



KEITH KNOX

TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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Board of Supervisors

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May 18, 2021

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

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

61 May 18, 2021

CELIA ZAVALA
EXECUTIVE OFFICER

ISSUANCE AND SALE OF 2021-22 TAX AND REVENUE ANTICIPATION NOTES (ALL DISTRICTS) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector is requesting authorization to issue Tax and Revenue Anticipation Notes (TRANS) to meet the Fiscal Year (FY) 2021-22 cash flow needs of the County General Fund. This short-term borrowing program enables the County to manage the funding of its expenditures and to reduce the need for internal borrowing. We are requesting a maximum authorization for the 2021-22 TRANS in a principal amount not to exceed \$1,000,000,000.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2021-22 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed \$1,000,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2021-22 TRANS and the execution and delivery of all related financing documents. Each year since 1977, the County has issued tax-exempt TRANS in connection with its cash management program for the upcoming fiscal year. This borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year. The proceeds generated from the issuance of TRANS are maintained in a separate fund by the Auditor-Controller and utilized on a periodic basis to meet the cash flow needs of the County General Fund. Issuance of the 2021-22 TRANS will reduce the County's need for internal borrowing during the upcoming fiscal year.

For FY 2020-21, the County issued \$1.2 billion of TRANs, which will mature on June 30, 2021. Although COVID-19 has caused significant damage and disruption to the national economy, increased Federal funding to state and local governments and recent improvements in the economic outlook have resulted in a reduction of the County's TRANs issuance from 2020-21 to a maximum principal amount not to exceed \$1,000,000,000. The lower borrowing amount is expected to provide sufficient cash resources to meet the County's cash flow requirements in FY 2021-22.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Strategy III.3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2021-22 TRANs will depend on market conditions on the date of the sale. The Resolution provides that the true interest cost of the TRANs shall not exceed four percent (4%). However, based on current market conditions, the actual cost of borrowing is expected to be significantly lower and may result in a true interest cost of approximately one percent (1%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County traditionally issues the TRANs as a single series of fixed-rate notes with a one-year final maturity. However, in order to provide the County with maximum flexibility to respond to changing market conditions, the attached resolution provides the County the flexibility to issue the 2021-22 TRANs in multiple series with different maturity dates that will not exceed 15 months. The 2021-22 TRANs will be structured to achieve the lowest cost of borrowing available to the County in the municipal note market on the day of pricing, which is currently scheduled for early June 2021. Proceeds from the sale of the 2021-22 TRANs are expected to be available to the County on July 1, 2021.

Consistent with the County's historical practice, the Treasurer and Tax Collector is recommending a negotiated sale of the 2021-22 TRANs. Based on the results of a competitive solicitation process, UBS Financial Services Inc. was selected as the lead senior managing underwriter, with Morgan Stanley appointed to serve as the co-senior manager. Up to four co-managers will be added to the underwriting syndicate for the 2021-22 TRANs prior to the pricing date. County Counsel has selected Orrick Herrington & Sutcliffe and Hawkins, Delafield & Wood to serve as note counsel and disclosure counsel, respectively, for this transaction.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The 2021-22 TRANs are issued as part of a cash management program, which has no direct impact on current services.

CONCLUSION

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

The Honorable Board of Supervisors

5/18/2021

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Keith Knox". The signature is written in a cursive style with a large initial "K".

KEITH KNOX

Treasurer and Tax Collector

KK:EBG:DW:TG:JP:PP:ad

c: Chief Executive Officer
Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Orrick Herrington & Sutcliffe
Hawkins, Delafield & Wood
UBS Financial Services Inc.
Morgan Stanley

**RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES, CALIFORNIA
PROVIDING FOR THE ISSUANCE AND SALE OF 2021-22
TAX AND REVENUE ANTICIPATION NOTES IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$1,000,000,000**

WHEREAS, the County of Los Angeles (the “**County**”), a political subdivision of the State of California, requires funds for the purposes authorized by Section 53852 of the California Government Code; and

WHEREAS, the County may borrow money pursuant to Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended (the “**Act**”), for the purposes authorized by Section 53852 of the Act, such indebtedness to be represented by a note or notes of the County; and

WHEREAS, pursuant to the Act, such note or notes are to be issued pursuant to a resolution of the Board of Supervisors of the County (the “**Board**”) and may be issued from time to time as provided in such resolution; and

WHEREAS, the County has determined that it is necessary and in the best interests of the County to authorize the borrowing of an aggregate principal amount not to exceed \$1,000,000,000 with respect to its fiscal year ending June 30, 2022 (“**Fiscal Year 2021-22**”), such indebtedness to be evidenced by the County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes authorized hereby (the “**2021-22 TRANs**”), to be issued on a tax-exempt or taxable basis, in anticipation of the receipt by or accrual to the County during such fiscal year of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County; and

WHEREAS, the terms and provisions of the 2021-22 TRANs shall be as set forth in this Resolution and in the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes, a form of which has been filed with the Board (such Financing Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the “**Financing Certificate**”); and

WHEREAS, for purposes of Section 53858 of the Act, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2021-22 that will be available for the payment of the 2021-22 TRANs and all other notes issued by the County under the Act in such fiscal year, and the interest thereon, are reasonably estimated to be in excess of \$7,700,000,000; and

WHEREAS, there has been filed with the Board a form of Contract of Purchase, one or more of which are to be executed and delivered by the County and the initial purchasers of all or a portion of the 2021-22 TRANs as may be selected by the Treasurer (as defined herein) from time to time (each such Contract of Purchase, in the form filed with the Board, with such changes therein

as are made pursuant to this Resolution, being referred to herein as a “**Contract of Purchase**”); and

WHEREAS, there has been filed with the Board a form of preliminary official statement to be used in connection with the public offering and sale of the 2021-22 TRANs (such preliminary official statement, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a “**Preliminary Official Statement**”); and

WHEREAS, there has been filed with the Board a form of Continuing Disclosure Certificate to be executed and delivered by the County in connection with the public offering and sale of the 2021-22 TRANs (such Continuing Disclosure Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the “**Disclosure Certificate**”); and

WHEREAS, the County has previously adopted a local debt policy (the “Debt Management Policy”) that complies with California Government Code Section 8855(i), and the sale and issuance of the 2021-22 TRANs as contemplated by this Resolution is in compliance with the Debt Management Policy;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. The foregoing recitals are true and correct and the Board hereby so finds.

Section 2. The form of Financing Certificate, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. Subject to the provisions of Section 3 hereof, the Treasurer and Tax Collector of the County, and such other officer of the County as the Treasurer and Tax Collector may designate (collectively, the “**Treasurer**”), are, and each of them is, hereby authorized, and hereby directed, for and in the name of and on behalf of the County, to execute and deliver the Financing Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer is empowered to implement the fundamental policies established by this Resolution in a manner determined by the Treasurer to be in the best interests of the County, after giving consideration to each of the following with regard to the issuance of the 2021-22 TRANs: (a) market access; (b) the costs to the County; and (c) the generation of sufficient proceeds, as contemplated by this Resolution. Without limiting the foregoing, the Treasurer, subject to Section 3 hereof, may determine the maturity date or dates and amount or amounts for any and each respective series of the 2021-22 TRANs, and the Treasurer is hereby authorized to make conforming changes reflecting such maturity or maturities and amount or amounts to each of the documents approved by this Resolution, including establishing the dates and amounts of Unrestricted Revenues (as defined herein) to be set aside pursuant to Section 10 hereof under the Financing Certificate, as the Treasurer determines are necessary or appropriate. The terms and conditions as set forth (or incorporated by reference) in the Financing Certificate together with the terms and conditions of the 2021-22 TRANs set forth in this Resolution, shall, upon the execution and delivery of the Financing Certificate, be the terms and conditions of such 2021-22 TRANs, as if all such terms and conditions were fully set forth in this Resolution.

