPEB funding by approximately $60 million per year, which includes an annual $25 million increase in the Net County Cost ("NCC") contribution from the General Fund and a $35 million annual increase funded by subvention revenue. Based on current projections for the OPEB Pre-funding Plan, the OPEB ARC will be fully funded by Fiscal Year 2027-28. As of April 30, 2020, the balance of the OPEB Trust was $1.3 billion.

Investment Policy

The LACERA Board of Investments has exclusive control of all OPEB Trust 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.

OPEB Accounting Standards

In June 2015, GASB issued Statement No. 74 and Statement No. 75, which replaced previous OPEB accounting and reporting requirements for entities that administer OPEB plans (LACERA) and employers (the County).

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaced the requirements of GASB Statement No. 43 and is focused on the OPEB plan administrator (LACERA). GASB 74 was implemented with the issuance of LACERA's Fiscal Year 2016-17 financial statements and expanded the required OPEB-related note disclosures and supplementary information.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaced the requirements of GASB Statement No. 45 and is focused on employers (the County) providing defined OPEB benefits. GASB 75 was implemented with the issuance of the County's Fiscal Year 2017-18 financial statements. Although GASB 75 did not materially affect the existing process which computes the County's UAAL, it did require the County to recognize the full amount of net OPEB liabilities directly on the Statement of Net Position (government-wide balance sheet). The net OPEB liability is the difference between the total OPEB liability (the present value of projected OPEB benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay OPEB benefits. There are also new requirements which expanded the existing OPEB-related note disclosures and supplementary information.

The new requirement from GASB 75 to recognize the full amount of net OPEB liabilities in the financial statements is a substantive and material change to the previous standards. Prior accounting standards only required recognition of OPEB liabilities to the extent that OPEB funding was less than the actuarially determined amount. As of June 30, 2019, the County's Statement of Net Position recognized $23.591 billion of OPEB liabilities which represented a $1.66 billion or 6.57% decrease from the $25.249 billion OPEB liability reported as of June 30, 2018. The new GASB OPEB standards are only applicable to accounting and reporting for OPEB benefits in the County's financial statements. Accordingly, there is no impact on the County's existing statutory obligations and policies to fund the OPEB benefits.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 74 and GASB 75, 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 benefit plans. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

In June 2018, Milliman released the County's OPEB actuarial valuation report as of July 1, 2017 which served as the basis for the GASB 75 disclosure report, also prepared by Milliman and issued in June 2019 (the "2019 GASB 75 Report"). In the 2019 GASB 75 Report, Milliman reported a Net OPEB Liability of $24.730 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $23.591 billion.

OPEB Contributions

In Fiscal Years 2017-18, 2018-19, and 2019-20, the total "pay as you go" payments from the County to LACERA for retiree health care benefits were $559.1 million, $604.5 million, and $634.8 million, respectively. For Fiscal Year 2020-21, payments to LACERA for OPEB are projected to increase by $43.0 million or 6.8% to $677.8 million from Fiscal Year 2019-20.

Long-Term Disability Benefits

In addition to its Retiree Healthcare 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 their medical premiums.

The County has determined that the liability related to long-term disability benefits is an additional OPEB liability, which is reported as a component of the Net OPEB Liability 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. The latest valuation, as of July 1, 2017 included information related to GASB 75. In the 2017 LTD Valuation, which was rolled forward to July 1, 2018, the total OPEB liability for the County's long-term DBP was $1.048 billion, compared to the long-term DBP liability of $1.073 billion as of June 30, 2018.

In Fiscal Years 2017-2018 and 2018-19, the County made total DBP payments of $41.1 million and $41.6 million, respectively. For Fiscal Years 2019-20 and 2020-21, the County is projecting total DBP payments of $42.6 million and $44.6 million, respectively. As of June 30, 2019, the County's total net OPEB liability of $24.639 billion includes $23.591 billion for retiree healthcare and $1.048 billion for long-term disability benefits.

LITIGATION (TO BE UPDATED)

The County is routinely a party to various lawsuits and administrative proceedings. The following are summaries of certain pending legal proceedings or potential contingent liabilities, as reported by the Office of the County Counsel. A further discussion of certain 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 2017 and 2018, three federal collective action complaints (*Trina Ray v. Los Angeles County Department of Public Social Services*; *Thomas Ferguson v. County of Los Angeles; Pieter Vandenberg v. County of Los Angeles)* were filed against the County in connection with alleged violations of the Fair Labor Standards Act (the "FLSA"). The *Trina Ray* complaint relates to an alleged failure to pay overtime compensation to individuals providing assistance under the State and County's In-Home Supportive Services Program. The *Ferguson* and *Vandenberg* complaints relate to an alleged failure to properly calculate overtime compensation. These two cases are based on a Ninth Circuit decision, *Flores v. City of San Gabriel*, which held that cash paid to employees in lieu of benefits must be included when calculating the hourly rate of overtime pay. In August 2018 and May 2019, the County properly provided three years of back pay to all non-exempt employees as required under the FLSA. The remaining estimated liability for the County is approximately $2 million to $4 million. The potential liability in *Trina Ray* depends on, among other things, the amount of damages that are demonstrated and the size of the collective class. The case is in the early stages and the County is unable to determine the potential liability at this time.

In December 2018, a class action lawsuit was filed by Rolinda Sotomayor, alleging unpaid compensation for time worked and overtime compensation that was wrongfully withheld. The plaintiff, a custody assistant for the Sheriff's Department, specifically alleges she has not been paid properly for the "donning and doffing" of her uniform at work. The potential liability depends on, among other things, the amount of damages that are demonstrated and the size of the collective class. The case is in the early stages and the County is unable to determine the potential liability at this time.

In February 2019, a class action lawsuit was filed by Paul Randal James, alleging that LAC+USC Medical Center failed to pay the State-mandated minimum wage for all hours worked. The potential liability depends on, among other things, the amount of damages that are demonstrated and the size of the collective class. The case is in the early stages and the County is unable to determine the potential liability at this time.

In March 2019, Service Employees International Union filed a lawsuit seeking to enforce a December 2018 arbitrator's decision against the County holding that certain classes of Eligibility Workers in the Department of Public Social Services were not properly paid "bonus pay" going back to 2004. The case is in the early stages. Based on preliminary estimates, the County may face a potential liability of $15 million.

Public Safety Cases

On December 16, 2014, the Board of Supervisors entered into a settlement agreement in the *Rosas v. Baca, et al.* lawsuit. *Rosas v. Baca, et al* is a Federal class action lawsuit filed by the American Civil Liberties Union (ACLU) alleging a pattern and practice of excessive use of force in the County jails. Under the terms of the agreement, the Sheriff's Department will implement various reforms recommended by a court-appointed panel of monitors. The settlement agreement requires that the Sheriff's Department comply with various recommendations by specific target dates. The County continues to make progress toward compliance with these recommendations.

On June 4, 2014, the U.S. Department of Justice (the "DOJ") issued a public report alleging that systemic deficiencies related to suicide prevention and mental health care existed in the County jails, and that those deficiencies violated inmates' constitutional rights. The Sheriff's Department and the Department of Mental Health have reached a proposed settlement with the DOJ concerning the DOJ's allegations that the County and the Sheriff's Department are violating inmates' constitutional rights with respect to mental health services and suicide prevention in the County jails as well as DOJ's concerns about the use of excessive force in the County jails.

In 2010, a lawsuit was filed *(Amador v. Baca, et. al.)* claiming that the County and the Sheriff's Department violated the constitutional rights of female inmates through the use of unlawful strip searches. In November 2016, the court certified two classes and three subclasses of female inmates who were searched between 2008 and 2015. In June 2017, the court ruled that the conditions under which the searches occurred rendered them unconstitutional. The class has approximately 87,937 members. The County has reached a $53 million settlement as part of an agreement filed with the court on July 16, 2019. The settlement will be paid in three installments twelve months apart. The first installment will be paid in Fiscal Year 2020-21. Any amounts not claimed by class members will revert back to the County to be used for specific jail-related programs agreed to by the parties.

A lawsuit was filed in October 2012, and subsequently certified as a class action (*Roy v. County of Los Angeles*), alleging that plaintiffs were unlawfully detained by County jail personnel after U.S. Immigration and Customs Enforcement (ICE) placed immigration holds on them. The parties reached a settlement in the amount of $15 million, which will be paid in Fiscal Year 2020-21.

On April 29, 2020, a proposed class-action lawsuit was filed (*Rodney Cullors, et al. v. County of Los Angeles, et al.*) over alleged failures to adequately safeguard the health and safety of inmates in County jails during the COVID-19 pandemic. Plaintiffs demand that the Sheriff implement procedures to protect inmates from contracting COVID-19 while in custody and to comply with guidelines issued by public health agencies including the Centers for Disease Control and Prevention. Plaintiffs also seek release of all inmates and pre-trial detainees who are at heightened risk in the event of infection due to age and/or underlying medical conditions. Prior to the lawsuit's filing, the Sheriff's Department had decreased the inmate population by approximately 30% since February 28, 2020. On May 5, 2020, the court denied plaintiffs' request for a temporary restraining order and preliminary injunction. The case is in the very early stages and the potential liability is unknown at this time.

In September 2019, a lawsuit was filed (Hernandez et al. v. County of Los Angeles, et al.) by eight Sheriff's Department deputies alleging that they were retaliated against and harassed by other deputies who are members of the "Banditos" gang. The claims include California Fair Employment and Housing Act retaliation, harassment, and hostile work environment; Labor Code retaliation; battery and assault; intentional infliction of emotional distress; and negligent hiring, training, supervision, and retention. Plaintiffs have also alleged that the County has engaged in civil rights violations by permitting "a larger pattern of tolerance and endorsement of unconstitutional and unlawful conduct of deputies." Plaintiffs recently brought in the American Civil Liberties Union Foundation of Southern California and filed a third amended complaint. A hearing on two Pitchess motions is set for July 9, 2020 with document productions to follow. The parties are planning on proceeding with depositions in August and mediation in September. The case is in the early stages and the potential liability is unknown at this time.

Social Services Cases

In July 2019, *Victor Avalos v. County of Los Angeles* was filed, arising out of the child abuse-related death of a minor in Lancaster, California in June 2018. Plaintiffs consisting of the child's father and six surviving half-siblings allege that the Department of Children and Family Services violated various mandatory duties and failed to take the children into protective custody at an earlier point in time. The County participated in early mediation efforts in November 2019 but did not reach a resolution. The parties are in discussion. Plaintiffs are seeking $75 million in damages, however the County expects liability, if any, to be substantially less.

Tax Cases

In July 2019, *Aaron Esquenazi, et al. v County of Los Angeles* was filed, alleging that plaintiffs were wrongfully subjected to the utility user tax ("UUT") which only applies to the unincorporated areas of the County. Plaintiffs seek class certification and a UUT refund for all taxpayers who reside in incorporated cities. The case is in the early stages and the potential liability is unknown at this time.

Other Cases

In September 2018, *Maria Veronica Solis Munoz v. County of Los Angeles* was filed, alleging that a Sheriff's Department deputy negligently drove through an intersection against a red light, setting off a chain of events leading to the collision of the deputy's car with the plaintiff and her two minor sons. The two minor sons suffered fatal injuries. The case was settled for $17.5 million. In February 2018, a related case, *Luis Hernandez v. County of Los Angeles*, was filed by the father of the two minor decedents. The father has demanded $28.5 million but the County expects the case to settle for significantly less. Mediation is set for June 29, 2020. Trial is scheduled for April 2021.

On March 10, 2020, a lawsuit was filed by LA Alliance for Human Rights against the City of Los Angeles (the "City") and the County alleging that the City and the County have not taken adequate action to address the homelessness problem in Los Angeles. The parties agreed to stay formal litigation in an effort to negotiate a settlement. On June 18, 2020, the court approved an agreement between the City and the County as to how to fund housing/shelter and services for a segment of the homeless population in the City of Los Angeles. The City will provide 6,700 new beds within the next 18 months to house or shelter people experiencing homelessness within 500 feet of freeway overpasses, underpasses and ramps within the City, and will prioritize those who are 65 years and older and other vulnerable populations. To assist in funding these placements, the County will pay the City $53 million the first year and up to $60 million a year for the following four years. The County will pay the City a one-time bonus of $8 million if the City provides 5,300 beds within 10 months. Payment to the City is exclusive and the County will continue to allocate Measure H funding by Service Planning Area consistent with Board policy. The parties will continue to work towards resolving the lawsuit, which may include formal mediation. The case is in the very early stages and the County is unable to determine the potential liability at this time.

In October 2019, a lawsuit was filed against the County by Stephen Adamus and two other employees in the County Assessor's office. Plaintiffs allege their duties were taken from them and two were transferred in retaliation for complaining about and refusing to participate in the Assessor's Office alleged practice of allowing tax exemptions for entities and individuals who did not qualify for them due to their affiliations with politicians and/or people who had contributed to their campaigns. The case is in the early stages and the County is unable to determine the potential liability at this time.

In December 2017, the County filed an eminent domain action, *County of Los Angeles v. 8400 S. Vermont Avenue*, to condemn 16 parcels for the Vermont and Manchester Transit Priority Joint Development Project. The County was successful in the taking of the property, but the defendant contested whether the County had provided just compensation. The potential liability is estimated to range from $10-20 million. A jury trial is set for September 1, 2020 to determine the value of the property.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.

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

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2012	$38,306,756	$39,039,364	$50,809,425	$11,770,061	76.83%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%
06/30/2015	48,818,350	47,328,270	56,819,215	9,490,945	83.30%
06/30/2016	47,846,694	49,357,847	62,199,214	12,841,367	79.35%
06/30/2017	52,743,651	52,166,307	65,310,803	13,144,496	79.87%
06/30/2018	56,299,982	55,233,108	68,527,354	13,294,246	80.60%
06/30/2019	58,294,837	57,617,288	74,635,840	17,018,552	77.20%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2019.

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
2011-12	$38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%
2013-14	47,722,277	16.8%	86.0%
2014-15	48,818,350	4.3%	85.0%
2015-16	47,846,694	1.1%	76.1%
2016-17	52,743,651	12.7%	80.0%
2017-18	56,299,982	9.0%	81.3%
2018-19	58,294,837	5.5%	77.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2019.

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

	Payments to LACERA				
Fiscal Year	Retirement Fund	OPEB (PAYGO)	OPEB (Prefund)	OPEB Disability	Total Retirement & OPEB Payments
2013-14	$1,262,754	$446,979	$0	$37,320	$1,747,053
2014-15	1,430,462	450,202	0	39,920	1,920,584
2015-16	1,383,897	507,698	72,489	37,597	2,001,681
2016-17	1,334,825	529,074	61,145	38,778	1,963,822
2017-18	1,499,212	559,233	120,796	41,141	2,220,382
2018-19	1,635,719	604,665	182,851	41,626	2,464,861
2019-20	1,766,735	634,752	246,197	42,567	2,690,251
2020-21	2,021,339 *	677,775 *	309,399 *	44,635 *	3,053,148 *

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 that may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

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

The General County Budget accounts for approximately 76.2% of the Fiscal Year 2020-21 Final Adopted Budget (the "Final Adopted Budget") and appropriates funding for programs that are provided on a mostly county-wide basis *(e.g.*, health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis *(e.g.*, law enforcement, planning and engineering).

Special Revenue Funds represent approximately 10.7% of the Final Adopted Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County Plan to Prevent and Combat Homelessness.

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

Special District Funds, which account for approximately 8.7% of the Final Adopted Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 3.0% of the Final Adopted Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

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

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

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2020-21 is $28,220,342,782. The Final Adopted Budget includes proceeds from taxes of $10,394,042,000, 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.

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 repealed State laws that were in conflict with the measure, unless they were approved again by two-thirds of each house of the State Legislature.

Future Initiatives

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

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-21 of this Appendix A, $5.084 billion of the $28.663 billion Final Adopted Budget is received from the Federal government and $7.086 billion is funded by the State. The remaining $16.492 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 42% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

In response to the public health and economic crisis from the COVID-19 pandemic, Congress enacted four legislative bills that provided funding to federal, state and local governments. Congress is currently considering other legislative proposals to provide additional relief.

On March 6, 2020, the first COVID-19 relief bill, H.R. 6074, the "Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020," (P.L. 116-123) was signed into law and provided $8.3 billion to support state and local health agencies, vaccine and treatment development, and affected small businesses with loans.

The second COVID-19 relief bill, H.R. 6201, the "Families First Coronavirus Response Act," (P.L. 116-127) was signed on March 18, 2020 and provided health and nutrition assistance, as well as new labor provisions related to emergency sick leave and emergency family medical leave.

The third COVID-19 relief bill, H.R. 748, the "Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), was signed on March 27, 2020 and provided $2.0 trillion of funding to address the fiscal and economic impacts of the COVID-19 emergency. The CARES Act created a $150.0 billion Coronavirus Relief Fund

("CRF") for COVID-19 expenditures incurred by state and local governments. The County's allocation from CRF was $1.05 billion. In addition to the amounts from the CRF, the County received funding for various other programs including $103.9 million for the County's healthcare-related expenses.

On April 24, 2020, the fourth COVID-19 bill, H.R. 266, the "Paycheck Protection Program and Health Care Enhancement Act" (P.L. 116-139), was signed into law and provided additional funding for hospitals, COVID-19 testing, and funds to replenish Small Business Administration (SBA) programs.

A fifth COVID-19 relief bill, H.R. 6800, the "Health and Economic Recovery Omnibus Emergency Solutions Act (the "HEROES Act") was passed by the House of Representatives on May 15, 2020. The HEROES Act would provide funding to state and local governments to offset revenue losses caused by the COVID-19 pandemic, along with additional funding to support the following County priorities: $875.0 billion in CRF stabilization funding, several Medicaid provisions that would provide savings to the County, a provision that increases the federal cost share of the Federal Emergency Management Agency's assistance, and $200.0 billion in additional funding for housing and homelessness programs. However, the HEROES Act is currently stalled in the Senate, with the majority leadership expressing strong opposition to the bill.

Additionally, Congress is considering S. 3752 (Menendez), the "State and Municipal Assistance for Recovery and Transition Act (the "SMART Act"), which is a bipartisan, bicameral bill that would provide $500.0 billion in funding for states, local, and tribal governments. Of the $500.0 billion authorized under the SMART Act, one-third of the funding would be distributed to counties and municipalities based on their proportion of their state's population and could be used to address the loss of revenues.

On September 22, 2020, the U.S. House of Representatives approved H.R. 8319 - Continuing Appropriations Act, 2021 and Other Extensions Act by a vote of 359 to 57. In addition to the previously agreed upon provisions, this version of the legislation now includes an agreement between Democrats and Republicans that extends the Pandemic EBT program for a full year and provides nearly $8.0 billion in nutrition assistance for schoolchildren and families, extends flexibilities for states to lower administrative requirements for the Supplemental Assistance Nutrition Program (SNAP), and provides $30.0 billion in borrowing authority for the Commodity Credit Corporation. This CR would fund the Federal government at Federal Fiscal Year (FFY) 2020 levels through December 11, 2020. The U.S. Senate is expected to vote on the measure this week and President Trump is expected to sign the measure before the September 30, 2020 Federal fiscal year deadline.

STATE BUDGET PROCESS

Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 and 2008 recessions and subsequent recoveries, and the current financial crisis caused by the COVID-19 pandemic. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election (and the subsequent extension by voters with the passage of Proposition 55 in November 2016), the State experienced significant improvement to its budget stability and overall financial condition, and is in a historically stronger position to manage the fiscal impact of the current recession caused by the COVID-19 pandemic. The State's budgetary decisions in response to the COVID-19 pandemic will have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

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

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect certain 1991-92 Realignment Program health care funding to social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange. The impact of the AB 85 legislation to the County is discussed in further detail in the Health Services Budget section

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which authorized a constitutional amendment prohibiting the State Legislature from removing AB 109 funding.

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 $453.0 million in Fiscal Year 2009-10. In Fiscal Years 2016-17, 2017-18, 2018-19, and 2019-20 the County General Fund received $175.2 million, $201.9 million, $243.2 million, and $232.5 million of residual taxes, respectively. The 2020-21 Final Adopted Budget includes a projected $266.2 million of residual tax revenue for the General Fund.

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

2019-20 STATE BUDGET

On June 27, 2019, Governor Newsom signed the Fiscal Year 2019-20 State Budget Act (the “2019-20 State Budget Act”), which projected a beginning fund balance from Fiscal Year 2018-19 of $6.772 billion, total revenues and transfers of $143.805 billion, total expenditures of $147.781 billion, and a year-end fund balance of $2.796 billion for Fiscal Year 2019-20. Of the projected year-end fund balance, $1.385 billion would be allocated to the Reserve for Liquidation of Encumbrances and $1.412 billion would be deposited to the Special Fund for Economic Uncertainties. The 2019-20 State Budget Act continued to provide for a deposit into the State’s Budget Stabilization Account (Rainy Day Fund), which would bring the balance of the Rainy Day Fund to $16.516 billion.

The 2019-20 State Budget Act reflected the ongoing improvement in the State revenue forecast, resulting in an increase in total projected resources available of $2.719 billion over the 2019-20 Proposed State Budget. The 2019-20 State Budget Act reflected a projected increase in total expenditures of $3.59 billion over the 2019-20 Proposed State Budget, with funding for key State priorities including reducing health care costs and increasing access to health care for families, investing to accelerate the production of new housing, expanding the California Earned Income Tax Credit for working families, increasing response and recovery funding for emergencies, investing $1.0 billion to combat homelessness, and providing ongoing funding for safe and affordable drinking water.

2020-21 STATE BUDGET

On January 10, 2020, Governor Newsom released his Fiscal Year 2020-21 Proposed State Budget (the “Proposed State Budget”), which preceded the COVID-19 pandemic and did not reflect the significant adverse impacts that it will have on the State’s financial condition. The Proposed State Budget projected a beginning fund balance from Fiscal Year 2019-20 of $5.234 billion, total revenues and transfers of $151.635 billion, total expenditures of $153.083 billion, and a year-end fund balance of $3.786 billion for Fiscal Year 2020-21. Of the projected year-end fund balance, $2.145 billion would be allocated to the Reserve for Liquidation of Encumbrances and $1.641 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget continued to provide for a deposit into the State’s Budget Stabilization Account (Rainy Day Fund), which would bring the balance of the Rainy Day Fund to $17.977 billion.

At the time of release prior to the COVID-19 outbreak, the Proposed State Budget reflected the ongoing improvement in the State revenue forecast, resulting in an increase in total projected resources available of $6.292 billion over the 2019-20 State Budget Act. The Proposed State Budget reflected a projected increase in total expenditures of $5.302 billion over the 2019-20 State Budget Act, with funding for key State priorities including addressing the housing and health care affordability crisis; confronting homelessness; enhancing the State’s emergency response capabilities; expanding paid family leave and the California Earned Income Tax Credit; increasing child support payments for CalWORKs families; protecting the environment and addressing the effects of climate change; criminal justice reform; realigning workforce training programs and promoting economic activity and job creation.

On May 14, 2020, Governor Newsom released the Fiscal Year 2020-21 May Budget Revision (the “May Budget Revision”). The May Budget Revision projects a beginning fund balance from Fiscal Year 2019-20 of $1.619 billion, total revenues and transfers of $137.417 billion, total expenditures of $133.901 billion, and a year-end fund balance of $5.135 billion for Fiscal Year 2020-21. Of the projected year-end fund balance, $3.175 billion would be allocated to the Reserve for Liquidation of Encumbrances and $1.96 billion would be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision projects a reduction in the State’s Budget Stabilization Account (Rainy Day Fund) to $8.35 billion by the end of Fiscal Year 2020-21 and full depletion of such fund by Fiscal Year 2022-23.

As a result of the COVID-19 pandemic, the May Budget Revision reflects a $54.3 billion deficit, consisting of $41.2 billion in revenue decreases and $13.1 billion in cost increases. To balance the budget, the Governor proposed to cancel $8.4 billion in funding increases; withdraw $8.8 billion in reserves, including $7.8 billion from the Rainy Day Fund and $450 million from the Safety Net Reserves; generate $10.4 billion by borrowing from special funds along with transfers and deferrals; generate $4.4 billion in new revenue; use $8.3 billion in Federal CARES Act funds, including $1.3 billion for counties for public health, behavioral health and other health and human services programs; and implement $14 billion in trigger cuts that will not take effect if additional and sufficient Federal funds are provided. The May Budget Revision continued to reflect the Governor’s priorities of protecting public health, public safety and public education.

On June 29, 2020, Governor Newsom signed two State budget bills (SB 74 and AB 89), along with eighteen budget trailer bills, that together, constitute the Fiscal Year 2020-21 State Budget Act (the “2020-21 State Budget Act”). The 2020-21 State Budget Act projects a beginning fund balance from Fiscal Year 2019-20 of $1.972 billion, total revenues and transfers of $137.719 billion, total expenditures of $133.900 billion, and a year-end fund balance of $5.791 billion for Fiscal Year 2020-21. Of the projected year-end fund balance, $3.175 billion will be allocated to the Reserve for Liquidation of Encumbrances and $2.616 billion will be deposited to the Special Fund for Economic Uncertainties.

To address the projected $54.3 billion deficit, the 2020-21 State Budget Act: generates $10.6 billion from program expansion cancellations, lower health and human services caseload projections, and higher revenue assumptions; reflects $10.1 billion in Federal funds; includes $9.3 billion in borrowing, transfers and deferrals; draws down $7.8 billion from the Rainy Day Fund and $450.0 million from the Safety Net Reserve; generates $4.4 billion in new revenues; and includes $11.1 billion in reductions and deferrals that will be restored if at least $14.0 billion in Federal funds are received by October 15, 2020. If the State receives a lower Federal funding amount (between $2.0 billion and $14.0 billion), the reductions and deferrals will be partially restored.
The items in the 2020-21 State Budget Act that are of major interest to the County include the following:

Realignment Revenue Backfill for Counties. Provides $1.0 billion in State funding to counties to backfill reduced 1991 and 2011 Realignment revenues. Of this amount, $750.0 million is currently available. The remaining $250.0 million is subject to the Federal trigger funding and will be made available if sufficient Federal funds are received by October 2020. The 2020-21 State Budget Act requires counties to prioritize funding to support entitlement programs and programs that serve vulnerable populations, including young offenders in the criminal justice system. The California Department of Finance, in consultation with the California State Association of Counties, will develop a countywide allocation schedule to distribute the funds.

Federal CARES Act Funding. Provides $1.289 billion to counties to be used for homelessness, public health, public safety, and other services to combat the COVID-19 pandemic, which would be allocated based on population, while considering any prior direct allocation of CARES Act funding; and $500.0 million to cities for homelessness, public health, public safety, and other services to combat the COVID-19 pandemic including, $225.0 million to cities with a population greater than 300,000 that did not receive a direct allocation from the CARES Act and $275.0 million to cities with a population of less than 300,000.

Public Health. Provides $5.7 billion to respond directly to the COVID-19 pandemic, including funding for personal protective equipment necessary to reopen the economy, hospital surge preparation, and other expenditures to support at-risk populations.

Health and Human Services. Expands Medi-Cal eligibility for seniors and preserves optional benefits; maintains In-Home Support Services service hours at current year levels; maintains CalWORKs eligibility and grant levels and extends the time limit for aid to adult recipients from 48 months to 60 months.

Project Roomkey. Provides $550.0 million of CARES Act funding for the acquisition and/or rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; conversion of units from nonresidential to residential; purchase of affordability covenants and restrictions for units; and the relocation costs for individuals who are being displaced as a result of the rehabilitation of existing units. An additional $50.0 million will be provided to Project Roomkey, to be dispersed through the Multifamily Housing Program to fund the acquisition, conversion, rehabilitation, and operating subsidies for hotels, motels, and other properties to provide housing for people experiencing homelessness or at-risk of becoming homeless.

Homelessness Programs and Services. Provides $300.0 million in State funding for homelessness, of which $80.0 million will be allocated to counties, $90.0 million to Continuums of Care, and $130.0 million to cities with a population of 300,000 or more as of January 1, 2020.

Infill Infrastructure Grant Program. Maintains $203 million of funding for the Infill Infrastructure Grant Program of 2019, using Federal funding should the State receive an additional $14.0 billion of flexible Federal funding by October 15, 2020. This program supports the development of additional housing by providing for the construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure that supports housing development.

Housing Counseling and Legal Aid. Allocates $331.0 million to the National Mortgage Settlement Trust Fund, of which $300.0 million would be designated for housing counseling and mortgage relief and $31.0 million for tenant legal aid.

Community Corrections Performance Incentive Grant. Allocates $112.7 million of statewide funding for the Community Corrections Performance Incentive Grant, which provides county probation departments with performance-based funding to reduce the number of adult felony probationers going to State prison. The County is projected to receive approximately $37.4 million of funding in Fiscal Year 2020-21, which is comparable to the current fiscal year appropriation.

Proposition 57 of 2016. Provides $12.9 million of statewide funding for county probation departments to manage the temporary increase in the Post Release Community Supervision (PRCS) population as a result of Proposition 57. The County is projected to receive approximately $3.4 million of Proposition 57 funding in Fiscal Year 2020-21.

CalFresh Program. Provides $74.2 million in State funding for CalFresh county administration support to reflect revised caseload estimates, and $27.5 million to improve program efficiency.

California Disaster Assistance Act (CDAA). Provides $100.8 million in increased funding to repair, restore, or replace public real property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities undertaken in response to a state of emergency proclaimed by the Governor.

Community Power Resiliency. Provides $50.0 million in one-time State funding for Community Power Resiliency to support additional preparedness measures that bolster community resiliency. Local governments, including cities, counties, and special districts, are eligible to receive funding.

Elections Funding. Provides $35.0 million of State funding for the November 2020 election and adopts language for a mechanism to provide additional funding for increased costs, if adequately justified. The Secretary of State has the authority to spend $65.5 million of additional Federal funds for the implementation of State mandates in the Help America Vote Act of 2002 as it relates to the Consolidated Appropriations Act of 2020 and the CARES Act due to the COVID-19 pandemic.

RECENT COUNTY BUDGETS

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. As a result of the 2008 economic downturn, which started to impact the budget in Fiscal Year 2008-09, the County experienced a “cyclical” budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn had a significant impact on the 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 caused by the 2008 recession, the County used a balanced approach of curtailing departmental budgets and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. The County eliminated 2,735 budgeted positions from Fiscal Year 2009-10 to Fiscal Year 2011-12, and the County’s employee labor groups agreed to zero cost-of-living adjustments and no salary increases for a five-year period beginning in Fiscal Year 2008-09. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

Property Tax Revenue

Property tax revenue represents the largest source of ongoing discretionary revenue for the County. The reliability of property tax revenue is due in large part to Proposition 13, which helps insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of “stored” home value appreciation that is not reflected on the property tax rolls, which helped to offset a significant decrease in property values during the 2008 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 0.51% and 1.87% in Fiscal Years 2009-10 and 2010-11, respectively. After the economic downturn in 2008, and the subsequent recovery in the real estate market, the County has experienced ten consecutive years of steady growth in assessed valuation, with increases in the Net Local Roll of 1.36%, 2.20%, 4.66%, 5.47%, 6.13%, 5.58%, 6.04%, 6.62%, 6.25%, and 5.97% in Fiscal Years 2011-12 through 2020-21, respectively.

For Fiscal Year 2020-21, the Assessor reported a Net Local Roll of $1.700 trillion, which represents an increase of 5.97% or $95.9 billion from Fiscal Year 2019-20. The Fiscal Year 2020-21 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the tenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership ($49.6 billion), an increase in the consumer price index ($30.8 billion), and new construction ($13.4 billion). The increase in the Net Local Roll is the result of continued strength in the real estate market and relatively high demand for new construction prior to the COVID-19 pandemic. The future impact of the COVID-19 pandemic on the real estate market is currently unknown.

For the Fiscal Year 2020-21 tax roll, the Assessor estimates that approximately 9.4% of all single-family residential parcels, 9.9% of all residential income parcels and 12.9% 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.

With the downturn in the real estate market caused by the 2008 recession, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor’s proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor initiated a review of the 552,000 parcels to determine if the reductions in assessed value were still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 488,000 parcels to their Proposition 13 base year value, with 64,000 parcels still eligible for potential restorations in value.

FISCAL YEAR 2019-20 FINAL ADOPTED BUDGET

The Fiscal Year 2019-20 Final Adopted Budget (the “2019-20 Final Adopted Budget”) was approved by the Board of Supervisors on October 1, 2019. The 2019-20 Final Adopted Budget appropriated $36.055 billion, which reflects a $3.256 billion or 9.9% increase in total funding requirements from the Fiscal Year 2018-19 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $27.925 billion, which represents a $2.226 billion or 8.7% increase from the Fiscal Year 2018-19 Final Adopted Budget. The 2019-20 Final Adopted Budget appropriated $8.130 billion for Special Funds/District, reflecting a $1.030 billion or 14.5% increase from the Fiscal Year 2018-19 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2019-20 Final Adopted Budget are outlined in the following table.

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Fiscal Year 2019-20 NCC Budget Changes

Public Assistance Changes	$22,458,000
Unavoidable Cost Increases	
Health Insurance Subsidy	33,611,000
Pension Costs	63,094,000
Employee Salaries	130,182,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Cost Changes	5,317,000
Program Changes	
Affordable Housing & Economic Development	20,200,000
Body-Worn Cameras	17,995,000
Correctional Health	10,000,000
Public Safety Programs	25,812,000
Debt Service	(5,803,000)
All Other Program Changes	45,195,000
Fiscal Policies	
Appropriation for Contingency	(292,000)
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**397,769,000**
Revenue Changes	
Property Taxes	346,343,000
Property Taxes - CRA Dissolution Residual	17,387,000
Public Safety Sales Tax	28,563,000
Various Revenue Changes	5,476,000
Total Locally Generated Revenue	**397,769,000**
Total Projected Budget Gap	$ -

Public Assistance Change

The increase in funding for Public Assistance in the 2019-20 Final Adopted Budget is primarily due to funding increases to the In-Home Supportive Services Program, General Relief, Kinship Guardianship Assistance Payment Program, Foster Care, Adoptions and Emergency services. The increases are partially offset by a reduction in CalWORKs caseload and a decrease in a variety of other Public Assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of approved salaries and employee benefit increases, and expected salary and benefit increases that are subject to negotiations with the County's collective bargaining units.

Prefund Retiree Healthcare Benefits – The 2019-20 Final Adopted Budget appropriated $246.2 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of $100.0 million in NCC and $146.2 million in projected subvention revenue received from Federal, State and other local government entities. This is the fifth year of a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

The 2019-20 Final Adopted Budget included $113.4 million of adjustments to various County programs, including increases for public safety, social services and health and mental services.

Fiscal Policies

The balance of the Rainy Day Fund for Fiscal Year 2019-20 is $601.9 million, which is approximately 8.8% of ongoing discretionary revenues. As part of the 2019-20 Final Adopted Budget $37.8 million was set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues. The 2019-20 Final Adopted Budget also included a $5 million allocation for deferred maintenance needs.

Revenue Changes

The 2019-20 Final Adopted Budget included a $346.3 million increase in property tax revenues based on the 6.25% increase in the Net Local Roll. The 2019-20 Final Adopted Budget also included a $17.4 million increase in the property tax residual from the dissolution of redevelopment agencies.

Based on current trends and a survey of local economic forecasts, the County assumed a 2.0% growth factor in its overall statewide sales tax projection for the 2019-20 Final Adopted Budget. Based on the 2.0% growth rate, the County projected a $28.6 million increase in Proposition 172 Sales Tax in Fiscal Year 2019-20.

FISCAL YEAR 2020-21 BUDGET

The COVID-19 outbreak, which was declared a global pandemic in March 2020, created an unprecedented global health crisis and spurred a sudden economic downturn throughout the United States. In response to the COVID-19 pandemic, the County implemented protective measures to mitigate the spread of COVID-19 with the issuance of the Safer at Home Order on March 19. 2020. Recognizing the direct and indirect impacts these actions would have on families, workers and businesses throughout the region, the Board of Supervisors passed an eviction moratorium and established the Los Angeles County Business and Worker Disaster Help Center to provide centralized resources to businesses, employers and workers.

The COVID-19 pandemic caused a significant reduction in economic activity throughout the County. In an effort to reopen businesses and continue to abide with infection control practices, the County implemented a Roadmap to Recovery Plan (the "Roadmap to Recovery Plan") for a phased re-opening protocol across businesses within its region. The Roadmap to Recovery Plan defined the 5-Stage reopening process beginning with low-risk businesses and building up to the highest risk business, identified essential and non-essential businesses, and described social distancing and infectious control protocols to follow throughout the reopening process. The Roadmap to Recovery Plan is consistent with the baseline statewide restrictions as well as Governor Gavin Newsom's March 19, 2020 Executive Order N-33-20 and the May 4, 2020 Executive Order N-60-20 directing California residents to follow the State Shelter Order.

Impact of COVID-19 on the 2019-20 Final Adopted Budget

The County ended Fiscal Year 2019-20 with a fund balance of $2.2 billion despite the sharp decrease in revenues and increases in COVID-19 related costs. The higher than expected fund balance was generated primarily from cost savings in salaries and employee benefits due to vacancies, hiring delays and hard-hiring freeze, savings from the freeze on services, supplies, and equipment, savings from social services programs, and unspent funds on other programs that will be carried over to FY 2020-21. In addition, there was an over realization of revenue from property taxes and other revenue sources, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

FISCAL YEAR 2020-21 RECOMMENDED BUDGET

The Fiscal Year 2020-21 Recommended Budget (the "Recommended Budget") was presented to the Board of Supervisors on April 28, 2020. The Recommended Budget was developed prior to the COVID-19 outbreak and did not include the adverse impact of the pandemic on the financial condition of the County. The Recommended Budget appropriated $35.5 billion, which reflected a $594 million or 1.6% decrease in total funding requirements from the 2019-20 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $27.479 billion, which represented a $446 million or 1.6% decrease from the 2019-20 Final Adopted Budget. The Recommended Budget appropriated $7.982 billion for Special Funds/District, reflecting a $148 million or 1.8% decrease from the Fiscal Year 2019-20 Final Adopted Budget. The primary changes to the ongoing NCC component of the Recommended Budget are outlined in the following table.

Fiscal Year 2020-21 Recommended NCC Budget Changes

Public Assistance Changes	$47,212,000
Unavoidable Cost Increases	
Salaries and Employee Salaries	262,747,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Cost Changes	5,306,000
Program Changes	
Affordable Housing & Economic Development	200,000
Public Safety Programs	20,082,000
Debt Service	6,817,000
All Other Program Changes	31,887,000
Fiscal Policies	
Appropriation for Contingency	(7,110,000)
Deferred Maintenance	7,058,000
Total Net County Cost Increases	**399,199,000**
Revenue Changes	
Property Taxes	291,256,000
Property Taxes - CRA Dissolution Residual	21,875,000
Public Safety Sales Tax	26,653,000
1991 Realignment - Sales Tax	25,733,000
1991 Realignment - Vehicle License Fee	16,746,000
Interest Earnings	(13,064,000)
Fund Balance Adjustment	25,000,000
Various Revenue Changes	5,000,000
Total Locally Generated Revenue	**399,199,000**
Total Projected Budget Gap	$ -

FISCAL YEAR 2020-21 FINAL RECOMMENDED BUDGET

The FY 2020-21 Final Recommended Budget (the "Final Recommended Budget") was approved by the Board of Supervisors on June 29, 2020. The Final Recommended Budget included revised revenue estimates as well as program changes in response to the adverse impact of the COVID-19 pandemic on the local economy. The Final Recommended Budget appropriated $34.9 billion, which reflects a $560 million or 1.6% decrease in total funding requirements from the Recommended Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $26.944 billion, which represents a $535 million or 1.9% decrease from the Recommended Budget. The Final Recommended Budget appropriated $7.957 billion for Special Funds/District, reflecting a $25 million or 0.3% decrease from the Recommended Budget.

The Final Recommended Budget projected $935.3 million in revenue losses, consisting of $446.0 million in General Fund net County cost ("NCC") and $489.3 million primarily in 1991 and 2011 State realignment revenues and Measure H sales tax revenues (Other Budget Changes). The County mitigated the projected revenue losses through a combination of departmental expenditure curtailments, a reduction in employee benefits and the use of program reserves set aside in departmental trust accounts. Details of these changes are outlined in the following two sections entitled Fiscal Year 2020-21 Final Recommended NCC Budget Changes and Fiscal Year 2020-21 Final Recommended Budget -Other Changes. The primary changes to the ongoing NCC component of the Final Recommended Budget are outlined in the following table.

Fiscal Year 2020-21 Final Recommended NCC Budget Changes

Unavoidable Cost Increases	
Salaries and Employee Benefits	$9,000
Pension Costs	(15,392,000)
Program Changes	
Affordable Housing & Economic Development	(200,000)
Public Safety Programs	(10,000,000)
Debt Service	(3,880,000)
All Other Program Changes	(356,000)
Fiscal Policies	
Appropriation for Contingency	(8,552,000)
Total Net County Cost Increases	**(38,371,000)**
Revenue Changes	
Public Safety Sales Tax	(194,689,000)
1991 Realignment - Sales Tax	(103,904,000)
1991 Realignment - Vehicle License Fee	(10,996,000)
Interest Earnings	(18,389,000)
Deed Transfer Tax	(14,224,000)
Fund Balance Assumptions	(25,000,000)
Departmental Revenue	(67,162,000)
Sheriff – Trial Court Security	(29,757,000)
Various Revenue Changes	(20,230,000)
Total Locally Generated Revenue	**(484,351,000)**

Total Projected Budget Gap	(445,980,000)
Departmental Curtailments or Reductions	386,657,000
Deferred Compensation Suspension	57,790,000
MAPP Tier I COLA Suspension	1,533,000
Total NCC Budget Gap Solutions	**445,980,000**
Total Surplus/(Deficit)	$ -

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of approved salaries and employee benefit increases, and expected salary and benefit increases that are subject to negotiations with the County's collective bargaining units.