Section 3. The 2021-22 TRANs are hereby authorized to be issued in one or more series in an aggregate principal amount not to exceed \$1,000,000,000. The 2021-22 TRANs in one or more series shall mature on any date or dates not later than 13 months from their date of issuance, in each case as shall be established by the Treasurer and set forth in the Financing Certificate.

Each series of 2021-22 TRANs or portion thereof may be issued such that the interest on such series of 2021-22 TRANs is Tax-Exempt or such that the interest on such series of 2021-22 TRANs is not Tax-Exempt. The Board hereby finds and determines that, pursuant to Section 5903 of the California Government Code, the interest payable on each series of 2021-22 TRANs or portion thereof issued as Taxable Notes will be subject to federal income taxation under the Internal Revenue Code of 1986 (the “**Code**”) in existence on the date of issuance of such series of 2021-22 TRANs. The term “**Tax-Exempt**” means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code. The term “**Taxable Notes**” means those 2021-22 TRANs the interest on which is not Tax-Exempt.

Section 4. In consideration of the purchase and acceptance of any and all of the 2021-22 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the holders thereof (the “**Holders**”). The pledge made in, and the covenants and agreements to be performed by and on behalf of the County set forth in, this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2021-22 TRANs, regardless of the maturity or maturities of the separate series of 2021-22 TRANs, if any, shall be of equal rank without preference, priority or distinction of any of the 2021-22 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Section 5. The 2021-22 TRANs may be subject to redemption if so provided, and in the manner provided, in the Financing Certificate.

Section 6. The Treasurer is authorized to negotiate the sale of each series of the 2021-22 TRANs issued under this Resolution from time to time at such prices and interest rates (not to exceed the maximum interest rate permitted by law) as may be established by the Treasurer and set forth in one or more Contracts of Purchase between the County and the respective initial purchasers of all or a portion of the 2021-22 TRANs, substantially in the form submitted to and considered at this meeting of the Board and by this reference incorporated herein; *provided, however,* that (a) the prices and the interest rates for the 2021-22 TRANs of any series shall not result in a true interest cost (taking into consideration all applicable contracts entered into pursuant to Section 12 of this Resolution) to the County with respect to such series of 2021-22 TRANs that exceeds 4.00% per annum, and (b) the aggregate underwriters’ discount (not including any original issue discount) from the principal amount of such series of 2021-22 TRANs issued shall not exceed 1.00% of the aggregate principal amount of such series of 2021-22 TRANs. The Treasurer is hereby authorized, and is hereby directed, for and in the name of and on behalf of the County, to execute and deliver each Contract of Purchase, substantially in the form on file with the Board, and any other documents required to be executed pursuant to each such Contract of Purchase, with

such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of the Preliminary Official Statement, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. The Treasurer is hereby authorized to prepare and distribute, or cause to be prepared and distributed, one or more Preliminary Official Statements in substantially the form presented to this meeting, with such changes as the Treasurer may approve. The Treasurer is hereby further authorized, for and in the name of and on behalf of the County, to execute and deliver a certificate or other instrument deeming each Preliminary Official Statement to be final as of its respective date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

Section 8. The Treasurer is hereby authorized, for and in the name of and on behalf of the County, to approve one or more final official statements for the 2021-22 TRANs (each, an “**Official Statement**”) authorized hereby, each in substantially the form of the respective Preliminary Official Statement, with such insertions and changes therein as the Treasurer may require or approve, in his discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the delivery of such Official Statement or Official Statements.

Section 9. All or any portion of the 2021-22 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceed the cost thereof. The form, terms and conditions of each instrument providing such credit enhancement or liquidity support shall be as approved by the Treasurer.

Section 10. The Auditor-Controller of the County (the “**Auditor-Controller**”) is hereby directed to establish or cause to be established a “2021-22 TRANs Repayment Fund” (the “**2021-22 TRANs Repayment Fund**”) and any additional subaccounts therein that the Auditor-Controller deems necessary to effectuate the purposes of this Resolution.

For purposes of the 2021-22 TRANs, the term “**Unrestricted Revenues**” shall mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. As provided in the Financing Certificate and in the Act, and subject to the provisions of this Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein, the County hereby pledges to the payment of the 2021-22 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (calculated based on the maximum authorization established hereunder of \$1,000,000,000), as the Financing Certificate shall be completed as provided in this Resolution (the “**Pledged Revenues**”).

As provided in Section 53856 of the Act, the 2021-22 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the

County from, the Pledged Revenues. As security for the payment of the 2021-22 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2021-22 TRANs Repayment Fund, in trust for the registered owners of the 2021-22 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit the Pledged Revenues in the 2021-22 TRANs Repayment Fund. To the extent that any amounts actually received pursuant to the set-aside requirements set forth above (as shall be completed as provided in the Financing Certificate) are less than the amount designated for each such set-aside, then the amount of any deficiency in the 2021-22 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit additional amounts from any such other moneys of the County into the 2021-22 TRANs Repayment Fund. The amounts on deposit in the 2021-22 TRANs Repayment Fund are hereby pledged to the payment of the 2021-22 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2021-22 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2021-22 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2021-22 TRANs. Any amounts remaining in the 2021-22 TRANs Repayment Fund after repayment of all 2021-22 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer may direct.

Section 11. The form of Disclosure Certificate on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver the Disclosure Certificate substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 12. Pursuant to Section 5922 of Chapter 12, Division 6, Title 1 of the California Government Code, as amended, the Board hereby authorizes the Treasurer, in connection with, or incidental to, the issuance or carrying of the 2021-22 TRANs, or the acquisition or carrying of any investment or program of investment by the County, to enter into any contracts, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cashflows or a series of payments, or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the Treasurer determines to be necessary or appropriate (with such terms and provisions as the Treasurer deems necessary or appropriate) to place the obligation or investment represented by such 2021-22 TRANs, such investment or program of investment, or such contract or contracts, in whole or in part, on the interest rate, cashflow or other basis determined by the Treasurer. The principal or notional amount with respect to any such contract entered into shall not exceed the greater of the aggregate principal amount of the 2021-22 TRANs or the amount of Pledged Revenues.

These contracts and arrangements shall be entered into with the parties, including without limitation the initial purchasers of any 2021-22 TRANs, selected by the means determined by the Treasurer, and shall contain the payment, security, default, remedy and other terms and conditions determined by the Treasurer, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. The form, terms and conditions of any such contract entered into shall be as approved by the Treasurer and consistent with the purposes of this Resolution and the Financing Certificate.

The Board hereby finds and determines that the contracts authorized by this Section are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the 2021-22 TRANs and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is entered into.

Section 13. Whenever any document or instrument, including without limitation any 2021-22 TRANs, any Contract of Purchase or the Financing Certificate, or any term, provision or condition thereof, is to be approved or established by an authorized officer of the County pursuant to this Resolution, such approval or establishment shall be conclusively evidenced by such authorized officer's execution of such document or instrument or the document or instrument containing such term, provision or condition.