Pension Costs - Reflects adjustments for the final Fiscal Year 2020-21 employer contribution retirement rates based upon the June 30, 2019 actuarial valuation of retirement benefits.

Program Changes

The Final Recommended Budget included $14.4 million of program changes, including decreases for public safety, health and public health programs.

Fiscal Policies

The balance of the Rainy Day Fund as of the Final Recommended Budget was $601.9 million, which represented approximately 8.6% of ongoing discretionary revenues. The County estimated that $470.8 million in Rainy Day Funds will be needed to cover the unexpected loss of revenue and additional expenditures related to COVID-19 in Fiscal Year 2019-20. As a result, the balance of the Rainy Day Fund for Fiscal Year 2020-21 was estimated to be $131.1 million. As part of the Final Recommended Budget, $22.1 million will be set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues.

Revenue Changes

The Final Recommended Budget included projected decreases in Proposition 172 Public Safety sales tax ($194.7 million), Realignment sales tax ($103.9 million), Realignment vehicle license fee ($11.0 million), deed transfer tax ($14.2 million), and a $142.1 million reduction in departmental revenue and other revenue changes. The Final Recommended Budget also included a projected $18.4 million decrease in interest revenue from the County Treasury Pool due to lower interest rates and an expected decrease in the average daily cash balance.

NCC Budget Gap Solutions

The Final Recommended Budget program changes and projected revenue decreases resulted in a $446 million NCC budget gap. In order to address the budget gap, the County utilized a combination of ongoing structural changes including $386.7 million in departmental curtailments, $57.8 million from the temporary suspension of the deferred compensation contribution match for non-represented employees, and $1.5 million in the suspension of Management Appraisal and Performance Plan Tier I salaries and employee benefits increases.

Fiscal Year 2020-21 Final Recommended Budget – Other Changes

In addition to the NCC budget issues, the County was forecasting a $489.3 million in revenue shortfall primarily from 2011 realignment revenues, which included funding for various public safety, mental health and social services programs, along with reductions in Measure H sales tax collections and State budget cuts to the Department of Child Support Services.

Revenue Losses	
2011 Realignment Revenue	
AB 109	$ 85,131,000
Protective Social Services	111,614,000
Health and Mental Health	195,088,000
Measure H - Homelessness	70,884,000
Child Support Services	26,637,000
Total Revenue Losses	**$489,354,000**
Solutions	
Departmental AB 109 Curtailments	$ 52,250,000
Child Support Services Curtailments	14,637,000
Departmental Trust Accounts	351,583,000
Other Revenue and Appropriation Reductions	70,884,000
Total Solutions	**$489,354,000**

Assembly Bill (AB) 109 – Public Safety Realignment

The Final Recommended Budget included an $85.1 million loss in State sales tax revenues that are used to fund AB 109 programs. To close this gap, the County reduced AB 109 program costs by $52.2 million and utilized one-time AB 109 reserves of $32.9 million. The principal spending reductions are earmarked for the Sheriff's Department, the Probation Department along with the District Attorney and the Public Defender.

Realignment Revenues – Social, Health and Mental Health Services

The Final Recommended Budget included a $306.7 million reduction in State realignment revenues that are used to fund critical child welfare and social services programs, along with essential services provided by the Departments of Health Services, Mental Health and Public Health. To close this gap, the County used realignment revenue reserves set aside in departmental trust accounts.

Measure H – Homeless and Housing

The Final Recommended Budget reflects a $70.9 million loss in Measure H sales taxes, which are used to fund Homeless Initiative strategies. To close this gap, the County recommended the use of additional one-time State Homeless Housing, Assistance and Prevention Program funding of $22.6 million and an appropriation reduction of $48.3 million. To address the appropriation reduction, the County identified opportunities to use Federal CARES Act Supplemental Emergency Solutions Grant ("ESG") funding in collaboration with the Los Angeles Homeless

Services Authority and the cities in the County, which received ESG funding directly.

Child Support Services

As a result of proposed State budget actions that recommended a reduction of funding for local child support agencies to the 2018 funding levels, the Department of Child Support Services was projected to lose $26.6 million in State and Federal funding. To mitigate this funding loss, the County proposed a budget curtailment of departmental expenditures of $14.6 million, and the use of $12.0 million of departmental reserves set aside in trust accounts.

FISCAL YEAR 2020-21 FINAL ADOPTED BUDGET

The Fiscal Year 2020-21 Final Adopted Budget (the "Final Adopted Budget") marks the final step in the County's annual budget process. The Final Adopted Budget reflects revised revenue loss projections primarily due to the addition of State Realignment backfill revenues and an updated Proposition 172 Public Safety sales tax projection. It also includes the use of additional one-time funds and new revenues from the State and other sources.

The Final Adopted Budget appropriates $37.624 billion, which reflects a $2.723 billion or 7.8% increase in total funding requirements from the Final Recommended Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $28.663 billion, which represents a $1.719 billion or 6.4% increase from the Final Recommended Budget. The Final Adopted Budget appropriates $8.961 billion for Special Funds/District, reflecting a $1.004 billion or 12.6% increase from the Final Recommended Budget.

The primary changes to the ongoing NCC component of the Final Adopted Budget are outlined in the following table.

Fiscal Year 2020-21 Final Adopted NCC Budget Changes

Revenue Changes	
Public Safety Sales Tax	$ 58,939,000
1991 Realignment - Sales Tax	2,416,000
1991 Realignment - Sales Tax Backfill	55,731,000
1991 Realignment - VLF Backfill	2,301,000
Interest Earnings	(35,750,000)
Departmental Revenue	(5,626,000)
Sheriff - Trial Court Security	1,598,000
Sheriff - Trial Court Security State Backfill	10,509,000
Total Locally Generated Revenue	**90,118,000**
Projected Budget Gap	**90,118,000**
Restoration of NCC Curtailments	17,666,000
Program Changes	12,452,000
Unavoidable Cost Increase	60,000,000
NCC Budget Gap Solutions	**90,118,000**
Total Surplus/(Deficit)	$0

Revenue Changes

The Final Adopted Budget includes revised estimates for Proposition 172 Public Safety sales tax revenue and Realignment sales tax, as well as the addition of State Realignment backfill revenues. The Final Adopted Budget projects an additional $35.8 million decrease in interest earnings from the County Treasury Pool due to lower than expected interest rates. The Final Adopted Budget also includes revised departmental revenue projections and other revenue changes.

Fiscal Policies

The current balance of the Rainy Day Fund is $695.9 million, which is approximately 9.8% of ongoing discretionary revenues. The County previously estimated using $470.8 million in Rainy Day Funds to cover the unexpected loss of revenue and additional expenditures related to the COVID-19 pandemic in Fiscal Year 2019-20. However, through the implementation of a hiring and purchasing freeze, as well as an increase in Supplemental Property Tax revenue due to higher than anticipated home sales activity prior to the pandemic, the $470.8 million was not needed to balance the budget.

NCC Budget Gap

The Final Adopted Budget includes revised revenue projections as well as the addition of a State Realignment backfill, which resulted in a $90.1 million NCC budget gap reduction from the Final Recommended Budget. The $90.1 million is being used to mitigate potential layoffs and partially restore programs curtailed in the Final Recommended Budget, as well as fund unavoidable cost increases and program changes.

Fiscal Year 2020-21 Final Adopted Budget – Other Changes

In addition to the NCC budget changes, the County is forecasting revenue increases of $183.4 million from the Final Recommended Budget, primarily due to State 2011 Realignment backfill revenues and an increase in the State and federal allocation to the Department of Child Support Services.

Revenue Changes	
2011 Realignment Revenue	
AB 109	$ 4,202,000
State Realignment Backfill - AB 109	26,991,000
Protective Social Services	(6,980,000)
Health and Mental Health	(6,472,000)
State Realignment Backfill – PSS/HMH	145,878,000
Measure H - Homelessness	4,063,000
Child Support Services	15,713,000
Total Revenue Changes	**$183,395,000**
Solutions	
Restoration of AB 109 Curtailments	$ 14,051,000
Restoration of Child Support Curtailments	10,637,000
Reduced Reliance on Trust Accounts	154,644,000
Other Revenue	4,063,000
Total Solutions	**$183,395,000**

Assembly Bill (AB) 109 – Public Safety Realignment

The Final Recommended Budget included an $85.1 million loss in State sales tax revenues that are used to fund AB 109 programs. As part of the State Budget Act of 2020, the State provided counties with one-time realignment revenue backfill to help offset the reduction in State sales tax revenues. As a result, the Final Adopted Budget projects a $53.9 million loss in State sales tax revenues that are used to fund AB 109 programs. The County is using the backfill funding to avoid all AB 109 potential layoffs and to restore the Probation Department's service contracts.

Realignment Revenues – Social, Health and Mental Health Services

The Final Recommended Budget included a $306.7 million reduction in State Realignment revenues. Subsequent to the Final Recommended Budget, the State provided the County with $145.9 million in one-time Realignment backfill funding to help offset the loss. One-time funding set-aside in various departmental trust accounts is being used to bridge the remaining gap for FY 2020-21.

Measure H – Homeless and Housing

The Final Recommended Budget included a $70.9 million projected loss in Measure H sales taxes. The Final Adopted Budget reflects a $4.1 million increase in sales tax revenue, resulting in the revised projection of a $66.8 million loss in Measure H sales taxes. The County is closing the budget gap with the use of $24.9 million in additional one-time fund balance and $41.9 million in other revenue sources, including CARES Act Supplemental Emergency Solutions Grant (ESG) funding in collaboration with the Los Angeles Homeless Services Authority (LAHSA) and other cities in the County, which receive ESG funding directly.

Child Support Services

The Final Recommended Budget included a projected revenue loss of $26.6 million in State and federal funding due to proposed State budget actions. For the Final Adopted Budget, $15.7 million in State and federal revenues were restored, which fully mitigated all potential layoffs in the Department.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, sixteen community health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,700 physician residents on an annual basis.

As a safety net provider, the County is the medical provider of last resort for indigent County residents. Historically, the cost of providing health services exceeds the combined total of DHS revenues, which requires annual subsidies from the County General Fund. DHS has been able to limit these subsidies by developing new revenue sources, implementing operational efficiencies, and using one-time reserve funds.

The financial condition of DHS has improved from prior years, primarily due to the implementation of the Affordable Care Act (the "ACA") in 2014, which significantly reduced the number of uninsured patients. In addition, revenues from prior and current Section 1115 Hospital Financing Waivers have provided DHS with an overall fiscal benefit. These two factors resulted in significantly reduced budgetary pressures on DHS. Furthermore, as explained below, Assembly Bill 85 ("AB 85") establishes a sum certain for the maintenance of effort ("MOE") requirement for the County's contribution to DHS, as well as providing additional revenue sources

Section 1115 Hospital Financing Waiver

On December 30, 2015, the Federal Centers for Medicaid and Medicare Services ("CMS") approved the 2015 Section 1115 Hospital Financing Waiver (the "2015 Waiver"), which features programs designed to improve care for the State's Medi-Cal and uninsured patients. The primary features of the 2015 Waiver include:

- Public Hospital Redesign and Incentives in Medi-Cal ("PRIME") is a pay-for-performance delivery system transformation and alignment program.
- Global Payment Program ("GPP") is a payment reform program for services provided to uninsured patients in California's Public Health Care system.
- Whole Person Care ("WPC") is a series of pilot programs designed to provide more integrated care to the highest-risk and most vulnerable patients.

In anticipation of the December 31, 2020 expiration of the current 1115 Waiver, the California Department of Health Care Services ("DHCS") had been developing a multi-year plan for broad delivery system, program and payment reform across the Medi-Cal program under a 1915(b) waiver. However, because of the COVID-19 pandemic, the plan has been delayed indefinitely delayed, and discussions between CMS and DHCS are currently taking place regarding an extension of the current 1115 Waiver for an additional year through December 31, 2021.

Under the current 1115 Waiver, PRIME expired on June 30, 2020. However, PRIME is being incorporated into Medi-Cal Managed Care under the Quality Incentive Payment ("QIP") program effective July 1, 2020. The County is projecting an increase in PRIME funding of approximately $80.0 million annually. The increase is the net result of an increase in the Federal Medicaid Assistance Percentage ("FMAP") and a decrease in DHS' allocation from the QIP distribution model. The final amount of PRIME funding and the allocation among public hospitals are pending approval by CMS.

DHS also expects WPC to be included in the 1115 Waiver extension currently being discussed between DHCS and CMS, and then incorporated into Medi-Cal Managed Care effective, January 1, 2022.

Assembly Bill 85

Under AB 85, the State's funding mechanism for county health care and human services programs, which had been in place since the 1991-92 Realignment Program, was revised to account for the expected reduction in unreimbursed services for DHS patients pursuant to implementation of the ACA. AB 85 provides a mechanism for the State to redirect State health realignment funding to fund social service programs. The County negotiated its own agreement and separate funding formula with the State that is different from the other counties. The formula uses the entire DHS budget to determine if there are "excess" funds available for "redirection" of realignment revenue back to the State.

The amount of revenue redirection is reconciled to the formula two years after the close of each respective fiscal year. If there are "excess" funds determined by the funding formula, the sharing ratio for the excess amount of health care realignment revenue will be 80% State and 20% County. In general, under the formula, if the County realizes higher revenue, the amount of redirection to the State will be higher as well but cannot exceed the realignment amount received for a particular fiscal year. Conversely, if the County realizes less revenue, the amount of redirection to the State will also be less.

The final redirection amount for Fiscal Years 2013-14, 2014-15, 2015-16 and 2016-17 was $0, $365.5 million, $314.3 million and $229.9 million, respectively. The current projected redirection amounts for Fiscal Years 2017-18, 2018-19 and 2019-20 are $351.2 million, $266.5 million, and $0, respectively. The County will continue to work with the State to evaluate and update the redirection numbers and close out each fiscal year by the scheduled due dates.

In addition, AB 85 established an MOE funding requirement for an annual County General Fund contribution based on Fiscal Year 2012-13 funding levels, with increases to the MOE of one percent each subsequent fiscal year. The initial MOE funding requirement for Fiscal Year 2013-14 was $323.0 million. The MOE funding requirement for Fiscal Year 2020-21 is $349.8 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2020-21 NCC contribution to DHS is $967.9 million, as shown in the chart below. The NCC contribution to DHS is comprised of multiple components, including the AB 85 MOE, other General Fund resources for specific programs, VLF Realignment Revenue, and Tobacco Settlement Revenue. The additional funding from the County General Fund for DHS programs related to correctional health services and other programs represents a strategic initiative by the Board of Supervisors to transfer specific services previously provided by other County departments to DHS, and is not related to cost increases as the result of budgetary pressures from DHS' operations.

DHS NCC Contribution
FY 2020-21 Final Adopted Budget
($ in millions)

	Amount
County General Fund - AB 85 MOE	$ 349.8
County General Fund - Correctional Health (A)	304.9
County General Fund - Specific Programs (B)	29.1
Vehicle License Fees Realignment	252.2
Tobacco Settlement Revenue	55.0
Transfers to Other Budget Units (C)	(23.1)
Total	$ 967.9

(A) Reflects the transfer of Correctional Health Services from the Sheriff and the Department of Mental Health to DHS, which was finalized in May 2017.
(B) Includes funding for Board initiatives, such as homeless services and health care for Probation youth.
(C) Includes the transfer for the In-Home Supportive Services Provider Health Care Plan.

General Fund Advances and Cash Flow

The County maintains separate Enterprise Funds to account for hospital services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund provides cash advances to each of the Hospital Funds to provide for the net cash flow requirements of County hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in order 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. As of May 31, 2020, the balance of General Fund cash advances to the Hospital Funds was $202.8 million. The County is currently estimating the June 30, 2020 balance of General Fund cash advances to the Hospital Funds to be $215.1 million, which would be a decrease of $323.5 million from the June 30, 2019 balance of $538.6 million.

The higher balance of cash advances to the Hospital Funds in the previous fiscal years was largely caused by a two-year delay in receiving CMS approval of methodologies related to two new funding programs. The prior revenue programs were on a one-year delay cycle and those programs expired on June 30, 2017. The new programs, the QIP and the EPP, were approved by CMS for Fiscal Year 2017-18. The net revenues of QIP and EPP for Fiscal Year 2017-18 are $125.6 million and $529.2 million, respectively, which were received in October 2019. For Fiscal Year 2018-19, the estimated net revenues of QIP and EPP are $133.6 million and $535.1 million, respectively, with the payments expected to be received by no later than October 2020. The final amounts are pending CMS approval. Currently, DHS is working with the State to expedite payments for Program Year 2019-20 and payments going forward within 12 months after year-end in order to improve cash flow and eliminate the need to establishing long-term receivables.

In addition to the funding sources described above, the County's General Fund also provides cash advances 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. As of June 30, 2020, the total estimated receivable balance is $55.6 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.

DHS Reserve Funds

In Fiscal Year 2019-20, DHS closed the year with a Fund Balance of $1.293 billion. Of this amount, approximately $229.7 million with respect to the EPP and CBRC payments for Fiscal Years 2017-18 through 2019-20 was established as a long-term receivable, and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of $1.063 billion is available to fund future DHS operations and balance its budget in the future, as needed.

Managed Care

The EPP and QIP Programs were designed in collaboration with DHCS to replace other revenue programs that expired June 30, 2017. The QIP program provides value-based payments for the achievement of clinically-established quality measures for Medi-Cal managed care enrollees. The EPP establishes a pool to supplement the base rates received by public hospitals through their Medi-Cal managed care contracts.

Although DHS currently estimates the net revenue for EPP to be approximately $594.7 million for Fiscal Year 2019-20, the methodology for drawing down the EPP funds is still pending CMS approval. CMS has also approved four years of QIP with an annual COLA, and a State option to revisit the program in two years. The net revenue for QIP is estimated to be approximately $122.9 million for Fiscal Year 2019-20. However, the methodology and the rates for determining how the funds will be allocated among the State's public hospitals has not been approved by CMS. With final approval by CMS still pending, the estimated revenues for the EPP and QIP Programs could change materially.

The CMS recently approved additional payments for public hospitals related to Graduate Medical Education (GME) and Indirect Medical Education (IME) for Medi-Cal managed care beneficiaries, which cover Medi-Cal's share of the salaries and benefits of interns and residents receiving training at public hospitals, as well as certain indirect costs associated with their training. The estimated annual net revenue for the GME and IME payments combined is $63.6 million, with an effective date of January 2017.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. In accordance with the terms of the MSA, the annual Tobacco Settlement Revenues ("TSRs") are subject to numerous adjustments, offsets and recalculation. While the County's share of the State settlement was initially expected to average approximately $100 million per year, the actual amount of TSRs received by the County has fluctuated significantly from year to year. Factors that impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "2006 Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represented 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. On June 10, 2020, the County issued $349.6 of 2020 Tobacco Settlement Bonds to fully refund the 2006 Tobacco Bonds. The transaction, which is described in further detail in the Debt Summary Section of Appendix A, resulted in significant interest cost savings to the County and mitigated the risk of future default that existed with the 2006 Tobacco Bonds.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, previous actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2019-20, the County received $73.4 million in TSRs from the participating manufacturers. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds.

BUDGET TABLES

The Final Adopted Budget is supported by $6.371 billion in property tax revenue, $5.084 billion in Federal funding, $7.086 billion in State funding, $483 million in cancelled obligated fund balance, $2.197 billion in Fund Balance and $7.442 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 2019-20 FInal Adopted Budget with the 2020-21 Final Recommended Budget. It is not possible to predict whether the trends shown in the tables will continue in the future.