Section 14. With the passage of this Resolution, the Board hereby certifies that the Debt Management Policy complies with California Government Code Section 8855(i), and that the 2021-22 TRANs authorized to be issued pursuant to this Resolution are consistent with such policy, and instructs Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, on behalf of the County, with respect to each series of 2021-22 TRANs issued pursuant to this Resolution, (a) to cause notices of the proposed sale and final sale of the 2021-22 TRANs to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855, and (b) to check, on behalf of the County, the "Yes" box relating to such certifications in the notice of proposed sale filed pursuant to California Government Code Section 8855.

Section 15. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all agreements, documents, certificates and instruments and do and perform any and all acts and things, from time to time, consistent with this Resolution and the Financing Certificate and necessary or appropriate to carry the same into effect and to carry out its purposes.

Section 16. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the 18th day of May, 2021, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

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

By: *Lachelle Smitheman*
Deputy

Approved as to form:

RODRIGO A. CASTRO-SILVA
County Counsel



By: *Rodrigo Castro-Silva*
Deputy County Counsel

**FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES**

Dated: _____, 2021

\$_[_____]
COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES

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**FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES**

In connection with the issuance and sale of the 2021-22 Tax and Revenue Anticipation Notes (the “**2021-22 TRANs**”) by the County of Los Angeles, California (the “**County**”), the Treasurer and Tax Collector of the County of Los Angeles (the “**Treasurer**”) hereby certifies that the 2021-22 TRANs shall be issued on the following terms and conditions:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

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

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

“**Auditor-Controller**” shall mean the Auditor-Controller of the County, and any other person designated by the Auditor-Controller to act on his or her behalf.

“**Authorized Denominations**” shall mean \$5,000 or any integral multiple thereof.

“**Authorized Newspapers**” shall mean *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California, and in the Borough of Manhattan, City and State of New York.

“**Board**” shall mean the Board of Supervisors of the County.

“**Business Day**” shall mean any calendar day other than (i) a Saturday or Sunday; (ii) a day on which banking institutions are authorized or required by law to be closed for commercial banking purposes in either the State of New York or the State of California or in the state in which the Principal Office of the Paying Agent is located; or (iii) a day on which the New York Stock Exchange is closed.

“**Certificate**” shall mean this “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes,” as from time to time amended or supplemented in accordance with the terms hereof.

“**Chair**” shall mean the Chair, Chairperson, Chairman or Mayor of the Board.

“**Code**” shall mean the Internal Revenue Code of 1986.

“**County**” shall mean the County of Los Angeles, California, its successors and assigns.

“**DTC**” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“**Event of Default**” shall have the meaning assigned to such term in Section 503.

“**Fiscal Year 2021-22**” shall mean the County’s fiscal year ending June 30, 2022.

“**Fitch**” shall mean Fitch Ratings, 33 Whitehall Street, New York, New York 10004, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Moody’s or S&P) designated by the County.

“**General Fund**” shall mean the General Fund of the County.

“**Holder**” shall mean the Person in whose name any 2021-22 TRANs is registered on the Note Register.

“**Maturity Date**” shall mean any date or dates of maturity of the 2021-22 TRANs as set forth in the 2021-22 TRANs and Section 203 hereof.

“**Maximum Interest Rate**” shall mean the maximum interest rate allowed by law.

“**Moody’s**” shall mean Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the County.

“**Note Register**” shall mean the registration books for the 2021-22 TRANs maintained by the Note Registrar pursuant to Section 302.

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

“**Official Statement**” shall mean that certain Official Statement dated [_____, 2021], relating to the 2021-22 TRANs, including any approved supplement or amendment thereto.

“**Opinion of Bond Counsel**” shall mean a written opinion of any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and political subdivisions thereof, and duly admitted to practice law before the highest court of any state of the United States of America.

“**Outstanding**,” when used with reference to the 2021-22 TRANs, shall mean, as of any date, all of the 2021-22 TRANs theretofore or thereupon being issued under this Certificate except:

- (i) 2021-22 TRANs cancelled on or prior to such date;
- (ii) 2021-22 TRANs for which other 2021-22 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and
- (iii) 2021-22 TRANs referred to in Section 305.

“Participant” shall mean an entity which is recognized as a participant by the Securities Depository in the book-entry system of maintaining records with respect to the 2021-22 TRANs.

“Paying Agent” shall mean the Treasurer, or any other Paying Agent appointed by the Auditor-Controller pursuant to the Resolution to perform the functions of a paying agent for the 2021-22 TRANs described herein.

“Payment Date” shall mean any date on which the Paying Agent transfers an amount equal to the principal of or interest then due on the 2021-22 TRANs to the Holders thereof.

“Permitted Investments” shall mean, to the extent permitted by law:

- (i) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America,
- (ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association (“FNMA”); (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes,
- (iii) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of \$500 million and having “A” or better rating for the issuer’s long-term debt as provided by Moody’s, S&P, or Fitch and “P-1,” “A-1,” “F1” or better rating for the issuer’s short-term debt as provided by Moody’s, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,
- (iv) The Los Angeles County Treasury Pool,
- (v) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as “bankers’ acceptances,” having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with this Certificate. The institution must have a minimum short-term debt rating of “A-1,” “P-1,” or “F1” by S&P, Moody’s, or Fitch, respectively, and a long-term debt rating of no less than “A” by S&P, Moody’s, or Fitch,

- (vi) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,
- (vii) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the “A” category or better from S&P, Moody’s, or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with this Certificate,
- (viii) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (ii) above. The maximum par value per issuer may not exceed \$250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer hereunder may not exceed \$500,000,000, and
- (ix) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least “AA” or “Aa2” by S&P or Moody’s, respectively.

Notwithstanding anything within this definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2021-22 TRANs, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (iii), (v), (vii) or (ix), such investments must be rated by S&P at the respective S&P ratings described therein.

“**Person**” shall mean an individual, corporation, firm, limited liability company, association, partnership, trust or other legal entity, including a governmental entity or any agency or political subdivision thereof.

“**Pledged Revenues**” shall mean, as of any date, the Unrestricted Revenues required hereby to be deposited in the 2021-22 TRANs Repayment Fund on or prior to that date.

“**Principal Office**” shall mean (i) with respect to the Treasurer, the principal office of the Treasurer in Los Angeles, California, and (ii) with respect to any other Paying Agent, the principal corporate trust office of such Paying Agent.

“**Rating Agency**” shall mean Moody’s, S&P, Fitch or any other nationally recognized securities rating agency designated by the County.

“**Record Date**” means the 15th calendar day of the month preceding each interest payment date of a 2021-22 TRAN, whether or not such day is a Business Day.

“Representation Letter” shall mean one or more letters of representation from the County to, or other instruments or agreements of the County with, a Securities Depository in which the County, among other things, makes certain representations to such Securities Depository with respect to the 2021-22 TRANs, the payment thereof and delivery of notices with respect thereto.

“Resolution” shall mean the “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2021-22 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[_____],” adopted on [RESO DATE], 2021, as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

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

“Securities Depository” shall mean DTC or any successor as Securities Depository for the 2021-22 TRANs appointed pursuant to Section 202.

“State” shall mean the State of California.

“Supplemental Certificate” shall mean any supplemental financing certificate amending or supplementing this Certificate in accordance with Article VII.

“Supplemental Resolution” shall mean any resolution amending the Resolution, adopted by the County in accordance with Article VII.

“Tax Certificate” shall mean the applicable Tax Certificate, executed by the County on the date of issuance and delivery of the related 2021-22 TRANs, as amended from time to time.

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

“Taxable Notes” means those 2021-22 TRANs the interest on which is not Tax-Exempt.

“2021-22 TRANs” shall mean the County’s 2021-22 Tax and Revenue Anticipation Notes, issued in an aggregate principal amount of \$[_____], and authorized pursuant to the Resolution.

“2021-22 TRANs Proceeds Fund” shall mean the 2021-22 TRANs Proceeds Fund as described in Section 401.

“2021-22 TRANs Repayment Fund” shall mean the 2021-22 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

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

“Unrestricted Revenues” means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

“Written Certificate of the County” means a written certificate signed in the name of the County by the Treasurer. 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.

Section 102. Other Definitional Provisions. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the feminine gender shall be deemed and construed to include correlative words of the masculine and neuter genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa. Headings of articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Unless otherwise indicated, all references herein to “Articles,” “Sections” or other subdivisions are to the corresponding Articles, Sections or subdivisions of this Certificate; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Certificate as a whole and not to any particular Article, Section or subdivision hereof.

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

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

Section 105. Financing Certificate to Constitute Contract. In consideration of the purchase and acceptance of any and all of the 2021-22 TRANs to be issued hereunder by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2021-22 TRANs. The pledge made in this Certificate and the covenants and agreements herein set forth to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the 2021-22 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2021-22 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2021-22 TRANS

Section 201. Authorization, Form and Date of 2021-22 TRANS.

1. The 2021-22 TRANS in an aggregate principal amount of not to exceed \$[] have been authorized to be issued in one or more series pursuant to the Resolution and are entitled to the benefit, protection and security thereof. The 2021-22 TRANS shall be issued in anticipation of the receipt by or accrual to the County during Fiscal Year 2021-22 of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County. Such notes shall be designated as and shall be distinguished from the notes and securities of all other issues of the County by the title "County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes."

2. As of the date hereof, the County has authorized the issuance of \$[] aggregate principal amount of 2021-22 TRANS hereby designated the "2021-22 Tax and Revenue Anticipation Notes."

3. The 2021-22 TRANS shall be issued in fully registered form, without coupons and in Authorized Denominations, and the 2021-22 TRANS shall initially be issued in book-entry only form pursuant to Section 202. The County hereby certifies and recites that all acts, conditions and things required by the Act, the Resolution and this Certificate to exist, to have happened, and to have been performed precedent to and during the issuance of the 2021-22 TRANS do exist, have happened and have been performed in due time, form and manner, as required by the Act, the Resolution and this Certificate. The 2021-22 TRANS shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2021-22 TRANS.

4. Except as otherwise provided in a Representation Letter, interest due on each 2021-22 TRANS, prior to the maturity thereof, if any, shall be payable in lawful money of the United States of America to the person in whose name such 2021-22 TRANS is registered on the registration books of the Note Registrar as of the close of business on the Record Date immediately preceding such interest payment date, such interest to be paid by check of the Paying Agent mailed by first class mail, postage prepaid, on such interest payment date to such person at his or her address shown on the registration books of the Note Registrar as of the close of business on such Record Date. Except as otherwise provided in a Representation Letter, at and after each Maturity Date of the 2021-22 TRANS, the principal of and interest then due on the 2021-22 TRANS shall be payable in lawful money of the United States of America upon surrender of the 2021-22 TRANS at the Principal Office of the Paying Agent. The 2021-22 TRANS so surrendered to the Paying Agent on any Business Day at or prior to 12:00 noon shall be paid in funds immediately available on such Business Day. The 2021-22 TRANS so surrendered to the Paying Agent on any Business Day after 12:00 noon shall be paid on the next succeeding Business Day in funds immediately available on such succeeding Business Day.

Section 202. Book-Entry Notes.

1. Except as otherwise provided in this Section and subject to any limitation on maximum principal amount imposed by DTC, the 2021-22 TRANs of each series shall be initially issued in the form of a single, separate fully registered note (which may be typewritten) in the full aggregate principal amount for each maturity of such 2021-22 TRANs, and upon initial issuance, the ownership of such 2021-22 TRANs shall be registered in the Note Register in the name of Cede & Co., as nominee of DTC, the initial Securities Depository. Except as otherwise provided in this Section, all of the 2021-22 TRANs shall be registered in the Note Register in the name of Cede & Co., or such other nominee of DTC or any successor Securities Depository or the nominee thereof, as shall be specified pursuant to a Representation Letter.

2. With respect to 2021-22 TRANs registered in the Note Register in the name of the Securities Depository, or its nominee, the County and the Paying Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in any such 2021-22 TRANs. Without limiting the generality of the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository, the nominee of the Securities Depository or any Participant with respect to any ownership interest in the 2021-22 TRANs, (b) the delivery to any Participant or any other Person, other than a Holder as shown in the Note Register, of any notice with respect to the 2021-22 TRANs or (c) the payment to any Participant or any other Person, other than a Holder as shown in the Note Register, of any amount with respect to principal of or interest on the 2021-22 TRANs. The County may treat and consider the Person in whose name any 2021-22 TRANs is registered in the Note Register as the Holder and absolute owner of such 2021-22 TRANs for the purpose of payment of principal and interest on such 2021-22 TRANs and for all other purposes whatsoever.

3. The Paying Agent shall pay all principal of and interest on the 2021-22 TRANs only to or upon the order of the respective Holders, as shown in the Note Register on the respective Maturity Dates thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the obligations with respect to the payment of principal of and interest on the 2021-22 TRANs under this Certificate and the 2021-22 TRANs to the extent of the sums so paid. Upon delivery by the Securities Depository to the Treasurer of written notice to the effect that the Securities Depository has determined to substitute a new nominee, the word "nominee" in this Certificate shall refer to such new nominee of the Securities Depository.

4. In order to qualify the 2021-22 TRANs for the Securities Depository's book-entry system, the Treasurer has been authorized to execute and deliver, or has executed and delivered, on behalf of the County to the Securities Depository a Blanket Letter of Representations regarding such matters as shall be necessary to so qualify such 2021-22 TRANs for deposit with the Securities Depository. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of paragraph 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the 2021-22 TRANs other than the Holders as shown in the Note Register. In addition to the execution and delivery of the Blanket Letter of Representations, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions

as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such 2021-22 TRANs for the Securities Depository's book-entry program.

5. In the event (a) the incumbent Securities Depository determines not to continue to act as Securities Depository for the 2021-22 TRANs or (b) the County determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate to the incumbent Securities Depository to that effect, then the County will discontinue the book-entry system for the 2021-22 TRANs with the incumbent Securities Depository. If the County determines to replace the incumbent Securities Depository with another qualified Securities Depository, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver, subject to any limitation on maximum principal amount imposed by the successor Securities Depository, a new single, separate fully registered note (which may be typewritten) for the aggregate outstanding principal amount of the 2021-22 TRANs held by the incumbent Securities Depository, registered in the name of such successor or substitute qualified Securities Depository or its nominee, or make such other arrangement acceptable to the County and the successor Securities Depository as are not inconsistent with the terms of this Certificate. If the County fails to identify another qualified successor Securities Depository to replace the incumbent Securities Depository, then the 2021-22 TRANs shall no longer be restricted to being registered in the Note Register in the name of the Securities Depository or its nominee, but shall be registered in whatever name or names the Securities Depository or its nominee shall designate. In such event, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver to the Holders thereof, such 2021-22 TRANs as are necessary or desirable to carry out the transfers and exchanges provided in this Section and Section 302. All such 2021-22 TRANs shall be in fully registered form in the denominations authorized upon original issuance pursuant to Section 201.