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

Fund	Final 2017-18	Final 2018-19	Final 2019-20	Recommended 2020-21	Final Recommended 2020-21	Final Adopted 2020-21
General Fund	$ 20,856,959	$ 22,476,283	$ 23,925,116	$ 23,581,133	$ 23,038,153	$ 24,859,044
Hospital Enterprise Fund	3,466,796	3,222,338	3,999,868	3,898,293	3,905,645	3,803,498
Total General County Budget	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 27,479,426**	**$ 26,943,798**	**$ 28,662,542**

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources

	Final 2017-18	Final 2018-19	Final 2019-20	Recommended 2020-21	Final Recommended 2020-21	Final Adopted 2020-21
Requirements						
Social Services	$ 7,200,237	$ 7,308,903	$ 7,752,983	$ 7,837,438	$ 7,765,698	$ 8,004,882
Health	8,040,428	8,790,802	9,877,992	9,917,354	9,846,821	10,354,420
Justice	5,823,573	6,019,196	6,234,098	6,389,096	6,019,965	6,299,801
Other	3,259,517	3,579,720	4,059,911	3,335,538	3,311,314	4,003,439
Total	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 27,479,426**	**$ 26,943,798**	**$ 28,662,542**
Revenue Sources						
Property Taxes	$ 5,331,727	$ 5,676,729	$ 6,043,773	$ 6,371,071	$ 6,371,071	$ 6,371,071
State Assistance	6,290,778	6,545,048	6,937,808	7,145,738	6,737,873	7,086,096
Federal Assistance	4,931,647	4,977,992	4,996,732	4,574,410	4,584,857	5,084,127
Other	7,769,603	8,498,852	9,946,671	9,388,207	9,249,997	10,121,248
Total	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 27,479,426**	**$ 26,943,798**	**$ 28,662,542**

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

	Final 2017-18	Final 2018-19	Final 2019-20	Recommended 2020-21	Final Recommended 2020-21	Final Adopted 2020-21
Financing Requirements						
Salaries & Employee Benefits	$ 12,254,330	$ 12,983,488	$ 13,871,307	$ 14,483,896	$ 14,035,591	$ 14,252,089
Services & Supplies	8,511,618	9,346,135	9,929,569	9,201,426	9,073,349	10,228,114
Other Charges	4,483,734	4,746,295	5,800,116	5,683,886	5,713,646	5,922,073
Capital Assets	951,628	1,160,603	1,198,684	1,155,972	1,136,777	1,309,083
Other Financing Uses	723,265	734,824	1,003,163	1,165,885	1,143,929	1,186,455
Appropriations for Contingencies	29,754	38,067	37,775	30,665	22,113	22,113
Interbudget Transfers[1]	(1,678,129)	(1,918,739)	(2,433,320)	(2,589,261)	(2,563,256)	(2,581,864)
Gross Appropriation	$ 25,276,200	$ 27,090,673	$ 29,407,294	$ 29,132,469	$ 28,562,149	$ 30,338,063
Less: Intrafund Transfers	1,259,379	1,588,349	1,697,201	1,717,925	1,686,633	1,883,836
Net Appropriation	$ 24,016,821	$ 25,502,324	$ 27,710,093	$ 27,414,544	$ 26,875,516	$ 28,454,227
Provision for Obligated Fund Balance						
General Reserve	$ -	$ -	$ -	$ -	$ -	$ -
Other	16,093	-	-	-	1,700	3,400
Assigned for Rainy Day Funds	39,000	46,810	39,000	-	-	53,450
Committed Fund Balance	251,841	149,487	175,891	64,882	66,582	151,465
Total Financing Requirements	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 27,479,426**	**$ 26,943,798**	**$ 28,662,542**
Available Financing						
Fund Balance	$ 1,982,626	$ 1,929,332	$ 2,089,840	$ 1,622,799	$ 1,581,837	$ 2,196,874
Cancel Provision for Obligated Fund Balance	348,499	279,525	614,950	265,236	303,649	482,861
Property Taxes: Regular Roll	5,271,414	5,615,854	5,989,000	6,316,080	6,316,080	6,316,080
Supplemental Roll	60,313	60,875	54,773	54,991	54,991	54,991
Revenue	16,660,903	17,813,035	19,176,421	19,220,320	18,687,241	19,611,736
Total Available Financing	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 27,479,426**	**$ 26,943,798**	**$ 28,662,542**

[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 $2.6 billion in 2020-21, from the above table would give the impression that there are more resources than are actually

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2020-21 FINAL RECOMMENDED BUDGET TO 2020-21 FINAL ADOPTED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2019-20 Final (1)	2020-21 Recommended (2)	2020-21 Final Recommended (3)	2020-21 Final (4)	Difference	Percentage Difference
REQUIREMENTS						
General						
General Government	$ 1,566,733.0	$ 1,174,972.0	$ 1,235,426.0	$ 1,417,356.0	$ 181,930.0	14.73%
General Services	1,087,357.0	876,734.0	816,969.0	883,926.0	66,957.0	8.20%
Public Buildings	1,131,472.0	1,060,421.0	1,039,863.0	1,282,767.0	242,904.0	23.36%
Total General	$ 3,785,562.0	$ 3,112,127.0	$ 3,092,258.0	$ 3,584,049.0	$ 491,791.0	15.90%
Public Protection						
Justice	$ 5,749,537.0	$ 5,903,506.0	$ 5,569,392.0	$ 5,794,341.0	$ 224,949.0	4.04%
Other Public Protection	214,803.0	208,437.0	199,031.0	202,254.0	3,223.0	1.62%
Total Public Protection	$ 5,964,340.0	$ 6,111,943.0	$ 5,768,423.0	$ 5,996,595.0	$ 228,172.0	3.96%
Health and Sanitation	9,842,414.0	9,868,055.0	9,800,552.0	10,298,122.0	497,570.0	5.08%
Public Assistance	7,547,806.0	7,790,543.0	7,721,858.0	7,962,746.0	240,888.0	3.12%
Recreation and Cultural Services	413,550.0	391,775.0	363,177.0	386,567.0	23,390.0	6.44%
Education	51,286.0	42,076.0	39,775.0	48,530.0	8,755.0	22.01%
Insurance and Loss Reserve	67,360.0	67,360.0	67,360.0	155,505.0	88,145.0	130.86%
Provision for Obligated Fund Balance	214,891.0	64,882.0	68,282.0	208,315.0	140,033.0	205.08%
Appropriations for Contingencies	37,775.0	30,665.0	22,113.0	22,113.0	-	0.00%
Total Requirements	**$ 27,924,984.0**	**$ 27,479,426.0**	**$ 26,943,798.0**	**$ 28,662,542.0**	**$ 1,718,744.0**	**6.38%**
AVAILABLE FUNDS						
Property Taxes	$ 6,043,773.0	$ 6,371,071.0	$ 6,371,071.0	$ 6,371,071.0	$ -	0.00%
Fund Balance	2,089,840.0	1,622,799.0	1,581,837.0	2,196,874.0	615,037.0	38.88%
Cancelled Prior-Year Reserves	614,950.0	265,236.0	303,649.0	482,861.0	179,212.0	59.02%
Intergovernmental Revenues						
State Revenues						
In-Lieu Taxes	$ 415,927.0	$ 433,854.0	$ 364,941.0	$ 390,345.0	$ 25,404.0	6.96%
Homeowners' Exemption	19,000.0	19,000.0	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	964,417.0	1,041,539.0	1,057,309.0	1,066,187.0	8,878.0	0.84%
Other Public Assistance	2,436,755.0	2,533,461.0	2,424,652.0	2,483,310.0	58,658.0	2.42%
Public Protection	1,424,476.0	1,414,000.0	1,212,755.0	1,332,916.0	120,161.0	9.91%
Health and Mental Health	1,378,427.0	1,483,103.0	1,435,665.0	1,497,889.0	62,224.0	4.33%
Capital Projects	148,088.0	189,223.0	190,223.0	250,599.0	60,376.0	31.74%
Other State Revenues	150,718.0	31,558.0	33,328.0	45,850.0	12,522.0	37.57%
Total State Revenues	$ 6,937,808.0	$ 7,145,738.0	$ 6,737,873.0	$ 7,086,096.0	$ 348,223.0	5.17%
Federal Revenues						
Public Assistance Subventions	$ 2,848,974.0	$ 2,787,667.0	$ 2,746,254.0	$ 2,933,777.0	$ 187,523.0	6.83%
Other Public Assistance	212,135.0	218,588.0	206,107.0	247,124.0	41,017.0	19.90%
Public Protection	61,026.0	75,854.0	74,516.0	130,957.0	56,441.0	75.74%
Health and Mental Health	1,836,611.0	1,464,460.0	1,504,283.0	1,716,375.0	212,092.0	14.10%
Capital Projects	-	-	-	-	-	0.00%
Other Federal Revenues	37,986.0	27,841.0	53,697.0	55,894.0	2,197.0	4.09%
Total Federal Revenues	$ 4,996,732.0	$ 4,574,410.0	$ 4,584,857.0	$ 5,084,127.0	$ 499,270.0	10.89%
Other Governmental Agencies	75,763.0	60,525.0	65,034.0	79,184.0	14,150.0	21.76%
Total Intergovenmental Revenues	$ 12,010,303.0	$ 11,780,673.0	$ 11,387,764.0	$ 12,249,407.0	$ 861,643.0	7.57%
Fines, Forfeitures and Penalties	173,523.0	173,794.0	148,290.0	143,587.0	(4,703.0)	-3.17%
Licenses, Permits and Franchises	59,493.0	60,431.0	57,549.0	57,570.0	21.0	0.04%
Charges for Services	5,272,569.0	5,360,771.0	5,344,813.0	5,377,806.0	32,993.0	0.62%
Other Taxes	217,221.0	215,682.0	185,235.0	185,235.0	-	0.00%
Use of Money and Property	237,320.0	228,269.0	183,969.0	147,939.0	(36,030.0)	-19.58%
Miscellaneous Revenues	509,665.0	543,267.0	538,274.0	554,410.0	16,136.0	3.00%
Operating Contribution from General Fund	696,327.0	857,433.0	841,347.0	895,782.0	54,435.0	6.47%
Total Available Funds	**$ 27,924,984.0**	**$ 27,479,426.0**	**$ 26,943,798.0**	**$ 28,662,542.0**	**$ 1,718,744.0**	**6.38%**

(1) Reflects the 2019-20 Final Adopted General County Budget approved by the Board of Supervisors on October 1, 2019
(2) Reflects the 2020-21 Recommedned General County Budget approved by the Board of Supervisors on April 28, 2020
(3) Reflects the 2020-21 Final Recommended General County Budget approved by the Board of Supervisors on June 29, 2020
(4) Reflects the 2020-21 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2020

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2019-20 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,566,733.0	$ -	$ 1,566,733.0
General Services	1,087,357.0	-	1,087,357.0
Public Buildings	1,131,472.0	-	1,131,472.0
Total General	$ 3,785,562.0	$ -	$ 3,785,562.0
Public Protection			
Justice	$ 5,749,537.0	$ -	$ 5,749,537.0
Other Public Protection	214,803.0	-	214,803.0
Total Public Protection	$ 5,964,340.0	$ -	$ 5,964,340.0
Health and Sanitation	$ 5,842,546.0	$ 3,999,868.0	$ 9,842,414.0
Public Assistance	7,547,806.0	-	7,547,806.0
Recreation and Cultural Services	413,550.0	-	413,550.0
Education	51,286.0	-	51,286.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	214,891.0	-	214,891.0
Appropriation for Contingency	37,775.0	-	37,775.0
Total Requirements	**$ 23,925,116.0**	**$ 3,999,868.0**	**$ 27,924,984.0**
AVAILABLE FUNDS			
Property Taxes	$ 6,043,773.0	$ -	$ 6,043,773.0
Fund Balance	2,089,840.0	-	2,089,840.0
Cancel Provision for Obligated Fund Balance	423,064.0	191,886.0	614,950.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 415,927.0	$ -	$ 415,927.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	964,417.0	-	964,417.0
Other Public Assistance	2,436,755.0	-	2,436,755.0
Public Protection	1,424,476.0	-	1,424,476.0
Health and Mental Health	1,331,472.0	46,955.0	1,378,427.0
Capital Projects	148,088.0	-	148,088.0
Other State Revenues	150,718.0	-	150,718.0
Total State Revenues	6,890,853.0	46,955.0	6,937,808.0
Federal Revenues			
Public Assistance Subventions	$ 2,848,974.0	$ -	$ 2,848,974.0
Other Public Assistance	212,135.0	-	212,135.0
Public Protection	61,026.0	-	61,026.0
Health and Mental Health	1,561,481.0	275,130.0	1,836,611.0
Capital Projects	-	-	-
Other Federal Revenues	37,986.0	-	37,986.0
Total Federal Revenues	$ 4,721,602.0	$ 275,130.0	$ 4,996,732.0
Other Governmental Agencies	75,763.0	-	75,763.0
Total Intergovenmental Revenues	$ 11,688,218.0	$ 322,085.0	$ 12,010,303.0
Fines, Forfeitures and Penalties	173,523.0	-	173,523.0
Licenses, Permits and Franchises	59,367.0	126.0	59,493.0
Charges for Services	2,907,101.0	2,365,468.0	5,272,569.0
Other Taxes	217,221.0	-	217,221.0
Use of Money and Property	236,552.0	768.0	237,320.0
Miscellaneous Revenues	86,457.0	423,208.0	509,665.0
Operating Contribution from General Fund	-	696,327.0	696,327.0
Total Available Funds	**$ 23,925,116.0**	**$ 3,999,868.0**	**$ 27,924,984.0**

(1) Reflects the 2019-20 Final Adopted General County Budget approved by the Board of Supervisors on October 1, 2019

COUNTY OF LOS ANGELES
FINAL RECOMMENDED BUDGET 2020-21 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,235,426.0	$ -	$ 1,235,426.0
General Services	816,969.0	-	816,969.0
Public Buildings	1,039,863.0	-	1,039,863.0
Total General	$ 3,092,258.0	$ -	$ 3,092,258.0
Public Protection			
Justice	$ 5,569,392.0	$ -	$ 5,569,392.0
Other Public Protection	199,031.0	-	199,031.0
Total Public Protection	$ 5,768,423.0	$ -	$ 5,768,423.0
Health and Sanitation	$ 5,894,907.0	$ 3,905,645.0	$ 9,800,552.0
Public Assistance	7,721,858.0	-	7,721,858.0
Recreation and Cultural Services	363,177.0	-	363,177.0
Education	39,775.0	-	39,775.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	68,282.0	-	68,282.0
Appropriation for Contingency	22,113.0	-	22,113.0
Total Requirements	**$ 23,038,153.0**	**$ 3,905,645.0**	**$ 26,943,798.0**
AVAILABLE FUNDS			
Property Taxes	$ 6,371,071.0	$ -	$ 6,371,071.0
Fund Balance	1,581,837.0	-	1,581,837.0
Cancel Provision for Obligated Fund Balance	84,572.0	219,077.0	303,649.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 364,941.0	$ -	$ 364,941.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,057,309.0	-	1,057,309.0
Other Public Assistance	2,424,652.0	-	2,424,652.0
Public Protection	1,212,755.0	-	1,212,755.0
Health and Mental Health	1,396,519.0	39,146.0	1,435,665.0
Capital Projects	190,223.0	-	190,223.0
Other State Revenues	33,328.0	-	33,328.0
Total State Revenues	6,698,727.0	39,146.0	6,737,873.0
Federal Revenues			
Public Assistance Subventions	$ 2,746,254.0	$ -	$ 2,746,254.0
Other Public Assistance	206,107.0	-	206,107.0
Public Protection	74,516.0	-	74,516.0
Health and Mental Health	1,503,360.0	923.0	1,504,283.0
Capital Projects	-	-	-
Other Federal Revenues	53,697.0	-	53,697.0
Total Federal Revenues	$ 4,583,934.0	$ 923.0	$ 4,584,857.0
Other Governmental Agencies	65,034.0	-	65,034.0
Total Intergovenmental Revenues	$ 11,347,695.0	$ 40,069.0	$ 11,387,764.0
Fines, Forfeitures and Penalties	148,290.0	-	148,290.0
Licenses, Permits and Franchises	57,423.0	126.0	57,549.0
Charges for Services	2,992,022.0	2,352,791.0	5,344,813.0
Other Taxes	185,235.0	-	185,235.0
Use of Money and Property	183,201.0	768.0	183,969.0
Miscellaneous Revenues	86,807.0	451,467.0	538,274.0
Operating Contribution from General Fund	-	841,347.0	841,347.0
Total Available Funds	**$ 23,038,153.0**	**$ 3,905,645.0**	**$ 26,943,798.0**

(1) Reflects the 2020-21 Final Recommended General County Budget approved by the Board of Supervisors on June 29, 2020

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2020-21 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,417,356.0	$ -	$ 1,417,356.0
General Services	883,926.0	-	883,926.0
Public Buildings	1,282,767.0	-	1,282,767.0
Total General	$ 3,584,049.0	$ -	$ 3,584,049.0
Public Protection			
Justice	$ 5,794,341.0	$ -	$ 5,794,341.0
Other Public Protection	202,254.0	-	202,254.0
Total Public Protection	$ 5,996,595.0	$ -	$ 5,996,595.0
Health and Sanitation	$ 6,494,624.0	$ 3,803,498.0	$ 10,298,122.0
Public Assistance	7,962,746.0	-	7,962,746.0
Recreation and Cultural Services	386,567.0	-	386,567.0
Education	48,530.0	-	48,530.0
Insurance and Loss Reserve	155,505.0	-	155,505.0
Provision for Obligated Fund Balance	208,315.0	-	208,315.0
Appropriation for Contingency	22,113.0	-	22,113.0
Total Requirements	**$ 24,859,044.0**	**$ 3,803,498.0**	**$ 28,662,542.0**
AVAILABLE FUNDS			
Property Taxes	$ 6,371,071.0	$ -	$ 6,371,071.0
Fund Balance	2,196,874.0	-	2,196,874.0
Cancel Provision for Obligated Fund Balance	298,693.0	184,168.0	482,861.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 390,345.0	$ -	$ 390,345.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,066,187.0	-	1,066,187.0
Other Public Assistance	2,483,310.0	-	2,483,310.0
Public Protection	1,332,916.0	-	1,332,916.0
Health and Mental Health	1,454,113.0	43,776.0	1,497,889.0
Capital Projects	250,599.0	-	250,599.0
Other State Revenues	45,850.0	-	45,850.0
Total State Revenues	7,042,320.0	43,776.0	7,086,096.0
Federal Revenues			
Public Assistance Subventions	$ 2,933,777.0	$ -	$ 2,933,777.0
Other Public Assistance	247,124.0	-	247,124.0
Public Protection	130,957.0	-	130,957.0
Health and Mental Health	1,715,452.0	923.0	1,716,375.0
Capital Projects	-	-	-
Other Federal Revenues	55,894.0	-	55,894.0
Total Federal Revenues	$ 5,083,204.0	$ 923.0	$ 5,084,127.0
Other Governmental Agencies	79,184.0	-	79,184.0
Total Intergovenmental Revenues	$ 12,204,708.0	$ 44,699.0	$ 12,249,407.0
Fines, Forfeitures and Penalties	143,587.0	-	143,587.0
Licenses, Permits and Franchises	57,444.0	126.0	57,570.0
Charges for Services	3,116,954.0	2,260,852.0	5,377,806.0
Other Taxes	185,235.0	-	185,235.0
Use of Money and Property	147,171.0	768.0	147,939.0
Miscellaneous Revenues	137,307.0	417,103.0	554,410.0
Operating Contribution from General Fund	-	895,782.0	895,782.0
Total Available Funds	**$ 24,859,044.0**	**$ 3,803,498.0**	**$ 28,662,542.0**

(1) Reflects the 2020-21 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2020

PROPERTY TAX RATE, VALUATION AND LEVY

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

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

PAYMENT DATES AND LIENS

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

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

Property owners who were unable to pay their property taxes by the April 10, 2020 deadline due to the COVID-19 pandemic may apply to have their late payment penalties cancelled. The California Revenue and Taxation Code (R&TC) grants the Treasurer and Tax Collector the authority to cancel payment penalties in limited circumstances.

Beginning April 11, 2020, Treasurer and Tax Collector began accepting requests for a property tax penalty cancellation related to COVID-19. To apply for this penalty cancellation, property owners must complete and submit a penalty cancellation request with a brief statement of how the public health emergency impacted their ability to make a timely property tax payment.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2019-20 secured property 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 $47,713,583,625, which constitutes only 3.08% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2019-20
SOUTHERN CALIFORNIA EDISON CO	$ 113,256,955
DOUGLAS EMMETT RESIDENTIAL	47,555,833
MAGUIRE PROPERTIES	45,357,462
SOUTHERN CALIFORNIA GAS COMPANY	36,723,202
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	34,197,131
CHEVRON USA INC	32,719,334
EQR / ERP LIMITED	32,133,445
PINCAY RE LLC LESSOR	30,827,943
UNIVERSAL STUDIOS LLC	28,138,124
TESORO REFINING AND MARKETING CO	27,114,092
PROLOGIS / AMB	25,033,881
ESSEX PORTFOLIO LP	17,883,904
PHILLIPS 66 COMPANY	16,924,407
TORRANCE LOGISTICS COMPANY LLC	16,902,594
DE PARK AVENUE	16,191,762
REXFORD INDUSTRIAL	15,075,934
AT&T / PACIFIC BELL TELEPHONE CO	13,353,861
CENTURY CITY MALL LLC	12,581,400
KAISER FOUNDATION HOSPITALS	11,794,900
WESTFIELD TOPANGA OWNERS LP	11,454,161
	$ 585,220,325

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 full cash values, property tax levies and collections from Fiscal Years 2015-16 through 2019-20.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2015-16 THROUGH 2019-20

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 %
2015-16	$ 1,218,549,285,645	$ 2,951,863,733	$ 2,919,629,056	98.91%
2016-17	1,287,688,313,197	3,134,636,611	3,097,916,528	98.83%
2017-18	1,366,276,412,160	3,316,064,682	3,277,406,885	98.83%
2018-19	1,456,853,755,643	3,524,838,020	3,476,693,412	98.63%
2019-20	1,549,271,724,044	3,748,846,036	3,664,667,048	97.75%

(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 successor redevelopment agencies are excluded. See "Successor Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.