6. Notwithstanding any other provision of this Certificate to the contrary, so long as any 2021-22 TRANs is registered in the name of the Securities Depository or its nominee, all notices and payments with respect to principal of and interest on such 2021-22 TRANs shall be given and made, respectively, as provided in a Representation Letter or as otherwise instructed by the Securities Depository.

Section 203. Maturity Date, Principal Amount of and Interest on the 2019-20 TRANs.

1. The 2021-22 TRANs shall be dated [_____, 202_]. Interest shall be paid on [_____, 202_, and each][the] Maturity Date of the 2021-22 TRANs. The 2021-22 TRANs shall bear interest from their date of original issuance and calculated at the rate or rates set forth below per annum, on the basis of a 360-day year comprised of twelve months of 30 days each.

2. The 2021-22 TRANs shall mature on the date[s] and in the principal amount[s] and bear interest at the respective rate[s] as set forth in the following table:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
[_____, 202_]	[\$_____]	[_____]%

3. [The 2021-22 TRANs shall not be subject to redemption prior to their respective Maturity Dates.]

ARTICLE III

GENERAL TERMS AND PROVISIONS OF 2021-22 TRANs

Section 301. Execution of 2021-22 TRANs; Authentication.

1. The 2021-22 TRANs shall be executed in the name of the County by the manual or facsimile signature of the Chair of the Board and the Executive Officer-Clerk of the Board, and the County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. No 2021-22 TRANs shall be entitled to any benefit under the Resolution or this Certificate or be valid or obligatory for any purpose, unless there appears on such 2021-22 TRANs, a certificate of authentication substantially in the form provided for herein executed by the manual signature of the Paying Agent. Such certificate upon any 2021-22 TRANs shall be conclusive evidence, and the only evidence, that such 2021-22 TRANs has been duly issued, authenticated and delivered hereunder.

2. In case any one or more of the officers who shall have signed or sealed any of the 2021-22 TRANs shall cease to be such officer before the 2021-22 TRANs so signed and sealed shall have been issued, such 2021-22 TRANs so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2021-22 TRANs had not ceased to hold such offices. Any of the 2021-22 TRANs may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2021-22 TRANs shall be duly authorized to hold or shall hold the proper office in the County, although on the date borne by the 2021-22 TRANs such persons may not have been so authorized or have held such office.

Section 302. Negotiability, Transfer and Exchange.

1. The Note Registrar will keep at its Principal Office sufficient books for the registration of transfer and exchange of the 2021-22 TRANs, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2021-22 TRANs on such books as hereinafter provided.

2. Any 2021-22 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such 2021-22 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar. Whenever any 2021-22 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2021-22 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder requesting such transfer of all expenses incurred

by the Note Registrar and the County in connection with such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

3. The County and the Paying Agent may deem and treat the Holder of any 2021-22 TRANs as the absolute owner of such 2021-22 TRANs, regardless of whether such 2021-22 TRANs shall be overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effective to satisfy and discharge the liability upon such 2021-22 TRANs to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary. The County agrees, to the extent permitted by law, to indemnify and hold each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Certificate, in so treating such Holder.

4. The 2021-22 TRANs shall not be exchangeable for other 2021-22 TRANs except as provided in Section 202, this Section and Section 303.

Section 303. 2021-22 TRANs Mutilated, Destroyed, Stolen or Lost. In case any 2021-22 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2021-22 TRANs of like principal amount, denomination and tenor as the 2021-22 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2021-22 TRANs, or in lieu of and substitution for the 2021-22 TRANs destroyed, stolen or lost, upon the filing with the Paying Agent and the County of evidence satisfactory to the Paying Agent and the County that such 2021-22 TRANs have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Paying Agent and the County with indemnity satisfactory to the Paying Agent and the County and complying with such other reasonable regulations as the Paying Agent and the County may prescribe and paying such expenses as the Paying Agent and the County may incur. All 2021-22 TRANs so surrendered shall be cancelled. Any such substitute 2021-22 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2021-22 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2021-22 TRANs shall be equally secured by and entitled to equal and proportionate benefits with all other 2021-22 TRANs issued under the Resolution and this Certificate in any moneys or securities held by the County or the Paying Agent for the benefit of the Holders of the 2021-22 TRANs.

Section 304. Cancellation. All 2021-22 TRANs which at or after maturity are surrendered to the Paying Agent for the collection of the principal thereof and interest thereon shall be cancelled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent shall deliver to the County a certificate specifying the cancellation of such 2021-22 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

Section 305. 2021-22 TRANs Held by County. If the County shall become the Holder of any 2021-22 TRANs, such 2021-22 TRANs shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation; provided, however, that the County shall not be deemed to be the Holder of any 2021-22 TRANs held by it in a fiduciary capacity.

ARTICLE IV

**ESTABLISHMENT OF 2021-22 TRANS PROCEEDS FUND AND
REPAYMENT FUND AND APPLICATION THEREOF**

Section 401. Use of Proceeds of 2021-22 TRANS.

1. The Auditor-Controller is hereby directed to establish the “2021-22 TRANS Proceeds Fund” and to establish any subaccounts within the 2021-22 TRANS Proceeds Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. The proceeds of the sale of the 2021-22 TRANS upon original issuance shall be deposited in said 2021-22 TRANS Proceeds Fund. The County shall make disbursements from the 2021-22 TRANS Proceeds Fund to pay current Fiscal Year 2021-22 expenditures and to discharge other obligations or indebtedness of the County in accordance with Section 53852 of the Act and the instructions and agreements set forth in the Tax Certificate. Amounts on hand in the 2021-22 TRANS Proceeds Fund shall be accounted for separately from the other funds of the County and shall be invested so as to be available for the aforementioned disbursements. The Auditor-Controller shall keep a written record of all investments and investment earnings (including any investment of earnings) of amounts in the 2021-22 TRANS Proceeds Fund, as well as a written record of disbursements from the 2021-22 TRANS Proceeds Fund.

2. Without limiting the generality of paragraph 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2021-22 TRANS out of moneys in the 2021-22 TRANS Proceeds Fund or any account in the General Fund of the County.

Section 402. Payment and Security for the 2021-22 TRANS. Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the “2021-22 TRANS Repayment Fund” and to establish any subaccounts within the 2021-22 TRANS Repayment Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. As provided in the Act, and subject to the provisions of the Resolution and this Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein and herein, the County hereby pledges to the payment of the 2021-22 TRANS and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) [the first \$ _____ Unrestricted Revenues to be received by the County on and after _____, 202__;]

(b) [the first \$ _____ Unrestricted Revenues to be received by the County on and after _____, 202__; and]

(c) [(1) the first \$ _____ Unrestricted Revenues to be received by the County on and after _____, 202__; plus (2) an amount equal to the interest that will accrue on the 2019-20 TRANS.]