SUCCESSOR REDEVELOPMENT AGENCIES

Pursuant to ABX1 26 (the "Redevelopment Dissolution Act"), all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 prohibited redevelopment agencies from engaging in new business, provided for their eventual wind down and dissolution, and required 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 2015-16 through 2019-20.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2015-16 THROUGH 2019-20

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2015-16	171,855,943,160	1,519,643,764
2016-17	184,568,536,419	1,539,743,198
2017-18	197,952,598,205	1,716,496,079
2018-19	214,839,204,602	1,856,196,192
2019-20	220,959,568,982	1,958,849,099

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.

CASH MANAGEMENT PROGRAM

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

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

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

2020-21 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on June 9, 2020, the County issued the 2020-21 TRANs with an aggregate principal amount of $1,200,000,000 due on June 30, 2021. The 2020-21 TRANs are general obligations of the County attributable to Fiscal Year 2020-21 and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2020-21 for the purpose of repaying the 2020-21 TRANs on the June 30, 2021 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2019-20 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2019	$540,000,000
January, 2020	540,000,000
April, 2020	166,666,667
Total	$1,246,666,667

* Includes $1,200,000,000 of 2020-21 TRANs principal and 4.00% 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 from Fiscal Year 2015-16 to Fiscal Year 2019-20.

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

	2015-16	2016-17	2017-18	2018-19	2019-20
Property Taxes	$ 4,806,915	$ 5,077,037	$ 5,391,435	$ 5,863,749	$ 6,114,118
Other Taxes	215,228	225,297	224,051	237,801	217,568
Licenses, Permits and Franchises	58,908	60,487	62,683	63,675	69,060
Fines, Forfeitures and Penalties	182,298	178,105	178,502	182,212	195,093
Investment and Rental Income	165,037	178,804	232,312	279,386	247,094
State In-Lieu Taxes	356,888	303,768	205,293	174,428	339,802
State Homeowner Exemptions	19,892	19,673	19,312	18,797	18,536
Charges for Current Services	1,597,095	1,792,303	1,801,784	1,937,848	2,301,629
Other Revenue*	685,637	746,748	620,557	1,057,288	1,106,808
TOTAL UNRESTRICTED RECEIPTS	$ 8,087,898	$ 8,582,222	$ 8,735,929	$ 9,815,184	$ 10,609,708

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.

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 2018-19 and Fiscal Year 2019-20.

General Fund Cash Flow Statements

The Fiscal Year 2018-19 and Fiscal Year 2019-20 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2018-19, the County had an ending General Fund cash balance of $1.952 billion. In Fiscal Year 2019-20, the County had an ending General Fund cash balance of $1.914 billion.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of July 31, 2020, 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	$	12.848
Schools and Community Colleges		15.656
Independent Public Agencies		3.288
Total	$	31.792

Of these entities, the discretionary participants accounted for 10.34% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 31, 2020, 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 August 31, 2020, the book value of the Treasury Pool as of July 31, 2020 was approximately $31.792billion and the corresponding market value was approximately $31.886 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Internal Controls Branch (ICB) operates independently from the Investment Office and reconciles cash and investments to fund balances on a daily basis. ICB staff also reviews each investment trade for accuracy and compliance with the Board of Supervisor's adopted Investment Policy. On a quarterly basis, the County's external independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy, and reviews investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of July 31, 2020:

Type of Investment	% of Pool
Certificates of Deposit	4.88
U.S. Government and Agency Obligations	70.40
Bankers Acceptances	0.00
Commercial Paper	24.31
Municipal Obligations	0.09
Corporate Notes & Deposit Notes	0.32
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of July 31, 2020, approximately 39% of the investments mature within 60 days, with an average of 614 days to maturity for the entire portfolio.

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

FINANCIAL STATEMENTS-GAAP BASIS

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

The basic financial statements for the Fiscal Year ended June 30, 2019, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2019-20 Final Adopted Budget included an available General Fund balance of $2,089,840,000 as of June 30, 2019.

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 and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

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

- General Fund obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within a one -year period after 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 tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2018-19 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 after the fiscal year end. Under the modified accrual 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 modified accrual basis of accounting, the effects of such fair value changes have been recognized as a component of investment income.

- The County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis of accounting, the expenditures are adjusted to recognize the OPEB Agency assets as of June 30, 2019.

The tables below provide a reconciliation of the General Fund's June 30, 2019 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2014-15 to Fiscal Year 2018-19.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2019 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$2,089,840
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	197,462
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	170,034
Accrual of liabilities for accrued compensated absences not required by GAAP	92,574
Change in revenue accruals	40,029
Deferral of property tax receivables	(87,063)
Deferral of sale of tobacco settlement revenue	(217,518)
Change in fair value of Investments	(4,393)
Nonspendable long term receivable	(202,354)
Reserve for "Rainy Day" Fund	562,940
Unassigned Fund Balance - GAAP Basis	$2,641,551

COUNTY OF LOS ANGELES

BALANCE SHEET AT JUNE 30, 2015, 2016, 2017, 2018 and 2019
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
ASSETS					
Pooled Cash and Investments	$2,678,685	$3,181,151	$4,149,612	$4,386,386	$4,234,098
Other Investments	4,655	4,693	4,483	4,241	3,973
Taxes Receivable	157,215	148,485	159,429	173,423	190,819
Other Receivables	1,888,537	1,875,029	1,930,937	1,969,867	2,466,846
Due from Other Funds	460,987	322,883	308,556	665,194	757,525
Advances to Other Funds	434,849	395,511	167,179	124,840	634,848
Inventories	48,186	59,267	48,824	52,964	58,050
Total Assets	$5,673,114	$5,987,019	$6,769,020	$7,376,915	$8,346,159
LIABILITIES					
Accounts Payable	$410,671	$545,739	$600,827	$540,193	$636,560
Accrued Payroll	356,579	374,951	392,096	422,519	445,506
Other Payables	115,998	100,964	102,289	111,361	165,114
Due to Other Funds	271,800	146,886	126,140	208,100	212,300
Advances Payable	853,441	975,135	1,433,485	1,732,965	1,812,610
Third-Party Payor Liability	39,693	39,042	42,051	39,690	56,297
Total Liabilities	$2,048,182	$2,182,717	$2,696,888	$3,054,828	$3,328,387
DEFERRED INFLOWS OF RESOURCES	$435,109	$420,060	$421,159	$426,896	$583,763
FUND BALANCES					
Nonspendable	$272,384	$324,555	$212,281	$136,890	$311,958
Restricted	55,694	67,880	70,157	77,406	79,210
Committed	334,346	364,679	429,440	704,954	780,517
Assigned	491,954	446,579	494,783	480,065	620,773
Unassigned	2,035,445	2,180,549	2,444,312	2,495,876	2,641,551
Total Fund Balances	3,189,823	3,384,242	3,650,973	3,895,191	4,434,009
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,673,114	$5,987,019	$6,769,020	$7,376,915	$8,346,159

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2014-15 THROUGH 2018-19 (in thousands of $)

	2014-15	2015-16	2016-17	2017-18	2018-19
REVENUES:					
Taxes	$4,772,762	$5,003,124	$5,333,532	$5,655,160	$6,034,742
Licenses, Permits & Franchises	61,561	60,666	59,197	61,198	63,538
Fines, Forfeitures and Penalties	207,684	189,312	183,400	175,827	187,979
Use of Money and Property	141,816	186,443	155,878	189,399	366,116
Aid from Other Government	8,574,288	8,939,412	9,377,215	9,730,931	10,224,347
Charges for Services	1,491,656	1,651,883	1,800,657	1,751,140	2,505,049
Miscellaneous Revenues	204,966	159,346	172,055	162,610	169,320
TOTAL	$15,454,733	$16,190,186	$17,081,934	$17,726,265	$19,551,091
EXPENDITURES					
General	$1,155,070	$1,039,188	$1,159,100	$1,253,758	$1,284,824
Public Protection	5,136,461	5,418,926	5,546,279	5,618,266	5,893,865
Health and Sanitation	2,931,257	3,161,202	3,460,315	3,996,450	5,065,138
Public Assistance	5,682,198	5,892,530	6,034,942	6,260,375	6,501,712
Recreation and Cultural Services	304,895	321,414	341,272	364,316	386,217
Debt Service	27,060	29,600	31,079	33,559	37,519
Capital Outlay	866	547	63	5,161	1,586
Total	$15,237,807	$15,863,407	$16,573,050	$17,531,885	$19,170,861
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$216,926	$326,779	$508,884	$194,380	$380,230
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($131,647)	($133,714)	($243,604)	$43,178	$155,233
Sales of Capital Assets	870	807	1,388	1,499	1,769
Capital Leases	866	547	63	5,161	1,586
OTHER FINANCING SOURCES (USES)-Net	($129,911)	($132,360)	($242,153)	$49,838	$158,588
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	87,015	194,419	266,731	244,218	538,818
Beginning Fund Balance	3,102,808	3,189,823	3,384,242	3,650,973	3,895,191
Ending Fund Balance	$3,189,823	$3,384,242	$3,650,973	$3,895,191	$4,434,009

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2015, 2016, 2017, 2018 and 2019.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2018-19: 12 MONTHS ACTUAL
2019-20: 12 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2018-19
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 95,823	$ 58,321	$ 44,046	$ 523,298	$ 1,856,100	$ 2,908,353
Auditor Unapportioned Property Tax	428,157	109,751	132,676	183,373	571,425	2,374,829
Unsecured Property Tax	171,779	174,914	131,230	170,177	167,872	74,549
Miscellaneous Fees & Taxes	6,276	6,261	6,263	6,247	6,312	6,231
State Redemption Fund	26,128	40,386	41,000	47,904	41,068	24,551
Education Revenue Augmentation	39,444	119,213	40,967	720	18,571	497,904
State Reimbursement Fund	0	0	0	0	429	8,993
Sales Tax Replacement Fund	0	0	0	0	0	0
Vehicle License Fee Replacement Fund	0	0	143,040	183,760	184,462	196,831
Property Tax Rebate Fund	7,277	11,986	22,120	18,080	29,692	12,199
Utility User Tax Trust Fund	12,498	4,473	4,781	9,609	12,946	18,786
Subtotal	$ 787,382	$ 525,305	$ 566,123	$ 1,143,168	$ 2,888,877	$ 6,123,226
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 524,262	$ 616,649	$ 589,179	$ 574,915	$ 533,128	$ 469,179
Payroll Revolving Fund	56,488	38,650	45,118	41,145	35,277	56,212
Asset Development Fund	53,584	59,309	59,683	59,698	59,722	59,737
Productivity Investment Fund	7,797	7,671	7,653	7,458	7,301	7,109
Motor Vehicle Capital Outlays	594	688	713	713	713	673
Civic Center Parking	155	146	241	214	172	37
Reporters Salary Fund	537	363	634	530	466	227
Cable TV Franchise Fund	13,497	13,353	13,338	13,859	13,797	14,060
Megaflex Long-Term Disability	11,751	11,635	11,603	11,457	11,455	11,431
Megaflex Long-Term Disability & Health	11,772	11,844	11,936	12,017	12,101	12,202
Megaflex Short-Term Disability	58,087	58,378	58,654	58,923	59,173	59,548
Subtotal	$ 738,524	$ 818,686	$ 798,752	$ 780,929	$ 733,305	$ 690,415
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 9,880	$ (8,046)	$ 3,864	$ 18,249	$ (4,706)	$ 3,231
Olive View-UCLA Medical Center	30,183	9,417	3,514	21,041	10,592	6,027
LAC+USC Medical Center	9,868	15,942	1,916	22,815	8,585	1,900
	0	0	0	0	0	0
Rancho Los Amigos Rehab Center	(692)	(7,554)	584	6,215	7,694	4,078
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ 49,239	$ 9,759	$ 9,878	$ 68,320	$ 22,165	$ 15,236
GRAND TOTAL	**$ 1,575,145**	**$ 1,353,750**	**$ 1,374,753**	**$ 1,992,417**	**$ 3,644,347**	**$ 6,828,877**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	
						PROPERTY TAX GROUP
$ 1,083,544	$ 692,363	$ 947,783	$ 2,285,226	$ 842,277	$ 199,414	**Tax Collector Trust Fund**
1,331,532	945,011	711,383	1,613,184	972,152	177,327	**Auditor Unapportioned Property Tax**
72,570	69,847	63,778	49,121	65,635	102,600	**Unsecured Property Tax**
6,282	6,318	6,258	6,302	6,307	6,240	**Miscellaneous Fees & Taxes**
21,976	23,091	22,417	21,715	17,985	16,720	**State Redemption Fund**
460,340	218,012	35,106	376,848	315,705	257,839	**Education Revenue Augmentation**
17,157	1,088	1,088	2,090	19,133	8,005	**State Reimbursement Fund**
0	0	0	0	0	0	**Sales Tax Replacement Fund**
595,307	354,258	661,325	702,571	685,393	0	**Vehicle License Fee Replacement Fund**
23,657	15,161	11,668	19,200	18,154	13,525	**Property Tax Rebate Fund**
22,432	4,252	8,936	1,541	5,176	7,994	**Utility User Tax Trust Fund**
$ 3,634,797	$ 2,329,401	$ 2,469,742	$ 5,077,798	$ 2,947,917	$ 789,664	**Subtotal**
						VARIOUS TRUST GROUP
$ 457,910	$ 443,128	$ 470,522	$ 505,003	$ 486,048	$ 460,659	**Departmental Trust Fund**
41,220	36,012	43,410	72,529	66,943	73,739	**Payroll Revolving Fund**
59,899	60,166	60,369	60,453	60,546	60,733	**Asset Development Fund**
6,863	6,606	6,551	8,599	9,247	9,218	**Productivity Investment Fund**
647	626	603	603	616	621	**Motor Vehicle Capital Outlays**
269	212	99	288	166	74	**Civic Center Parking**
539	354	370	516	340	347	**Reporters Salary Fund**
14,107	13,947	14,342	14,164	14,007	14,422	**Cable TV Franchise Fund**
11,453	11,508	11,456	11,356	11,348	11,354	**Megaflex Long-Term Disability**
12,257	12,262	12,351	12,426	12,517	12,605	**Megaflex Long-Term Disability & Health**
59,902	60,257	60,848	61,527	62,086	62,526	**Megaflex Short-Term Disability**
$ 665,066	$ 645,078	$ 680,921	$ 747,464	$ 723,864	$ 706,298	**Subtotal**
						HOSPITAL GROUP
$ (1,271)	$ (3,097)	$ (2,869)	$ 6,941	$ 18	$ 4,620	**Harbor-UCLA Medical Center**
(2,098)	155	775	12,447	12,585	1,922	**Olive View-UCLA Medical Center**
8,064	3,736	3,490	7,595	6,997	2,141	**LAC + USC Medical Center**
0	0	0	0	0	0	**MLK Ambulatory Care Center**
3,050	398	23	(60)	27,808	35,449	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 7,745	$ 1,192	$ 1,419	$ 26,923	$ 47,408	$ 44,132	**Subtotal**
$ 4,307,608	**$ 2,975,671**	**$ 3,152,082**	**$ 5,852,185**	**$ 3,719,189**	**$ 1,540,094**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2019-20
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 139,285	$ 88,512	$ 63,541	$ 597,088	$ 2,152,970	$ 3,475,665
Auditor Unapportioned Property Tax	195,631	104,512	135,163	219,460	744,446	2,147,586
Unsecured Property Tax	178,530	180,300	139,744	176,267	155,727	78,956
Miscellaneous Fees & Taxes	6,222	6,250	6,237	6,270	6,255	6,244
State Redemption Fund	31,017	43,962	49,270	49,764	40,285	28,063
Education Revenue Augmentation	18,606	46,618	11,567	708	21,975	508,083
State Reimbursement Fund	0	0	0	0	1,683	8,808
Sales Tax Replacement Fund	0	0	0	0	0	0
Vehicle License Fee Replacement Fund	0	42,108	142,611	154,084	155,030	181,818
Property Tax Rebate Fund	9,561	15,714	8,458	12,589	15,490	9,676
Utility User Tax Trust Fund	1,664	978	4,356	8,366	6,575	9,903
Subtotal	$ 580,516	$ 528,954	$ 560,947	$ 1,224,596	$ 3,300,436	$ 6,454,802
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 494,637	$ 484,580	$ 480,858	$ 469,831	$ 447,544	$ 444,878
Payroll Revolving Fund	69,436	66,424	80,757	68,960	64,501	87,017
Asset Development Fund	60,868	50,835	49,283	49,525	49,600	49,666
Productivity Investment Fund	9,114	9,046	8,978	8,873	8,750	8,418
Motor Vehicle Capital Outlays	610	612	709	709	709	685
Civic Center Parking	105	207	162	70	232	93
Reporters Salary Fund	389	350	429	359	462	527
Cable TV Franchise Fund	14,267	13,880	14,338	14,315	14,314	14,633
Megaflex Long-Term Disability	11,314	11,303	11,268	11,144	11,091	11,044
Megaflex Long-Term Disability & Health	12,691	12,771	12,876	12,928	13,015	13,112
Megaflex Short-Term Disability	62,791	63,006	63,416	63,811	64,180	64,790
Subtotal	$ 736,222	$ 713,014	$ 723,074	$ 700,525	$ 674,398	$ 694,863
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 19,034	$ (2,483)	$ (418)	$ 18,473	$ 5,100	$ (4,237)
Olive View-UCLA Medical Center	13,355	9,992	743	117,435	111,010	36,968
LAC+USC Medical Center	(7,190)	11,940	7,597	17,093	12,142	7,950
MLK Ambulatory Care Center	0	0	0	0	0	0
Rancho Los Amigos Rehab Center	16,443	(1,480)	925	37,010	19,500	506
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ 41,642	$ 17,969	$ 8,847	$ 190,011	$ 147,752	$ 41,187
GRAND TOTAL	**$ 1,358,380**	**$ 1,259,937**	**$ 1,292,868**	**$ 2,115,132**	**$ 4,122,586**	**$ 7,190,852**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	
						PROPERTY TAX GROUP
$ 1,090,022	$ 725,213	$ 880,307	$ 2,881,400	$ 1,183,379	269,063	**Tax Collector Trust Fund**
1,322,632	857,678	805,522	1,312,206	884,051	523,571	**Auditor Unapportioned Property Tax**
74,769	68,946	66,821	48,254	64,048	92,432	**Unsecured Property Tax**
6,302	6,331	6,342	6,366	6,211	3,885	**Miscellaneous Fees & Taxes**
26,022	24,016	17,714	18,318	19,937	15,300	**State Redemption Fund**
1,072,832	341,836	23,546	343,066	242,547	261,479	**Education Revenue Augmentation**
15,862	1,029	1,029	2,012	19,722	7,390	**State Reimbursement Fund**
0	0	0	0	0	0	**Sales Tax Replacement Fund**
(33,746)	218,727	657,313	687,570	739,910	0	**Vehicle License Fee Replacement Fund**
8,024	9,060	10,772	18,969	8,396	11,083	**Property Tax Rebate Fund**
13,127	16,063	7,617	10,602	11,685	12,215	**Utility User Tax Trust Fund**
$ 3,595,846	$ 2,268,899	$ 2,476,983	$ 5,328,763	$ 3,179,886	$ 1,196,418	**Subtotal**
						VARIOUS TRUST GROUP
$ 466,511	$ 486,572	$ 506,395	$ 502,838	$ 505,530	503,972	**Departmental Trust Fund**
68,964	74,858	80,745	67,585	67,254	65,547	**Payroll Revolving Fund**
49,705	49,788	49,842	50,377	50,138	50,229	**Asset Development Fund**
8,401	8,376	8,285	8,276	7,954	9,511	**Productivity Investment Fund**
678	652	613	599	599	599	**Motor Vehicle Capital Outlays**
283	179	19	12	82	247	**Civic Center Parking**
513	457	368	509	543	523	**Reporters Salary Fund**
14,485	14,436	14,746	14,645	14,474	14,826	**Cable TV Franchise Fund**
11,059	11,125	11,109	11,102	11,102	11,139	**Megaflex Long-Term Disability**
13,148	13,140	13,220	13,310	13,392	13,490	**Megaflex Long-Term Disability & Health**
65,245	65,948	66,594	66,991	67,315	68,011	**Megaflex Short-Term Disability**
$ 698,992	$ 725,531	$ 751,936	$ 736,244	$ 738,383	$ 738,094	**Subtotal**
						HOSPITAL GROUP
$ 6,569	$ 3,473	$ 3,606	$ 1,602	$ 3,606	18,480	**Harbor-UCLA Medical Center**
8,042	2,530	5,719	19,955	35,256	40,510	**Olive View-UCLA Medical Center**
(6,099)	6,363	8,356	386	26,333	53,046	**LAC + USC Medical Center**
0	0	0	0	0	0	**MLK Ambulatory Care Center**
(272)	1,490	546	1,103	535	1,978	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 8,240	$ 13,856	$ 18,227	$ 23,046	$ 65,730	$ 114,014	**Subtotal**
$ 4,303,078	**$ 3,008,286**	**$ 3,247,146**	**$ 6,088,053**	**$ 3,983,999**	**$ 2,048,526**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2018-19: 12 MONTHS ACTUAL
2019-20: 12 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2018-19
(in thousands of $)

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018
BEGINNING BALANCE	$ 2,358,936	$ 2,076,959	$ 1,846,102	$ 1,035,639	$ 679,155	$ 600,424
RECEIPTS						
Property Taxes	$ 98,925	$ 125,803	$ 0	$ 1,718	$ 53,409	$ 1,388,009
Other Taxes	16,883	20,935	29,088	7,873	20,730	14,277
Licenses, Permits & Franchises	3,785	2,600	4,448	3,638	5,988	3,805
Fines, Forfeitures & Penalties	31,954	20,215	7,750	7,890	13,993	7,921
Investment and Rental Income	27,374	23,547	18,772	15,966	33,976	17,032
Motor Vehicle (VLF) Realignment	0	(209,978)	45,369	36,140	61,201	31,105
Sales Taxes - Proposition 172	78,011	65,649	61,099	59,695	77,326	58,890
1991 Program Realignment	0	138,342	66,180	58,382	87,458	59,399
Other Intergovernmental Revenue	117,776	513,896	120,208	189,254	473,094	160,192
Charges for Current Services	33,554	236,876	98,403	178,379	118,838	131,327
Other Revenue & Tobacco Settlement	100,063	69,216	36,467	28,237	157,653	79,482
Transfers & Reimbursements	11,964	825	(61)	7,226	47,482	10,472
Hospital Loan Repayment*	0	109,607	0	292,307	90,820	0
Welfare Advances	375,468	345,083	473,683	332,316	401,070	546,766
Other Financing Sources/MHSA	3,417	224,561	23,149	3,764	34,446	61,323
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 1,599,174	$ 1,687,177	$ 984,555	$ 1,222,785	$ 1,677,484	$ 2,570,000
DISBURSEMENTS						
Welfare Warrants	$ 193,595	$ 191,403	$ 192,469	$ 187,159	$ 184,333	$ 183,458
Salaries	515,304	521,680	514,319	509,336	539,810	609,681
Employee Benefits	330,234	335,420	318,364	337,161	332,605	339,019
Vendor Payments	724,498	476,188	420,230	424,365	390,489	393,251
Loans to Hospitals*	0	0	264,020	32,497	238,367	372,083
Hospital Subsidy Payments	51,660	324,449	56,854	0	60,507	0
Transfer Payments	65,860	68,894	28,762	88,751	10,104	47,719
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,881,151	$ 1,918,034	$ 1,795,018	$ 1,579,269	$ 1,756,215	$ 2,260,211
	$ 2,076,959	**$ 1,846,102**	**$ 1,035,639**	**$ 679,155**	**$ 600,424**	**$ 910,213**
Borrowable Resources (Avg. Balance)	$ 1,575,145	$ 1,353,750	$ 1,374,753	$ 1,992,417	$ 3,644,347	$ 6,828,877
Total Cash Available	$ 3,652,104	$ 3,199,852	$ 2,410,392	$ 2,671,572	$ 4,244,771	$ 7,739,090

* The net change in the outstanding Hospital Loan Balance is an increase of $429 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	Total 2018-19	
$ 910,213	$ 1,140,594	$ 1,023,697	$ 149,330	$ 734,180	$ 1,790,497		**BEGINNING BALANCE**
							RECEIPTS
$ 1,367,759	$ 230,352	$ 17,410	$ 1,007,328	$ 1,248,905	$ 324,131	$ 5,863,749	Property Taxes
15,541	33,837	12,117	24,203	15,018	27,299	237,801	Other Taxes
2,576	3,999	7,452	15,413	5,843	4,128	63,675	Licenses, Permits & Franchises
8,189	23,070	14,161	8,782	28,750	9,537	182,212	Fines, Forfeitures & Penalties
18,915	22,394	20,224	20,506	36,354	24,326	279,386	Investment and Rental Income
36,301	44,308	33,298	34,286	36,055	26,343	174,428	Motor Vehicle (VLF) Realignment
60,233	89,455	60,470	52,513	71,430	61,969	796,740	Sales Taxes - Proposition 172
61,317	93,650	62,467	52,883	73,777	63,702	817,557	1991 Program Realignment
237,425	313,251	187,039	137,575	429,905	318,926	3,198,541	Other Intergovernmental Revenue
316,035	136,861	140,255	188,859	130,943	227,518	1,937,848	Charges for Current Services
45,545	58,015	115,120	150,716	78,223	138,551	1,057,288	Other Revenue & Tobacco Settlement
10,390	4,399	5,786	14,104	9,219	37,145	158,951	Transfers & Reimbursements
285,146	183,688	0	360,728	585,573	141,461	2,049,330	Hospital Loan Repayment*
310,021	352,546	510,067	429,009	244,724	596,375	4,917,128	Welfare Advances
34,212	36,621	43,599	49,665	34,061	60,688	609,506	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$ 2,809,605	$ 1,626,446	$ 1,229,465	$ 2,546,570	$ 3,028,780	$ 2,062,099	$ 23,044,140	Total Receipts
							DISBURSEMENTS
$ 472,975	$ 182,800	$ 262,585	$ 231,695	$ 249,796	$ 261,626	$ 2,793,894	Welfare Warrants
557,253	538,365	531,352	551,155	520,527	531,028	6,439,810	Salaries
382,007	336,634	363,169	339,723	340,557	335,324	4,090,217	Employee Benefits
471,317	369,045	549,156	431,223	528,339	486,307	5,664,408	Vendor Payments
295,009	220,823	362,586	186,065	257,871	249,034	2,478,355	Loans to Hospitals*
(2,901)	82,674	0	0	(10,196)	26,830	589,877	Hospital Subsidy Payments
88,564	13,002	34,984	124,170	85,569	9,946	666,325	Transfer Payments
315,000	0	0	97,689	0	0	727,689	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 2,579,224	$ 1,743,343	$ 2,103,832	$ 1,961,720	$ 1,972,463	$ 1,900,095	$ 23,450,575	Total Disbursements
$ 1,140,594	**$ 1,023,697**	**$ 149,330**	**$ 734,180**	**$ 1,790,497**	**$ 1,952,501**		**ENDING BALANCE**
$ 4,307,608	$ 2,975,671	$ 3,152,082	$ 5,852,185	$ 3,719,189	$ 1,540,094		Borrowable Resources (Avg. Balance)
$ 5,448,202	$ 3,999,368	$ 3,301,412	$ 6,586,365	$ 5,509,686	$ 3,492,595		**Total Cash Available**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2019-20
(in thousands of $)

	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019
BEGINNING BALANCE	$ 1,952,501	$ 1,724,091	$ 1,359,182	$ 424,086	$ 727,072	$ 410,347
RECEIPTS						
Property Taxes	$ 55,174	$ 128,180	$ 0	$ 0	$ 62,079	$ 1,489,006
Other Taxes	18,457	17,535	16,420	15,991	26,328	12,668
Licenses, Permits & Franchises	3,649	3,673	4,162	1,760	5,413	2,133
Fines, Forfeitures & Penalties	34,969	18,637	8,436	9,017	18,117	8,448
Investment and Rental Income	27,900	23,040	16,560	18,428	25,428	14,866
Motor Vehicle (VLF) Realignment	0	(42,792)	45,260	38,294	55,448	32,526
Sales Taxes - Proposition 172	75,593	63,224	63,890	64,380	77,931	63,859
1991 Program Realignment	0	127,634	75,739	71,651	85,194	70,678
Other Intergovernmental Revenue	156,214	330,941	156,168	306,424	386,687	282,258
Charges for Current Services	192,155	234,942	83,988	238,311	141,006	263,659
Other Revenue & Tobacco Settlement	69,466	128,318	40,960	98,082	81,863	141,155
Transfers & Reimbursements	1,682	(836)	782	6,007	23,658	36,733
Hospital Loan Repayment*	0	149,121	0	819,471	0	34,024
Welfare Advances	354,144	197,841	584,883	382,821	346,052	628,723
Other Financing Sources/MHSA	175,063	87,352	50	0	93,917	52,514
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 1,864,466	$ 1,466,810	$ 1,097,298	$ 2,070,637	$ 1,429,121	$ 3,133,250
DISBURSEMENTS						
Welfare Warrants	$ 194,253	$ 193,655	$ 200,668	$ 208,021	$ 202,782	$ 207,507
Salaries	539,331	554,279	537,101	535,703	546,055	576,288
Employee Benefits	339,469	352,356	347,466	355,342	346,681	377,670
Vendor Payments	728,562	492,468	440,402	564,580	476,207	588,563
Loans to Hospitals*	0	0	287,410	64,350	28,908	355,304
Hospital Subsidy Payments	240,766	208,020	180,367	(69,424)	78,416	26,064
Transfer Payments	50,495	30,941	38,980	109,079	66,797	7,264
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,092,876	$ 1,831,719	$ 2,032,394	$ 1,767,651	$ 1,745,846	$ 2,453,660
ENDING BALANCE	**$ 1,724,091**	**$ 1,359,182**	**$ 424,086**	**$ 727,072**	**$ 410,347**	**$ 1,089,937**
Borrowable Resources (Avg. Balance)	$ 1,358,380	$ 1,259,937	$ 1,292,868	$ 2,115,132	$ 4,122,586	$ 7,190,852
Total Cash Available	$ 3,082,471	$ 2,619,119	$ 1,716,954	$ 2,842,204	$ 4,532,933	$ 8,280,789

* The net change in the outstanding Hospital Loan Balance is a decrease of $421.8 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	Total 2019-20	
$ 1,089,937	$ 1,594,897	$ 951,668	$ 48,617	$ 895,841	$ 1,388,588		**BEGINNING BALANCE**
							RECEIPTS
$ 1,460,562	$ 221,789	$ 16,779	$ 1,094,142	$ 1,126,603	$459,874.0	$ 6,114,188	Property Taxes
17,688	15,158	23,049	14,372	15,910	23,992.0	217,568	Other Taxes
2,664	4,310	4,791	12,804	8,200	15,501.0	69,060	Licenses, Permits & Franchises
9,044	23,610	13,594	9,260	22,036	19,925.0	195,093	Fines, Forfeitures & Penalties
21,552	17,536	15,400	24,291	23,601	18,492.0	247,094	Investment and Rental Income
37,047	43,599	33,492	32,392	30,130	34,406.0	339,802	Motor Vehicle (VLF) Realignment
64,893	91,344	58,744	51,909	55,297	48,136.0	779,200	Sales Taxes - Proposition 172
72,155	101,092	65,637	58,242	61,710	53,721.0	843,453	1991 Program Realignment
144,005	254,595	270,991	216,455	345,318	618,016.0	3,468,072	Other Intergovernmental Revenue
331,118	128,023	119,926	266,876	103,166	198,459.0	2,301,629	Charges for Current Services
100,837	(23,355)	140,769	210,227	42,559	75,927.0	1,106,808	Other Revenue & Tobacco Settlement
8,664	6,583	8,708	20,955	8,687	21,356.0	142,979	Transfers & Reimbursements
116,682	97,465	230,911	268,910	132,123	159,460.0	2,008,167	Hospital Loan Repayment*
368,703	323,891	541,010	345,669	366,526	521,248.0	4,961,511	Welfare Advances
32,737	35,979	462	81,116	13,315	98,424.0	670,929	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$ 2,788,351	$ 1,341,619	$ 1,544,263	$ 2,707,620	$ 2,355,181	$ 2,366,937	$ 24,165,553	Total Receipts
							DISBURSEMENTS
$ 207,440	$ 492,295	$ 365,412	$ 258,190	$ 264,903	$273,554.0	$ 3,068,680	Welfare Warrants
587,379	572,796	558,890	575,348	541,223	555,852.0	6,680,245	Salaries
382,667	359,617	367,232	357,641	353,390	347,367.0	4,286,898	Employee Benefits
554,845	422,754	813,523	416,501	463,738	601,039.0	6,563,182	Vendor Payments
121,598	24,698	325,827	58,983	167,622	21,812.0	1,456,512	Loans to Hospitals*
2,807	108,925	0	(7,972)	0	25,784.0	793,753	Hospital Subsidy Payments
111,655	3,763	16,430	96,802	71,558	15,921.0	619,685	Transfer Payments
315,000	0	0	104,903	0	0.0	734,903	TRANs Pledge Transfer
0	0	0	0	0	0.0	0	Intrafund Repayment
$ 2,283,391	$ 1,984,848	$ 2,447,314	$ 1,860,396	$ 1,862,434	$ 1,841,329	$ 24,203,858	Total Disbursements
$ 1,594,897	**$ 951,668**	**$ 48,617**	**$ 895,841**	**$ 1,388,588**	**$ 1,914,196**		**ENDING BALANCE**
$ 4,303,078	$ 3,008,286	$ 3,247,146	$ 6,088,053	$ 3,983,999	$ 2,048,526		Borrowable Resources (Avg. Balance)
$ 5,897,975	$ 3,959,954	$ 3,295,763	$ 6,983,894	$ 5,372,587	$ 3,962,722		**Total Cash Available**

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, 2020, approximately $2.129 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $1.069 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining $1.060 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2020-21.

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

2020-21 Payments

Funding Source	2020-21 Payment
Total 2020-21 Payment Obligations	$169,902,681
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	63,122,739
Courthouse Construction Funds	14,997,342
Special Districts/Special Funds	3,145,405
Net 2020-21 General Fund Obligations	$88,637,196

Source: Los Angeles County Auditor-Controller

As of July 1, 2020, the County has $1.530[] billion of outstanding short-term obligations, which includes $1.200 million in TRANs, $5.0 million in Bond Anticipation Notes, and $324.8 million in Lease Revenue Tax-exempt Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of July 1, 2020 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$1,200,000
Bond Anticipation Notes	5,000
Lease Revenue Notes	324,790
Intermediate & Long-Term Obligations	2,132,970
Total Outstanding Principal	$3,662,760

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 June 9, 2020, the County issued $1.2 billion of TRANs for Fiscal Year 2020-21 on July 10, 2020. The 2020-21 TRANs will mature on June 30, 2021. The TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2020-21, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2020-21 and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance date from the proceeds of long-term bonds or other available funds. The repayment of the BANs is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of July 1, 2020, $5.0 million in BANs were outstanding.

Lease Revenue Note Program

In April 2019, the County successfully closed a restructuring of the Lease Revenue Note Program (the "Note Program"). 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. Under the restructured Note Program, the County is authorized to issue up to $600 million in aggregate principal amount of short-term commercial paper notes supported by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by Bank of the West (Series A - $100 million); U.S. Bank (Series B - $200 million); Wells Fargo (Series C - $200 million) and State Street (Series D - $100 million). The maximum aggregate principal amount of $600 million represents an increase of $100 million from the previous Note Program.

The Note Program is secured by a lease-revenue financing structure between LAC-CAL and the County, and a portfolio of fifteen County-owned properties pledged as collateral to secure the credit facilities. The four LOCs, which are scheduled to terminate on April 30, 2024, provide credit enhancement and liquidity support for both tax-exempt and taxable commercial paper notes. The commercial paper notes issued through the Note Program will continue to finance construction costs for various capital projects throughout the County. As of July 1, 2020, $324.8 million of commercial paper notes are outstanding.

In June 2019, the County issued $117.5 million of tax-exempt commercial paper notes to finance the remaining balance of its $125 million contribution to the Los Angeles County Museum of Art (LACMA) Building for the Permanent Collection Project (the "LACMA Project"), which was approved by the Board of Supervisors on April 9, 2019. The $650 million LACMA Project will be funded through the $125 million County contribution and a LACMA private fundraising campaign. Based on the current financing plan for the LACMA Project, the County intends to issue $425 million of long-term lease revenue bonds in the fall of 2020 to refinance its $125 million contribution and to generate $300 million of additional proceeds to finance construction costs. LACMA will be responsible for the payment of debt service costs on the $300 million component of this financing through its private fundraising campaign.

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, 2020, approximately $2.129 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The Fiscal Year 2020-21 Final Adopted Budget includes sufficient appropriations to fund the debt service on the County's lease payment obligations. 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 Roll") increased from 0.112% in Fiscal Year 2018-19 to 0.121% in Fiscal Year 2019-20. The following table provides the ratio of the General Fund's outstanding debt to the Net Local 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
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%
2014-15	1,576,510,029	1,191,806,972,618	0.132%
2015-16	1,633,835,517	1,264,906,464,546	0.129%
2016-17	1,785,310,693	1,335,525,121,301	0.134%
2017-18	1,761,081,064	1,416,125,372,989	0.124%
2018-19	1,695,142,404	1,509,888,186,608	0.112%
2019-20	1,935,946,630	1,604,296,790,020	0.121%

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "2006 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 2006 Tobacco Bonds are secured by the 25.9% portion of the annual TSRs and are not considered a debt obligation of the County. On June 10, 2020, the Agency issued $349.6 million of Tobacco Settlement Bonds (the "2020 Tobacco Settlement Bonds") on behalf of the County to fully refund the 2006 Tobacco Bonds. The 2020 Tobacco Settlement Bonds are projected to generate approximately $102 million of net present value savings, or 26% interest cost savings from the 2006 Tobacco Bonds, and significantly mitigate the risk of future default that existed with the 2006 Tobacco Bonds. The actual amount of savings will depend on various factors, including future smoking participation rates, the volume of cigarette shipments from the participating manufacturers, inflation and other factors pursuant to the terms of the Master Settlement Agreement.

DPSS Lease Obligations

From 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 the construction of 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 debt securities. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations is $184.5 million as of July 1, 2020.

Vermont Corridor Project

The County, working in conjunction with the Community Development Commission (CDC), is developing County-owned property in the area known as the "Vermont Corridor" in the City of Los Angeles. The Vermont Corridor Project includes the development of three sites in the Vermont Corridor area, including: Site 1 – new Department of Mental Health (DMH) headquarters facility and parking garage; Site 2 – mixed-use market rate housing; and Site 3 – affordable senior housing. On July 26, 2018, the County financed the Site 1 project with the issuance of $302.3 million of lease revenue bonds through a not-for-profit special purpose entity, Los Angeles County Facilities, Inc., which will also serve as the construction and facility manager for the project. The development of Site 2 and Site 3 will be financed with private capital provided through TC LA Development, Inc., the private developer for the Vermont Corridor Project.