As provided in Section 53856 of the Act, the 2021-22 TRANS and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the

County from, the Pledged Revenues. As security for the payment of the 2021-22 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2021-22 TRANs Repayment Fund, in trust for the registered owners of the 2021-22 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit the Pledged Revenues in the 2021-22 TRANs Repayment Fund. To the extent that any amounts received pursuant to clauses [(a) through (c)] above are less than the total amount designated for such deposit, then the amount of any deficiency in the 2021-22 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit additional amounts from any such other moneys of the County into the 2021-22 TRANs Repayment Fund. The amounts on deposit in the 2021-22 TRANs Repayment Fund are hereby pledged to the payment of the 2021-22 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2021-22 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2021-22 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Paying Agent shall use the moneys in the 2021-22 TRANs Repayment Fund on the interest payment date or dates to pay interest on the 2021-22 TRANs then due and on the maturity date or dates of the 2021-22 TRANs to pay the principal of and interest on the 2021-22 TRANs then due. If for any reason amounts in the 2021-22 TRANs Repayment Fund are insufficient to pay the 2021-22 TRANs in full, such amounts shall be applied to the payment of principal of and interest payable upon the 2021-22 TRANs in order of the due dates thereof and pro-rata for amounts due on a date for which there are insufficient funds to pay all amounts due on such date. Any amounts remaining in the 2021-22 TRANs Repayment Fund after repayment of all 2021-22 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2021-22 TRANs.

ARTICLE V

CERTAIN COVENANTS; EVENTS OF DEFAULT AND REMEDIES

Section 501. General Covenants and Representations. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of the Act, the Resolution and this Certificate.

1. Upon the date of issuance of the 2021-22 TRANs, all conditions, acts and things required of the County by the Act, the Resolution and this Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the 2021-22 TRANs, shall exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2021-22 TRANs, together with all other indebtedness of the County, shall be within every applicable debt and other limit prescribed by the laws of the State.

2. The County shall not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2021-22 in an amount which, when added to the interest payable thereon, shall exceed 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said Fiscal Year, such principal and interest may be disregarded in computing said limit.

3. The County shall provide, in a timely manner, notice to each Rating Agency that is then providing a rating for the 2021-22 TRANs of the following events:

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

(b) any material amendments to the Resolution, this Certificate, any of the 2021-22 TRANs or the Official Statement.

Section 502. Covenants Relating to the Code. The County shall do the following with respect to the 2021-22 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on Tax-Exempt 2021-22 TRANs from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of each Tax Certificate with respect to each series of Tax-Exempt 2021-22 TRANs. The County shall make all calculations as provided in each Tax Certificate relating to any rebate of excess investment earnings on Tax-Exempt 2021-22 TRANs proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

2. Notwithstanding any other provisions of this Certificate to the contrary, so long as necessary to maintain the exclusion from gross income of interest on any Tax-Exempt 2021-22 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2021-22 TRANs and the interest thereon.

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

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

(a) the County fails to make any payment of the principal of, or interest on, any 2021-22 TRANs when and as the same shall become due and payable;

(b) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, this Certificate or the 2021-22 TRANs and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10% in principal amount of the 2021-22 TRANs Outstanding; or

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

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2021-22 TRANs and their legal representatives, shall be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants herein and in the Act. Nothing herein shall preclude an individual Holder from enforcing his or her rights to payment of principal of or interest on the 2021-22 TRANs.

ARTICLE VI

PAYING AGENT

Section 601. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Certificate or of any 2021-22 TRANs or as to the security afforded by the Resolution or this Certificate, and the Paying Agent shall incur no liability in respect thereof.

Section 602. Evidence on Which Paying Agent May Act.

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

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

Section 603. Compensation.

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

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

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the 2021-22 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the making, when due, of any payment required at the respective Maturity Dates of the 2021-22 TRANs.

Section 604. Ownership of the 2021-22 TRANs Permitted. Subject to Section 305, the Paying Agent may become the Holder of any 2021-22 TRANs.

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

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it to its successor. In no event shall the resignation

or removal of the Paying Agent become effective prior to the assumption of the resigning or removed Paying Agent's duties and obligations by a successor Paying Agent.

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

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

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

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

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

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

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

(e) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect as required to maintain a rating for the 2021-22 TRANs, or any portion thereof, from any Rating Agency; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

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

Section 702. Supplemental Certificate. Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2021-22 TRANs under this Certificate, in any particular, may be made by a

Supplemental Certificate and with the written consent of the Holders of at least a majority in principal amount of the 2021-22 TRANs Outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any 2021-22 TRANs remain Outstanding, the consent of the Holders shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2021-22 TRANs or of the then applicable interest rate thereon or a reduction in the principal amount thereof, or shall change the dates or amounts of the pledges set forth in Section 402, or shall reduce the percentage of Holders required to approve any such Supplemental Certificate, without the consent of all of the Holders of affected 2021-22 TRANs nor shall any such supplement or amendment change or modify any of the rights or obligations of any Paying Agent, if applicable, without its written consent thereto. The County shall provide the Rating Agencies notice of any Supplemental Certificate or Supplemental Resolution.

ARTICLE VIII

MISCELLANEOUS

Section 801. Moneys Held in Trust for One Year. Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the 2021-22 TRANs that remain unclaimed for a period of one year after the date when such 2021-22 TRANs have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such 2021-22 TRANs became due and payable, shall be repaid to the County, as its absolute property and free from trust, and the Holders shall thereafter look only to the County for the payment of such 2021-22 TRANs from lawfully available funds; provided, however, that before any such payment is made to the County, the County shall create (and shall thereafter maintain until payment of all of the 2021-22 TRANs) a record of the amount so repaid, and the County shall cause to be published at least twice, at any interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

Section 802. [Electronic Signature. Pursuant to the Resolution, the Board approved the execution and delivery of any and all agreements, documents, certificates and instruments referred to therein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign. The County agrees and acknowledges that it is its intent (a) that, by signing this Certificate using an electronic signature, it is signing, adopting and accepting this Certificate, and (b) that signing this Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Certificate on paper. The County acknowledges that it is being provided with an electronic or paper copy of this Certificate in a usable format.]

IN WITNESS WHEREOF, I have set my hand onto this Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes on this [_____] day of July, 2021.

COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector

[Signature Page to Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes]

EXHIBIT I

FORM OF 2021-22 TRANS

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTE**

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>
_____%	_____, 202__	_____, 202__	544657 ____

Registered Owner: Cede & Co.

Principal Amount:

The County of Los Angeles, a political subdivision of the State of California (herein called the “**County**”), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner hereof, or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this note at the Principal Office of the Treasurer and Tax Collector of the County, as Paying Agent (the “**Paying Agent**”), or at the Principal Office of any successor Paying Agent, in lawful money of the United States of America, the Principal Amount specified above, together with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above. Interest on this Note shall accrue from the Dated Date set forth above and shall be computed on the basis of a 360-day year comprised of 12 months of 30 days each payable at maturity.

This Note is one of a duly authorized issue of notes of the County designated as its “County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes” (herein called the “**Notes**”), authorized in an aggregate principal amount of \$[_____] under and in full compliance with the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code being Sections 53850 to 53858, inclusive, as amended (the “**Act**”) and under and pursuant to the resolution of the Board of Supervisors of the County, adopted [RESO DATE], 2021, entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2021-22 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$[NTE AMOUNT]” (such resolution, as the same may be amended or supplemented from time to time, is herein called the “**Resolution**”), and is issued on the terms and conditions set forth in the Financing Certificate, dated July 1, 2021, entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes” (such Certificate, as the same may be amended or supplemented from time to time, is herein called the “**Certificate**”). Capitalized terms used and not otherwise defined shall have the meanings given such terms in the Certificate. Copies of the Resolution and the Certificate are on file at the office of the Executive Officer-Clerk of the Board of Supervisors, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof, to the Certificate

and any and all supplements thereto and modifications and amendments thereof, and to the Act is made for a complete statement of such terms and conditions.

Subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2021-22. In accordance with California law, the Notes are payable solely from taxes, income, revenue, cash receipts and other moneys of the County attributable to Fiscal Year 2021-22, and, to the extent not paid from taxes, income, revenue, cash receipts and other moneys of the County pledged for the repayment thereof, shall be paid with the interest thereon from other moneys of the County lawfully available therefor.