2019 Lease Revenue Bonds

On August 29, 2019, the County issued $251.9 million of long-term lease revenue bonds to refinance $318.75 million of outstanding commercial paper notes that were used as the initial financing vehicle for multiple capital projects, which include the East Antelope Valley Animal Care Center, Martin Luther King Jr. Medical Campus Parking Structure, Rancho Los Amigos National Rehabilitation Center, Fire Station 143, Music Center Plaza Improvement Project, and the Los Angeles County Probation Department Building Renovation. The 2019 Lease Revenue Bonds are scheduled to mature on December 1, 2049.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2020

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE

CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF JULY 1, 2020

SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS

REPORTS AS OF JULY 1, 2020

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2020

Fiscal Year		General Fund		Hospital Enterprise Fund		Courthouse Construction Fund		Special Districts / Special Funds		Total Annual Debt Service
2020-21	$	88,637,196		63,122,739		14,997,342		3,145,405		169,902,681
2021-22	$	89,250,491		62,861,984		14,991,788		3,150,202		170,254,465
2022-23	$	91,862,089		62,860,002		14,991,568		3,144,329		172,857,988
2023-24	$	69,085,820		62,848,890		14,985,583		3,146,774		150,067,066
2024-25	$	69,084,164		62,846,563		14,971,366		3,148,505		150,050,599
2025-26	$	69,076,666		62,832,173		14,968,875		3,148,054		150,025,767
2026-27	$	69,067,776		62,831,691		14,959,875		3,147,162		150,006,503
2027-28	$	68,981,686		62,822,128		14,947,750		3,149,698		149,901,261
2028-29	$	68,683,531		62,814,703		14,945,875		3,150,882		149,594,991
2029-30	$	68,461,779		62,801,410		14,937,625		3,146,166		149,346,979
2030-31	$	68,451,960		62,782,701		8,340,500		3,144,540		142,719,701
2031-32	$	68,450,107		62,777,780		8,336,375		3,147,850		142,712,112
2032-33	$	68,437,562		62,775,426		6,115,375		3,144,147		140,472,510
2033-34	$	68,432,491		62,758,096		6,119,250		3,148,630		140,458,466
2034-35	$	67,256,579		62,747,455		-		3,152,169		133,156,202
2035-36	$	67,252,174		62,733,641		-		3,143,480		133,129,296
2036-37	$	67,237,963		62,723,620		-		3,148,680		133,110,263
2037-38	$	67,231,994		62,718,866		-		3,147,383		133,098,244
2038-39	$	67,218,169		62,698,191		-		3,148,133		133,064,494
2039-40	$	67,212,844		62,685,789		-		3,152,034		133,050,668
2040-41	$	67,204,535		62,679,761		-		3,149,476		133,033,772
2041-42	$	46,584,075		32,385,225		-		3,148,925		82,118,225
2042-43	$	46,585,825		32,386,218		-		3,151,732		82,123,775
2043-44	$	46,593,200		12,444,375		-		1,182,250		60,219,825
2044-45	$	46,583,775		12,438,250		-		1,184,875		60,206,900
2045-46	$	37,384,950		12,438,625		-		375,500		50,199,075
2046-47	$	21,481,050		12,439,125		-		375,125		-
2047-48	$	21,485,300		12,438,500		-		374,000		-
2048-49	$	21,478,650		12,440,375		-		377,000		-
2049-50	$	21,483,125		12,438,375		-		374,125		-
2050-51	$	18,140,375		-		-		-		-
2051-52	$	18,132,250		-		-		-		-
Total	$	1,842,510,153	$	1,470,572,676	$	178,609,147	$	76,647,231	$	3,568,339,206

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2020

Fiscal Year		General Fund		Hospital Enterprise Fund		Courthouse Construction Fund		Special Districts / Special Funds		Total Outstanding Principal
2020-21	$	1,069,480,942	$	879,582,303	$	135,205,000	$	44,772,435	$	2,129,040,679
2021-22		1,038,674,023		857,547,455		126,135,000		43,780,777		2,066,137,255
2022-23		997,633,559		834,858,047		116,790,000		42,740,498		1,992,022,104
2023-24		952,027,302		811,194,623		107,130,000		41,649,357		1,912,001,281
2024-25		927,304,815		786,473,906		97,130,000		40,501,008		1,851,409,729
2025-26		901,386,357		760,573,269		86,730,000		39,292,763		1,787,982,389
2026-27		874,191,235		733,384,690		75,825,000		38,023,277		1,721,424,202
2027-28		845,650,089		704,840,160		64,370,000		36,684,859		1,651,545,108
2028-29		815,772,909		674,864,829		52,340,000		35,280,717		1,578,258,455
2029-30		784,696,152		643,400,239		39,695,000		33,803,609		1,501,595,000
2030-31		752,276,720		610,357,435		26,410,000		32,255,845		1,421,300,000
2031-32		718,214,828		575,664,539		19,210,000		30,625,633		1,343,715,000
2032-33		682,520,098		539,215,964		11,645,000		28,913,939		1,262,295,000
2033-34		645,095,124		500,936,356		5,970,000		27,113,519		1,179,115,000
2034-35		605,779,529		460,743,785		-		25,216,686		1,091,740,000
2035-36		565,715,780		418,560,333		-		23,228,887		1,007,505,000
2036-37		523,746,347		374,331,290		-		21,152,363		919,230,000
2037-38		479,777,750		327,953,273		-		18,973,977		826,705,000
2038-39		433,746,190		279,403,219		-		16,695,591		729,845,000
2039-40		385,611,097		228,657,077		-		14,301,826		628,570,000
2040-41		335,288,169		175,586,324		-		11,790,508		522,665,000
2041-42		282,685,000		120,082,845		-		9,157,155		411,925,000
2042-43		248,680,000		92,966,371		-		6,388,629		348,035,000
2043-44		212,920,000		64,490,000		-		3,485,000		280,895,000
2044-45		175,330,000		55,040,000		-		2,450,000		232,820,000
2045-46		135,885,000		45,105,000		-		1,360,000		182,350,000
2046-47		103,990,000		34,660,000		-		1,045,000		-
2047-48		86,905,000		23,680,000		-		715,000		-
2048-49		69,095,000		12,135,000		-		365,000		-
2049-50		50,530,000		-		-		-		-
2050-51		34,525,000		-		-		-		-
2051-52		17,690,000		-		-		-		-

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2020

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	$ 9,625,000	$ 9,625,000			
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,894,862	$ 1,894,862			
Patriotic Hall Renovation	3,059,860	3,059,860			
Hall of Justice Rehabilitation	15,796,582	15,796,582			
Olive View Medical Center ER/TB Unit	3,525,758		$ 3,525,758		
Olive View Medical Center Seismic	1,452,474		1,452,474		
Harbor/UCLA Surgery/ Emergency	22,094,042		22,094,042		
Harbor/UCLA Seismic Retrofit	3,406,995		3,406,995		
Total 2010 Multiple Capital Projects I, Series B	$ 51,230,571	$ 20,751,303	$ 30,479,268	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 595,899	$ 595,899			
2012 Refg COPs: Disney Parking Project	$ 11,253,500	$ 11,253,500			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,843,122		$ 8,843,122		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,764,965		10,764,965		
Martin Luther King Jr. Data Center	341,883		341,883		
Fire Station 128	297,009				$ 297,009
Fire Station 132	480,380				480,380
Fire Station 150	745,105				745,105
Fire Station 156	442,285				442,285
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,914,750	$ 0	$ 19,949,970	$ 0	$ 1,964,780
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,194,500	$ 9,194,500			
Manhattan Beach Library	805,375				$ 805,375
Total 2015 Multiple Capital Projects, Series A	$ 9,999,875	$ 9,194,500	$ 0	$ 0	$ 805,375
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 3,263,875	$ 3,263,875			
LAX Area Courthouse	2,533,000			$ 2,533,000	
Chatsworth Courthouse	2,124,500			2,124,500	
Total 2015 Multiple Capital Projects, Series B	$ 7,921,375	$ 3,263,875	$ 0	$ 4,657,500	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 10,339,842			$ 10,339,842	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 15,907,344	$ 15,907,344			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 14,156,700	$ 14,156,700			
Vermont Corridor Administration Building, Series B (Federally Taxable)	165,750	165,750			
Total 2018 Vermont Corridor Series A & B	$ 14,322,450	$ 14,322,450	$ 0	$ 0	$ 0
2019 Lease Reveneue Bonds Series E-1					
East Antelope Valley Animal Shelter	$ 867,550	$ 867,550			
Probation Department Building	1,316,575	1,316,575			
Music Center Plaza	1,160,975	1,160,975			
Rancho Los Amigos NRC	10,369,225		$ 10,369,225		
Fire Station 143	375,250				$ 375,250
Total 2019 Lease Revenue Bonds Series E-1	$ 14,089,575	$ 3,345,100	$ 10,369,225	$ 0	$ 375,250
2019 Lease Revenue Bonds Series E-2					
MLK Medical Campus Parking Structure	$ 2,072,125		$ 2,072,125		
Total Long-Term Obligations	$ 169,272,307	$ 88,258,971	$ 62,870,589	$ 14,997,342	$ 3,145,405
Intermediate-Term Obligations					
Equipment					
2017 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 630,375	$ 378,225	$ 252,150		
Total Intermediate-Term Obligations	$ 630,375	$ 378,225	$ 252,150	$ 0	$ 0
Total Obligations	$ 169,902,682	$ 88,637,196	$ 63,122,739	$ 14,997,342	$ 3,145,405

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, 2020

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	$ 1,483,886	$ 1,483,886			
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			
Hall of Justice Rehabilitation	212,141,438	212,141,438			
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		
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)	$ 4,686,793	$ 4,686,793			
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	$ 123,738,544		$ 123,738,544		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	150,630,175		150,630,175		
Martin Luther King Jr. Data Center	4,783,846		4,783,846		
Fire Station 128	4,155,938				$ 4,155,938
Fire Station 132	6,721,778				6,721,778
Fire Station 150	10,425,984				10,425,984
Fire Station 156	6,188,734				6,188,734
Total 2012 Multiple Capital Projects II, Series 2012	$ 306,645,000	$ 0	$ 279,152,565	$ 0	$ 27,492,435
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 131,240,000	$ 131,240,000			
Manhattan Beach Library	11,525,000				$ 11,525,000
Total 2015 Multiple Capital Projects, Series A	$ 142,765,000	$ 131,240,000	$ 0	$ 0	$ 11,525,000
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 6,290,000	$ 6,290,000			
LAX Area Courthouse	50,660,000			$ 50,660,000	
Chatsworth Courthouse	42,490,000			42,490,000	
Total 2015 Lease Revenue Refunding Bonds, Series B	$ 99,440,000	$ 6,290,000	$ 0	$ 93,150,000	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 42,055,000			$ 42,055,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 242,330,000	$ 242,330,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 297,280,000	$ 297,280,000			
Vermont Corridor Administration Building, Series B (Federally Taxable)	5,100,000	5,100,000			
Total 2018 Vermont Corridor Series A & B	$ 302,380,000	$ 302,380,000	$ 0	$ 0	$ 0
2019 Lease Reveneue Bonds Series E-1					
East Antelope Valley Animal Shelter	$ 13,265,000	$ 13,265,000			
Probation Department Building	20,205,000	20,205,000			
Music Center Plaza	17,875,000	17,875,000			
Rancho Los Amigos NRC	158,850,000		$ 158,850,000		
Fire Station 143	5,755,000				$ 5,755,000
Total 2019 Lease Revenue Bonds Series E-1	$ 215,950,000	$ 51,345,000	$ 158,850,000	$ 0	$ 5,755,000
2019 Lease Revenue Bonds Series E-2					
MLK Medical Campus Parking Structure	$ 32,010,000		$ 32,010,000		
Total Long-Term Obligations	$ 2,128,425,679	$ 1,069,111,942	$ 879,336,303	$ 135,205,000	$ 44,772,435
Intermediate-Term Obligations					
Equipment					
2017 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 615,000	$ 369,000	$ 246,000		
Total Intermediate-Term Obligations	$ 615,000	$ 369,000	$ 246,000	$ 0	$ 0
Total Obligations	$ 2,129,040,679	$ 1,069,480,942	$ 879,582,303	$ 135,205,000	$ 44,772,435

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

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF July 1, 2020

Title	Outstanding Principal	Total Future Payments		2020-21 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 1,483,886	$ 9,625,000		$ 9,625,000
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,072,923,901	(1)	51,230,571
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	4,686,793	4,898,330	(1)	595,899
2012 Refg COPs: Disney Parking Project	50,675,000	55,763,000		11,253,500
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	306,645,000	503,988,225		21,914,750
2015 Multiple Capital Projects, Series A	142,765,000	250,095,875		9,999,875
2015 Lease Revenue Refunding Bonds Series B	99,440,000	139,829,000		7,921,375
2015 Lease Revenue Refunding Bonds Series C (Taxable)	42,055,000	45,390,647		10,339,842
2016 Lease Revenue Bonds Series D	242,330,000	413,531,753		15,907,344
2018 Lease Revenue Bonds (Vermont Corridor) Series A	297,280,000	588,255,000		14,156,700
2018 Lease Revenue Bonds (Vermont Corridor) Series B (Federally Taxable)	5,100,000	5,597,250		165,750
2019 Lease Revenue Refunding Bonds Series E-1	219,335,000	422,798,075		14,089,575
2019 Lease Revenue Refunding Bonds Series E-2	32,555,000	62,174,000		2,072,125
Total Long-Term Obligations	$ 2,132,355,679	$ 3,574,870,056		$ 169,272,307
Intermediate-Term Obligations				
Equipment				
2017 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 615,000	$630,375		$630,375
Total Intermediate-Term Obligations	$ 615,000	$ 630,375		$ 630,375
Total Obligations	$ 2,132,970,679	$ 3,575,500,431		$ 169,902,682

COPs = Certificates of Participation

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

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

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF JULY 1, 2020
2020-21 Assessed Valuation: $1,731,120.391,084: (includes unitary valuation)

	Applicable %	Debt as of 5/1/20
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Metropolitan Water District	48.832 %	$ 18,214,336
Los Angeles Community College District	100.000	4,234,460,000
Other Community College Districts	Various (1)	3,995,464,203
Arcadia Unified School District	100.000	217,495,890
Beverly Hills Unified School District	100.000	502,185,006
Glendale Unified School District	100.000	280,774,986
Long Beach Unified School District	100.000	1,473,970,702
Los Angeles Unified School District	100.000	10,078,835,000
Pasadena Unified School District	100.000	286,685,000
Pomona Unified School District	100.000	301,283,209
Redondo Beach Unified School District	100.000	209,071,206
Santa Monica-Malibu Unified School District	100.000	707,100,232
Torrance Unified School District	100.000	468,959,196
Other Unified School Districts	Various (1)	4,212,692,352
High School and School Districts	Various (1)	2,172,995,738
City of Los Angeles	100.000	729,520,000
City of Industry	100.000	45,860,000
Other Cities	100.000	44,470,000
Community Facilities Districts	100.000	615,252,353
1915 Act and Benefit Assessment Bonds - Estimate	100.000	126,880,160
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$ 30,722,169,569
Less: Los Angeles Unified School District economically defeased general obligation bonds		(88,259,400)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		30,633,910,169
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 2,317,550,679**
Los Angeles County Office of Education Certificates of Participation	100.000	5,182,434
Community College District Certificates of Participation	Various (2)	22,138,789
Baldwin Park Unified School District Certificates of Participation	100.000	28,470,000
Compton Unified School District Certificates of Participation	100.000	31,180,000
Los Angeles Unified School District Certificates of Participation	100.000	164,430,000
Paramount Unified School District Certificates of Participation	100.000	27,860,000
Other Unified School District Certificates of Participation	Various (2)	181,049,685
High School and Elementary School District General Fund Obligations	Various (2)	162,667,200
City of Beverly Hills General Fund Obligations	100.000	100,800,000
City of Los Angeles General Fund	100.000	1,430,854,980
City of Long Beach General Fund Obligations	100.000	108,565,000
City of Long Beach Pension Obligations Bonds	100.000	13,200,000
City of Pasadena General Fund Obligations	100.000	406,342,944
City of Pasadena Pension Obligations Bonds	100.000	136,820,000
Other Cities' General Fund Obligations	100.000	2,067,647,850
Los Angeles County Sanitation Districts Financing Authority	100.000	55,590,000
Antelope Valley Hospital District General Fund Obligation	100.000	8,360,512
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 7,268,710,073
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(9,756,057)
Cities' supported bonds		(426,549,940)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,832,404,076
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$ (2,887,277,470)
GROSS COMBINED TOTAL DEBT		$ 40,878,157,112 (3)
NET COMBINED TOTAL DEBT		$ 40,353,591,715

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
(2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and 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 2019-20 ASSESSED VALUATION

Total Gross Overlapping Tax and Assessment Debt	1.77 %
Total Gross Direct Debt ($2,317,550,679)	0.13 %
Gross Combined Total Debt	2.36 %
Net Combined Total Debt	2.33 %

Ratios to Redevelopment Sucessor Agency Incremental Valuation ($239,199,831,320):

Total Overlapping Tax Increment Debt	1.21 %

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

This portion of Appendix A contains general information concerning the historic economic and demographic conditions in the County. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature and reflects information available as of its dated date, and it is not possible at this time to predict whether the trends shown will continue in the future. The County makes no representation as to the accuracy or completeness of data obtained from parties other than the County. In particular, certain of the information provided in under this Section predates the COVID-19 pandemic. See "Certain Risks – Financial Conditions in Local, State and National Economies.

Economic Overview

With a 2019 Gross Product of $861 billion, Los Angeles County's economy is larger than that of 45 states and all but 17 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. The County's economy continued to experience steady growth in 2019 with an increase in economic output of 3.6% as measured by Gross Product, and an estimated increase in total taxable sales of 2.9%.

The County's unemployment rate fell to 4.5% in 2019, which reflected a long-term trend of continued improvement in the job market, and the lowest rate of the post-recession period. Prior to the onset of the COVID-19 pandemic, the positive trend in the job market was expected to continue, with a projected decline in the average unemployment rate in 2020 and 2021 to 4.3% and 4.1%, respectively.

However, the recession and financial crisis caused by the COVID-19 outbreak in 2020 has resulted in a significant decrease in economic activity, which will have a profound adverse impact on employment and job growth, the magnitude of which is unknown at this time.

During Fiscal Year 2016-17, voters approved various State and local ballot measures that generated approximately $151.0 billion in funding for capital infrastructure and public services in the County. In the June and November 2016 elections, the voters in school and community college districts passed over $9.4 billion in general obligation bond measures supported by ad valorem taxes to finance new capital construction and improvement projects, with an average approval rate of over 73%. As of December 31, 2019, K-12 schools and community college districts in the County had approximately $16.4 billion of previously authorized, but unissued bond capacity. The Measure A parcel tax is expected to generate approximately $94 million per year for the County's local parks, beaches, and open space areas, and will replace the expiring funding from voter approved Propositions A in 1992 and 1996.

The increase in sales tax revenue resulting from the 2008 voter-approved Measure R and the corresponding 2016 voter-approved Measure M will continue to provide funding for major highway and transit projects throughout the County. Measure M provides an indefinite extension of the increase in sales tax revenue approved by voters through Measure R, which was originally set to expire on July 1, 2039. Measure M is projected to generate $120.0 million of sales tax revenue over the next 40 years for the Los Angeles County Metropolitan Transportation Authority ("MTA") to finance new transportation infrastructure projects.

On March 7, 2017, the voters approved Measure H authorizing a one-quarter percent (0.25%) County sales tax for ten years in order to fund homeless services and prevention. The increase in sales tax revenue resulting from the voter-approved Measure H provides funding to prevent and combat homelessness within the County. Measure H is projected to generate approximately $355.0 million of sales tax revenue per year for the County.

In 2020, the County will experience a significant reduction in total sales tax revenue as a result of the economic downturn caused by the COVID-19 pandemic, which will have an adverse impact on the funding available for various programs and services. The magnitude of the future revenue decrease is unknown at this time.

On November 6, 2018, voters passed Measure W authorizing the Los Angeles County Flood Control District to levy a special tax annually at the rate of 2.5 cents per square foot of impermeable area to assist in the capture of stormwater and related pollution clean-up. This Measure is projected to generate approximately $300 million in tax revenue per year for the County until ended by voters (no sunset clause).

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 (Port of Los Angeles and Port of Long Beach), the expansion of the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to the 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 339,200 workers employed in this sector in 2019. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled and is ranked as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's information technology sector employed 217,300 workers in 2019.

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 (LACMA), the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, the Huntington Library and the Broad Museum of Contemporary Art. A major construction project is currently underway on the LACMA campus to build a new museum facility to house LACMA's permanent art collection. The new $650 million museum facility is expected to be completed by 2024. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall and has helped to further strengthen and establish downtown Los Angeles as a premiere cultural destination on the west coast.

In March 2018, the Lucas Museum of Narrative Art in Exposition Park broke ground and is set to open in 2021. The $1.5 billion museum facility was co-founded by George Lucas, and will include an art exhibition space, archive, library, an expansive lobby, classrooms, two state-of-the-art theaters, a museum shop, and a café. The museum is located directly across the street from the University of Southern California and west of the Natural History Museum.

The Academy Museum of Motion Pictures is scheduled to open in the Miracle Mile district of Los Angeles in the Spring of 2021. The $482 million facility will be the nation's first large-scale museum dedicated to the art, science, craft, business, and history of film. The 300,000 square-foot museum will include galleries, two theaters, an active education studio, an outdoor piazza, a rooftop terrace with views of the Hollywood Hills, and several spaces for special events and restaurants.

Sports and Recreation

With its geographic size, 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 over 183 parks, over 200 miles of horse, biking, and hiking trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 25 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

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

In January 2016, National Football League (NFL) team owners voted to allow the St. Louis Rams to move to Los Angeles for the 2016 NFL season. A year later, NFL team owners voted to allow the San Diego Chargers to relocate to Los Angeles for the 2017 NFL season. After nearly four years of construction, the Sofi Stadium was completed in September 2020 at a cost of $4.963 billion. The 298-acre facility located in Inglewood, features a stadium with a translucent roof with seating for 70,240 spectators, and the ability to expand an additional 30,000 seats for special events. The venue will be home to the Los Angeles Rams and Los Angeles Charges and will host the 56th Super Bowl in February 2022, the College Football Championship Game in 2023, and the Opening and Closing Ceremonies of the Olympic Games in 2028. The new stadium is part of a larger privately financed multibillion-dollar entertainment, retail and housing complex located on the former site of Hollywood Park.

In July 2017, the International Olympic Committee announced that the City of Los Angeles will host the 2028 Summer Olympics. This will be the third time that Los Angeles has hosted the Summer Olympics, with the previous occasions occurring in 1932 and 1984. A study prepared by Beacon Economics and the University of California Riverside estimated that the Olympic Games will have a significant economic impact to the regional economy, with an estimated $9.6 billion in visitor spending generating approximately $152 million to $167 million of additional tax revenues.

On April 18, 2018, a new soccer stadium in Exposition Park was opened to the public. This Gensler-designed stadium seats 22,000 and is the home stadium to the Major League Soccer franchise the Los Angeles Football Club. This $350 million facility also includes shops, restaurants, and conference space.

Population

The County is the most populous county in the U.S. with nearly 10.3 million people estimated to be residing within its borders. The County's population makes it equivalent to the tenth largest state in the nation and accounts for approximately 25.7% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 48.6% Hispanic, 26.1% White, 15.4% Asian, 9.0% African American and 0.9% other. The County is 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 103 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 78.7% of the adult population has a high school diploma or higher, and 31.8% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

Since the 2008 economic downturn, which had a significant adverse impact on the local economy, the County experienced a steady recovery in the job market from 2010 to 2019. The average unemployment rate increased from 5.1% in 2007 to 12.5% in 2010, but experienced a steady improvement over the next nine years to a cyclical low of 4.5% in 2019. In comparison, the average unemployment rates for the State of California and the United States in 2019 were 4.1% and 3.7%, respectively. Prior to the COVID-19 pandemic, the unemployment rate in the County was expected to experience continued improvement over the next two years, falling to 4.3% in 2020 and 4.1% in 2021, as the County approached full employment. Table E details the County's historical unemployment rates from 2015 through 2019. The employment situation in the County showed additional signs of improvement in 2019, with estimated total net job growth of 115,800 among the various sectors of the local economy. Table F details the non-agricultural employment statistics by sector for the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will have a significant adverse impact on the unemployment rate and job growth, the magnitude and duration of which is unknown at this time.

Personal Income

Total personal income in the County grew by an estimated 4.4% in 2019. The 2019 total personal income of $652.9 billion represents an estimated 24.7% of the total personal income generated in California. Prior to the COVID-19 pandemic, The LAEDC was projecting continued growth in personal income of 1.8% for 2020 and 2.1% for 2021. Table C provides a summary of the personal income statistics for the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in total personal income, the magnitude and duration of which is unknown at this time.

Consumer Spending

As the most populous county in the nation with a vibrant and diverse economy, the County is recognized as a national leader in consumer spending. Based on estimates provided by LAEDC, the County experienced a 3.6% increase in total taxable sales in 2018, with continued growth of 3.8% estimated for 2019. The $172.3 billion of total estimated taxable sales in the County for 2019 represents 23.5% of the total taxable sales in California, which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in consumer spending, the magnitude and duration of which is unknown at this time.

Industry

With an estimated annual economic output of $861 billion in 2019, the County continues to rank among the world's largest economies. The County's 2019 Gross Product represents approximately 27.4% of the total economic output in California and 4.0% 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 2015 through 2019. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in economic activity, the magnitude and duration of which is unknown at this time.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $357.1 billion in 2008. After decreasing to $340.2 billion in 2009, the value of two-way trade in the LACD grew by 25.9% from 2009 to 2019. The $428.2 billion worth of international trade processed through the LACD in 2019 represents a 6.1% decrease from 2018. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant adverse impact to international trade, the magnitude and duration of which is unknown at this time.

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 third busiest airport in the world and second in the United States for passenger traffic. In 2019, LAX served 88.1 million passengers, representing a 0.6% increase from the previous year. The 2.3 million tons of air cargo handled at LAX in 2019, represents a decrease of 5.4% from 2018 levels. The $14 billion capital improvement project currently underway at LAX is expected to generate approximately 121,000 local jobs and is projected to last through 2028. On May 2, 2016, the Bob Hope Airport changed its branding name to Hollywood Burbank Airport to increase name recognition outside of Southern California. The Hollywood Burbank Airport is currently in the pre-planning stage to replace its 14-gate terminal with a new state of the art facility. Construction is expected to begin on the replacement terminal 1st quarter of 2021. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in airport passenger traffic, the magnitude and duration of which is unknown at this time.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been one of the fastest growing port facilities in the United States and is the busiest port complex in the U.S. and western hemisphere, and the tenth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2018, it was ranked as the busiest container port in the United States and the seventeenth (17th) busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2019, the Port handled over 9.3 million TEUs, which represents a 1.3% decrease in container volume from 2018.

The Port of Long Beach is also among the world's busiest container ports and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twenty-first (21st) busiest in the world in 2018. The Port of Long Beach covers 3,520 acres with 10 separate piers, 62 berths, 68 cranes and 22 shipping terminals. In 2019, the port handled over 7.6 million TEUs of container cargo, which represents a decrease of 5.7% from 2018.

The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant decrease in international trade and the volume of container cargo handled at the Port of Los Angeles and the Port of Long Beach, the magnitude and duration of which is unknown at this time.

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 have a positive future economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. With over 380 million in annual boardings, the Metro System is the largest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the MTA, which is responsible for the planning, design, construction and operation of the public transportation system for the County.

The Fiscal Year 2018-19 operating budget for the MTA is $7.2 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants. The MTA is currently working on approximately $18.3 billion of multiple transportation infrastructure projects which include but not limited to, the Airport Rail Connector and Green Line Extension; East San Fernando Valley Transit Corridor; Gold Line Rail Extension; Purple Line Rail Subway Extension; West Santa Anita Light Rail Corridor; Orange Line BRT Improvements; South Bay Green Line Rail Extension and the Crenshaw/LAX Light Rail Extension.

The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant reduction in passenger boardings and MTA revenue, the magnitude and duration of which is unknown at this time.

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 2018, the Los Angeles region hosted a record high of 50 million visitors, representing a 3.1% increase from 2017. According to the Los Angeles Convention and Visitors Bureau, a record 7.5 million foreign residents visited the region in 2018, which represents a 3.6% increase compared to 2017. Recently constructed hotels in downtown Los Angeles, Beverly Hills and Hollywood are attracting additional business and leisure travelers to the County. The economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 will result in a significant reduction to travel and tourism to Southern California, the magnitude and duration of which is unknown at this time.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market experienced a strong and steady recovery from 2012 to 2019. 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 experienced a strong recovery, with an increase in the average median home price of 85.8% from 2012 to 2019.

In 2019, the real estate market continued to experience strong growth, as the average median home price increased by 2.6% to $614,094 from 2018. After a record high of 105,433 in 2009, notices of default recorded decreased by 90.7% to 9,821 in 2019. Foreclosures, as measured by the number of trustees deeds recorded, has experienced a significant decrease of over 95% from a cyclical high of 39,774 in 2008 to 1,649 in 2019. The number of trustees deeds recorded in 2019 represents an 8% decrease from 2018 (1,792 to 1,649).

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained stable assessed valuations. The stability of the property tax base is primarily due to the significant amount of "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2020-21, the County Assessor reported a Net Local Roll of $1.7 trillion, which represents a 5.97%6.25% increase from the Net Local Roll of $1.6 trillion in Fiscal Year 2019-20. The Net Local Roll in Fiscal Year 2020-21 represents a 60.9% increase from Fiscal Year 2011-12, and the tenth consecutive year of growth in assessed valuation after the previous economic downturn in 2008.

The commercial real estate sector declined in 2019. Construction lending experienced a decline of 30.5% from $20,419 billion in2018 to $14,193 billion in 2019. Office market vacancy rates declined slightly from 2018 to 2019, with an increase in the average vacancy rate from 14.0% to 14.1%, which is still significantly higher than the 9.7% rate in 2007, prior to the economic downturn. Industrial market vacancy rates decreased to 1.1% in 2019 from 1.3% in 2018, which is lower than the 1.5% vacancy rate in 2007 prior to the economic downturn.

On June 23, 2017, the InterContinental hotel in the Wilshire Grand Center in Downtown Los Angeles opened after several years of construction. The 73-story, 1,100-foot tall structure, includes an InterContinental hotel, office space and condominiums, represents a $1.35 billion private investment in Downtown Los Angeles. In August 2017, the University of Southern California completed a $700 million mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The 1.2 million-square foot complex includes seven residential halls, a 30,000 square-foot fitness center, and is home to commercial tenants such as Trader Joes, Target and CVS. In November 2018, demolition began on the Grand, a $1 billion mixed use development project designed by Frank Gehry. Construction of the Grand, with 39 stories and more than 400 condos and apartments is expected to be completed by the fall of 2021.

The impact to the real estate market as a result of the economic downturn and financial crisis caused by the COVID-19 outbreak in 2020 is unknown at this time.

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

	2015	2016	2017	2018	2019
Los Angeles County	$722	$745	$787	$831	$861
State of California	2,554	2,658	2,819	2,998	3,139
United States	18,225	18,715	19,519	20,580	21,427
Los Angeles County as a % of California	28.3%	28.0%	27.9%	27.7%	27.4%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast; Bureau of Economic Analysis-US Department of Commerce

TABLE B: POPULATION LEVELS (in thousands)

	2015	2016	2017	2018	2019
Los Angeles County	10,156	10,186	10,227	10,255	10,254
State of California	38,952	39,215	39,505	39,741	39,927
Los Angeles County as a % of California	26.1%	26.0%	25.9%	25.8%	25.7%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

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

	2015	2016	2017	2018	2019
Los Angeles County	$560,071	$578,280	$595,322	$625,195	$652,865
Orange County	193,256	199,821	209,174	222,513	233,297
San Diego County	179,992	186,512	193,789	205,858	216,539
Riverside and San Bernardino Counties	162,857	170,765	179,312	191,041	200,960
Ventura County	47,166	48,470	50,670	53,587	55,938
State of California	2,171,947	2,263,890	2,370,112	2,514,129	2,642,277
Los Angeles County as a % of California	25.8%	25.5%	25.1%	24.9%	24.7%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

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

	2015	2016	2017	2018	2019
Los Angeles County	$151,982	$155,156	$160,280	$166,024	$172,313
State of California	638,632	653,856	677,823	706,835	732,756
Los Angeles County as a % of California	23.8%	23.7%	23.6%	23.5%	23.5%

Source: Board of Equalization; Please note that BOE is no longer updating taxable sales. LAEDC forecast taxable sales for 2017 and 2018.

TABLE E: UNEMPLOYMENT RATES

	2015	2016	2017	2018	2019
Los Angeles County	6.6%	5.3%	4.8%	4.7%	4.5%
State of California	6.2%	5.5%	4.8%	4.2%	4.1%
United States	5.3%	4.9%	4.4%	3.9%	3.7%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

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

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2015	2016	2017	2018	2019
Health Care & Social Assistance	629.9	650.8	675.9	702.9	707.9
Wholesale & Retail Trade	639.6	640.0	644.9	645.6	637.8
Government	549.8	561.9	568.2	572.4	594.2
Leisure and Hospitality	484.5	506.3	520.6	535.3	544.7
Manufacturing	357.5	355.4	346.4	342.2	339.2
Professional Scientific & Technical Services	277.4	274.3	281.4	291.2	300.5
Administrative & Support & Waste Services	263.7	266.5	267.4	268.1	279.1
Transportation, Warehousing & Utilities	164.1	173.8	184.0	196.2	213.8
Other	180.4	182.8	178.5	162.7	164.7
Information	204.2	227.7	200.5	198.9	217.3
Construction	126.0	132.6	137.4	145.6	149.3
Finance & Insurance	133.2	136.8	136.1	135.7	135.5
Educational Services	97.8	97.9	100.4	103.2	135.7
Real Estate & Rental & Leasing	79.2	81.0	83.6	86.4	88.4
Management of Companies & Enterprises	57.4	56.3	56.6	59.4	63.3
Total	4,244.7	4,344.1	4,381.9	4,445.8	4,571.4

Source: Los Angeles County Economic Development Corporation; California Employment Development Department

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

Type of Activity	2015	2016	2017	2018	2019
International Air Cargo (Tons)					
Los Angeles International Airport	1,284.7	1,336.3	1,476.7	1,557.6	1,436.0
As Percentage of Total Air Cargo	60.24%	60.59%	61.80%	63.68%	62.08%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,132.5	2,205.3	2,389.5	2,446.1	2,313.2
Long Beach Airport	23.9	25.2	23.0	21.6	21.1
Hollywood Burbank Airport	54.8	53.3	54.4	56.5	53.8
Total	2,211.2	2,283.8	2,466.9	2,524.2	2,388.1
International Air Passengers					
Los Angeles International Airport	20,740.1	22,850.2	24,829.4	26,053.6	25,696.3
As Percentage of Total Passengers	27.68%	28.24%	29.36%	29.76%	29.20%
Total Air Passengers					
Los Angeles International Airport	74,936.3	80,921.5	84,558.0	87,534.4	88,068.0
Long Beach Airport	2,523.7	2,841.1	3,783.8	3,884.7	3,584.2
Hollywood Burbank Airport	3,943.6	4,142.9	4,739.5	4,739.5	5,983.7
Total	81,403.6	87,905.5	93,081.3	96,158.6	97,635.9
Container Volume (TEUs)					
Port of Los Angeles	8,160.5	8,856.8	9,343.2	9,458.7	9,337.6
Port of Long Beach	7,192.1	6,775.2	7,544.5	8,091.0	7,632.0
Total	15,352.6	15,632.0	16,887.7	17,549.7	16,969.6

Source: Los Angeles World Airports, Hollywood Burbank Airport, Long Beach Airport, Port of Long Beach, Port of Los Angeles

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2015	2016	2017	2018	2019
Los Angeles, CA	$393,668	$397,960	$430,929	$455,914	428,227
New York, NY	370,287	356,426	364,165	392,360	381,357
Laredo, TX	285,179	282,841	302,561	326,826	324,549
Detroit, MI	245,239	247,973	264,323	270,340	261,935
Chicago, IL	201,755	198,242	223,480	251,933	255,353
New Orleans, LA	199,241	193,279	217,456	238,462	218,096
Houston-Galveston, TX	195,467	161,457	192,003	234,024	237,002
Savannah, GA	148,736	143,792	155,837	173,173	180,731
Seattle, WA	154,761	147,293	149,164	155,249	142,508
Cleveland, OH	129,921	131,794	142,684	152,342	151,329

Source: Los Angeles County Economic Development Corporation; USA Trade Online

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

Port	2015	2016	2017	2018	2019
Los Angeles-Long Beach, CA	204,834	209,572	222,980	228,953	217,958
Tacoma, WA	34,149	38,153	34,697	33,830	31,518
Oakland, CA	29,020	31,100	31,388	31,773	32,440
Seattle, WA	14,906	15,134	17,848	19,786	17,920
Kalama, WA	12,080	14,241	14,071	15,513	11,818
Portland, OR	9,798	9,743	12,184	13,418	12,661
Port Hueneme	5,774	5,381	5,911	5,948	6,370
San Diego, CA	5,591	5,999	5,193	5,386	5,333
Vancouver, WA	3,014	2,748	2,866	3,086	2,960

Source: Los Angeles County Economic Development Corporation; Pacific Maritime Association, Annual Reports

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

Port	2015	2016	2017	2018	2019
Los Angeles-Long Beach, CA	15,353	15,632	16,888	17,550	16,970
New York-New Jersey, NY	6,372	6,252	6,711	7,180	7,471
Savannah, GA	3,737	3,645	4,046	4,352	4,599
Seattle-Tacoma, WA	3,529	3,616	3,702	3,798	3,775
Norfolk, VA	2,549	2,656	2,841	2,856	2,938
Houston, TX	2,131	2,183	2,459	2,670	2,988
Oakland, CA	2,278	2,370	2,421	2,546	2,500
Charleston, SC	1,973	1,996	2,178	2,316	2,436

Source: Los Angeles County Economic Development Corporation; Port of Los Angeles, Port of Long Beach, The Port Authority of New York and New Jersey, Port of Oakland, Port of Virginia, The Northwest Seaport Alliance, Port of Houston Authority, South Carolina Ports

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

Indicator	2015	2016	2017	2018	2019
1. Construction Lending (in millions)	$9,711	$11,979	$13,619	$20,419	$14,193
2. Residential Purchase Lending (in millions)	$48,832	$53,362	$53,764	$48,203	$56,476
3. New & Existing Median Home Prices	$490,083	$521,558	$561,335	$598,387	$614,094
4. New & Existing Home Sales	81,188	81,061	82,318	75,086	73,549
5. Notices of Default Recorded	17,422	13,802	11,402	9,726	9,821
6. Unsold New Housing (at year-end)	620	1,217	N/A*	N/A*	N/A*
7. Office Market Vacancy Rates	14.7%	14.1%	14.3%	14.0%	14.1%
8. Industrial Market Vacancy Rates	0.8%	0.8%	1.2%	1.3%	1.1%

**Q4 2017, 2018, and 2019 data are unavailable.*

Source: Real Estate Research Council of Southern California - 4th Quarter 2019

TABLE L: BUILDING PERMITS AND VALUATIONS

	2015	2016	2017	2018	2019
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	4,297	4,664	5,559	5,800	5,558
b. Multi-Family	18,638	15,272	16,451	16,765	15,804
Total Residential Building Permits	22,935	19,936	22,010	22,565	21,362
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$1,868	$2,096	$2,376	$2,155	$1,907
b. Multi-Family	2,877	2,765	3,173	3,162	2,947
c. Alterations and Additions	1,591	1,550	1,692	1,754	1,561
Residential Building Valuations Subtotal	$6,336	$6,411	$7,241	$7,071	$6,415
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$347	$345	$498	$426	$470
b. Retail Buildings	472	541	688	770	1,174
c. Hotels and Motels	327	332	89	213	203
d. Industrial Buildings	85	154	132	91	63
e. Alterations and Additions	2,629	2,774	2,999	2,424	3,258
f. Other	1,025	618	876	1,724	723
Non-Residential Building Valuations Subtotal	$4,885	$4,764	$5,282	$5,648	$5,891
Total Building Valuations (in millions)	$11,221	$11,175	$12,523	$12,719	$12,306

Source: Real Estate Research Council of Southern California - 4th Quarter 2018

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2017 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	40,309	217,712
2	University of Southern California	Education-Private University	Los Angeles, CA	21,710	22,193
3	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	85,000
4	Providence St. Joseph Health Southern California	Health Care	Renton, WA	15,952	119,000
5	Target Corp.	Retailer	Minneapolis, MN	15,000	350,000
6	Cedars-Sinai	Medical Center	Los Angeles, CA	14,713	15,200
7	Allied Universal	Security Professional and Safety Services	Santa Ana, CA/ Conshohocken, PA	13,972	215,000
8	Ralphs/Food 4 Less (Kroger Co. division)	Grocery Retailer	Cincinnati, OH	13721	443000
9	Walt Disney Co.	Entertainment	Burbank, CA	13,000	201,000
10	NBCUniversal	Entertainment	New York, NY	12,000	N/A
11	AT&T Inc.	Telecommunications	Dallas, TX	11,500	268,220
12	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	400,000
13	Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	10,200	270,000
14	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	9,015	9,761
15	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	9,000	153,000
16	UPS	Transportation and Freight	Atlanta, GA	8,417	481,000
17	Wells Fargo	Diversified Financial Services	San Francisco, CA	8,263	263,000
18	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,000	140,000
19	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	7,500	N/A
20	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,000	450,000
21	City of Hope	Cancer Treatment and Research Center	Duarte, CA	6,350	6,451
22	Dignity Health	Hospitals	San Francisco, CA	6,000	N/A
23	Space Exploration Technologies Corp. (SpaceX)	Rockets and Spacecraft	Hawthorne, CA	6,000	N/A
24	Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,000	6,000
25	Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	5,800	67,000
26	Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,475	255,196
27	SoCal Gas	Natural Gas Utility	San Diego, CA	5,400	N/A
28	Adventist Health	Health Care System	Roseville, CA	5,027	22,189
29	Paramount Pictures	Entertainment	Hollywood, CA	5,000	N/A
30	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	5,000	9,000

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, August 2019

COUNTY OF LOS ANGELES
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APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF LOS ANGELES
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APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

COUNTY OF LOS ANGELES
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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES
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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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Bonds. The 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 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**. Such information is not incorporated by reference herein.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of a 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the 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 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 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 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 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-only transfers through DTC (or a successor securities depository). In that event, 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 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 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 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, 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

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

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

Los Angeles County Public Works Financing Authority
Los Angeles, California

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the issuance of $_________ Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection) (Green Bonds) (the "Bonds"). The Bonds are being issued pursuant to the Indenture, dated as of November 1, 2020 (the "Indenture"), by and among the Los Angeles County Public Works Financing Authority (the "Authority"), the County of Los Angeles (the "County") and [XYZ], as trustee (the "Trustee"). The Bonds are payable from and secured by payments of Base Rental Payments, as such term is defined in the Sublease Agreement, dated as of November 1, 2020 (the "Lease Agreement"), by and between the Authority, as lessor, and the County, as lessee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We are of the opinion that:

1. The Bonds constitute the valid and binding special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture.

2. The Indenture, the Site Lease and the Sublease have been duly executed and delivered by, and constitute valid and binding obligations of, the Authority.

3. The Indenture, the Site Lease and the Sublease have been duly executed and delivered by, and constitute valid and binding obligations of, the County.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

5. Under existing statutes, interest on the Bonds is exempt from State of California personal income taxes.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to their date of execution and delivery, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the County, the Authority and Museum Associates, doing business as the Los Angeles County Museum of Art ("Museum Associates"), will execute a Tax Regulatory Agreement (a "Tax Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Agreement, the Authority, the County and Museum Associates covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 4 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Agreement with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Authority, the County and Museum Associates with the procedures and covenants set forth in the Tax Agreement as to such tax matters.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4 and 5. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Indenture, the Site Lease and the Sublease may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Site Lease or the Sublease or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Very truly yours,

COUNTY OF LOS ANGELES
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