This Note is transferable, as provided in the Certificate, only upon a register to be kept for that purpose at the office of the Note Registrar by the Registered Owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Note together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the Registered Owner or such owner's duly authorized attorney, and thereupon a new fully registered note or notes of the same series, maturity and aggregate Principal Amount will be issued to the transferee in exchange therefor as provided in the Certificate upon payment of the charges therein prescribed. The County and the Note Registrar shall treat the person in whose name this Note is registered as the absolute owner hereof for all purposes whether or not this Note shall be overdue, and the County and the Note Registrar shall not be affected by any notice to the contrary.

The Notes may not be exchanged for other Notes except as provided in the Certificate.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution and the Certificate, or any supplemental resolution amending the Resolution and the Certificate, may be amended by the County; provided, however, that no such amendment shall permit a change in the terms of maturity, the principal of any Note or of the then prevailing interest thereon or a reduction in the principal amount thereof without the consent of the owners of such Notes or shall reduce the percentage of Notes the consent of the owners of which is required to effect any such amendment or change the dates or amounts of the pledges set forth in the Resolution.

It is hereby certified and recited that all conditions, acts and things required by the Act, the Resolution and the Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the Notes, do exist, have happened and have been performed, in due time, form and manner, as required by the Act, the Resolution and the Certificate, and that the Notes, together with all other indebtedness of the County, are within every debt and other limit prescribed by the laws of the State of California.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the Note Registrar for registration of transfer or exchange or to the Paying Agent for payment, and any Note 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.

IN WITNESS WHEREOF, THE COUNTY OF LOS ANGELES has caused this Note to be signed in its name and on its behalf by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Executive Officer-Clerk of the Board of Supervisors and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, as of the Dated Date set forth above.

(SEAL)

COUNTY OF LOS ANGELES

By: _____
Chair

By: _____
Executive Officer-Clerk of
the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes delivered pursuant to the within-mentioned Resolution.

DATED: _____, 202__

**TREASURER AND TAX COLLECTOR
OF THE COUNTY OF LOS ANGELES,
as Paying Agent**

By: _____
Treasurer and Tax Collector

ASSIGNMENT

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within Note and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Note Register of the Paying Agent, with full power of substitution in the premises.

Dated: _____

Signature of Registered Owners: _____

Signature Guaranteed by: _____

Note: The signature on this Assignment must correspond with the name as written on the face of the within note in every particular, without alteration or enlargement or any change whatsoever and must be guaranteed by a commercial bank, trust company, or a member firm of the New York Stock Exchange.

§[PAR]
COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES
CONTRACT OF PURCHASE

[Pricing Date]

Board of Supervisors
County of Los Angeles
Los Angeles, California

Honorable Members of the Board of Supervisors:

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

SECTION 1. Purchase and Sale of the Notes. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County’s §[PAR] in aggregate principal amount of 2021-22 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on *[May 18, 2021]* and entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2021-22 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$1,000,000,000” (the “Resolution”) and subject to the terms and conditions set forth in the Financing Certificate of the Treasurer and Tax Collector of the County (the “Treasurer”) entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes” (the “Financing Certificate”).

The Notes shall be dated July 1, 2021, mature on June 30, 2022 and bear interest at []% per annum.

The purchase price for the Notes shall be \$ _____ (representing the principal amount of the Notes of §[PAR].00, plus original issue premium of \$ _____, less Underwriters’ discount of \$ _____).

The Preliminary Official Statement of the County, dated [POS Date], including the cover page and Appendices thereto, relating to the Notes (together with any documents incorporated therein by reference and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, the “Preliminary Official Statement”), as amended to conform to the terms of this Contract of Purchase and exclusive of such changes and amendments subsequent to the date hereof as may be mutually agreed to in accordance with Section 5(b)(iii) hereof is hereinafter called the “Official Statement.”

In connection with the issuance of the Notes, the County is also executing a Disclosure Certificate dated July 1, 2021 (the “Disclosure Certificate”).

SECTION 2. The Notes and the Official Statement.

(a) The Notes shall be as described in the Financing Certificate and shall be issued and secured under and pursuant to the provisions of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”) and the Resolution.

(b) On or prior to the date of mailing or electronic distribution of the Preliminary Official Statement by the Underwriters, the County shall have delivered to the Representative a certificate pursuant to which the Treasurer or his authorized representative certifies on behalf of the County that such Preliminary Official Statement is deemed final by the County as of the date thereof, except for the omission of such information which is permitted to be excluded by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”).

(c) Unless otherwise notified in writing by the Representative, the “end of the underwriting period” for purposes of Rule 15c2-12 shall be the date of Closing (as hereinafter defined).

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

(a) It shall be a condition to the County’s obligations to sell and deliver the Notes to the Underwriters and to the Underwriters’ obligations to purchase, to accept delivery of and to pay for the Notes that the entire aggregate principal amount of the Notes shall be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing. Except as provided in Section 4, the Underwriters agree to make a bona fide public offering of all the Notes at prices not in excess of the initial offering prices or yields set forth on the cover page of the Official Statement, plus interest accrued thereon (if any) from the date of the Notes. Except as provided in Section 4, subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Notes.

(b) The Underwriters agree as follows:

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

(ii) To take any and all other actions necessary to comply with rules of the U.S. Securities and Exchange Commission (the “SEC”) and MSRB which are applicable to the Underwriters governing the offering, sale and delivery of the Notes to the ultimate purchasers.

SECTION 4. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the County in establishing the issue price of the Notes and shall execute and deliver at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, as may be appropriate or necessary, in the reasonable judgment of the Representative, the County and Orrick, Herrington & Sutcliffe LLP, Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes.

(b) Except as otherwise set forth in Appendix II attached hereto and with respect to Notes subject to Section 4(c) below, the County will treat the first price at which 10% of the Notes (the “10% test”) is sold to the public as the issue price of the Notes. At or promptly after the execution of this Contract of Purchase, the Representative shall report to the County the price at which the Underwriters have sold the Notes to the public.

(c) The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Contract of Purchase at the offering price (the “initial offering price”), or at the corresponding yield, set forth in Appendix II attached hereto, except as otherwise set forth therein. Appendix II also sets forth, as of the date of this Contract of Purchase, whether the 10% test has been satisfied and whether, as agreed to by the County and the Representative, on behalf of the Underwriters, the restrictions set forth in the next sentence shall apply, which will allow the County to treat the initial offering price to the public of the Notes as of the sale date as the issue price of the Notes (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to the Notes, the Underwriters will neither offer nor sell unsold Notes 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 (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the County when the Underwriters have sold 10% of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The County acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, 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 Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution

agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule 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 retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) The Representative confirms that:

(i) (i) any agreement among underwriters, any selling group agreement and any retail distribution agreement relating to the initial sale of the Notes 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 retail distribution agreement, as applicable, to (A)(1) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the Representative that either the 10% test has been satisfied or all Notes have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) promptly notify the Representative of any sales of the Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and (C) 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, and

(ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied or all Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(f) The Underwriters acknowledge that sales of any Notes to any person that is a related party to an Underwriter 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 County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes 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 Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public),

(iii) a purchaser of any of the Notes 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 Contract of Purchase by all parties.

SECTION 5. Use of Documents; Certain Covenants and Agreements of the County.

(a) The County authorizes the use by the Underwriters of the Resolution, the Financing Certificate and the Official Statement, including any supplements or amendments thereto, and the information therein contained in connection with the public offering and sale of the Notes. The County ratifies and confirms the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Notes;

(b) The County covenants and agrees:

(i) To cause to be made available to the Underwriters such quantities of the Official Statement (in a “designated electronic format” (as defined in MSRB Rule G-32)) as the Underwriters may request for use in connection with the offering and sale of the Notes, without charge, within seven (7) business days of the date hereof and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Representative, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing; provided, however, that in the event that the date of Closing is less than seven (7) business days after the date hereof the failure of the County to comply with this clause (i) due to any circumstance outside of the control of the County shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the Notes;

(ii) To apply the proceeds from the sale of the Notes as provided in the Resolution and the Financing Certificate, subject to all of the terms and provisions of the Resolution and the Financing Certificate, and not knowingly to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Notes, in that the County agrees to comply with the provisions of the Tax Certificate executed by the County at the time of delivery of the Notes;

(iii) If, after the date of this Contract of Purchase and until the earlier of (A) twenty-five (25) days after the “end of the underwriting period” (as defined in Rule 15c2-12) or (B) ninety (90) days after the Closing, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in the opinion of the County or the Representative so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with applicable law, to notify the Representative (and for the purposes of this clause (iii) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement as so amended and supplemented is delivered to a purchaser, not misleading or so that the Official Statement as so amended and supplemented will comply with all applicable laws;

(iv) To furnish such information and execute such instruments and take such action in cooperation with the Representative as the Representative may reasonably request (A) to (a) qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (b) determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Notes; provided, however, that the County will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state;

(v) To advise the Representative immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; and

(vi) To furnish to the Representative, from time to time, any additional information as the Representative may reasonably request.

SECTION 6. Representations and Warranties of the County. The County represents and warrants to each of the Underwriters, as of the date hereof, as follows:

(a) The County is a political subdivision duly created and validly existing under the Constitution and the laws of the State of California (the “State”), and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into this Contract of Purchase, to execute the Financing Certificate and the Disclosure Certificate and to adopt the Resolution, (ii) to sell, issue and deliver the Notes to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Contract of Purchase, the Resolution, the Financing Certificate, the Disclosure Certificate and the Official Statement; and the County has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Resolution as they pertain to such transactions;

(b) By all necessary official action of the County prior to or concurrently with the acceptance hereof, the County has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Notes, this Contract of Purchase, the Resolution, the Financing Certificate and the Disclosure Certificate, and the consummation by it of all other transactions contemplated by the Official Statement, the Resolution, the Financing Certificate, the Disclosure Certificate and this Contract of Purchase; the Resolution, the Financing Certificate, the Disclosure Certificate and this Contract of Purchase, assuming due authorization, execution and delivery by the other parties thereto, constitute, or will constitute at Closing, legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of general principles of equity if equitable remedies are sought; the Notes, when issued, authenticated and delivered to the Underwriters in accordance with the Resolution, the Financing Certificate and this Contract of Purchase will constitute legal, valid and binding general obligations of the County entitled to the benefits of, and payable from sources specified in, the Resolution and the Financing Certificate and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of the general principles of equity if equitable remedies are sought; upon the issuance, authentication and delivery of the Notes, the Resolution will provide, for the benefit of the registered owners from time to time of the Notes, the legal, valid and binding pledge of and lien on the Pledged Revenues (as defined in the Financing Certificate) it purports to create, subject only to the provisions of the Resolution and the Financing Certificate permitting the application thereof on the terms and conditions set forth in the Resolution and the Financing Certificate;

(c) To the best knowledge of the County, the County is not in material breach of or default under any loan agreement, indenture, bond or note, or other instrument evidencing any indebtedness or other material financial obligation of the County to which the County is a party, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the County under any such instrument; and the execution and delivery of the Notes, the Financing Certificate and this Contract of Purchase and the adoption of the Resolution and compliance with the provisions on the County's part contained therein, will not in any material respect conflict with or constitute a breach or default under any State constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, ordinance, resolution, agreement or other instrument to which the County is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as provided by the Notes, the Financing Certificate and the Resolution;

(d) All authorizations, approvals, licenses, permits, consents and orders of any State governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under, this Contract of Purchase, the Resolution, the Financing Certificate and the Notes have been duly obtained, except for such approvals, consents and orders

as are stated in the Official Statement as yet to be obtained or as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes;

(e) The Notes conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption “THE NOTES,” the Resolution and the Financing Certificate conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement under the caption “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE” and the proceeds of the sale of the Notes will be applied generally as described in the Preliminary Official Statement and the Official Statement under the caption “THE NOTES – Purpose of Issue”;

(f) To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed, or threatened against the County, affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Notes or the pledge of and lien on the Pledged Revenues of the County pursuant to the Resolution or in any way contesting or affecting the validity or enforceability of the Notes, the Resolution, this Contract of Purchase and the Financing Certificate, or contesting the exclusion from gross income of interest on the Notes for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereof, or contesting the powers of the County or any authority for the issuance of the Notes, the adoption of the Resolution or the execution and delivery of this Contract of Purchase and the Financing Certificate, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Notes, the Resolution, the Financing Certificate or this Contract of Purchase;

(g) As of the date thereof, the Preliminary Official Statement (excluding any information relating to The Depository Trust Company, New York, New York (“DTC”) and information under the caption “UNDERWRITING”) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the County’s acceptance hereof and (unless an event occurs of the nature described in clause (iii) of Section 5(b) above) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the “end of the underwriting period” or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If the Official Statement is supplemented or amended pursuant to clause (iii) of Section 5(b) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the “end of the underwriting period” or (B) ninety (90) days after the Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state

any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) The financial statements of, and other financial information regarding, the County in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth and (i) except as noted under the heading “Notes to the Basic Financial Statements” in Appendix B to the Official Statement, the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information with respect to the County has been determined on a basis substantially consistent with that of the County’s audited financial statements included in the Official Statement; and

(k) The County has not failed to comply in the last five years, in any material respect, with any continuing disclosure undertaking entered into pursuant to Rule 15c2-12.

SECTION 7. Closing.

(a) At 8:00 a.m., Los Angeles time, on July 1, 2021, or at such other time and date as shall have been mutually agreed upon by the County and the Representative, the County will, subject to the terms and conditions hereof, deliver the Notes to the Representative duly executed and authenticated, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof by Federal Reserve wire of immediately available funds payable to the order of the County. Such delivery of and payment for the Notes is referred to herein as the “Closing.”

(b) Delivery of the Notes shall be made at, or, in accordance with the operating procedures thereof through, DTC. The Notes shall be delivered in fully registered form, without coupons, bearing CUSIP number(s) and registered in the name of Cede & Co. and shall be made available to the Representative at least one (1) business day before the Closing for purposes of inspection. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the Underwriters to accept delivery of and pay for the Notes on the date of Closing in accordance with the terms of this Contract of Purchase.

SECTION 8. Closing Conditions. The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters’ obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of the Closing, the Resolution and the Financing Certificate shall be in full force and effect and shall not have been amended, modified or supplemented; and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative in accordance with Section 5(b)(iii) hereof;

(c) At the time of the Closing, all official action of the County relating to this Contract of Purchase, the Resolution, the Financing Certificate and the Notes, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Representative shall have received, in appropriate form, evidence thereof;

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

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

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

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

(iii) An approving opinion, dated the date of Closing, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the County, together with a reliance letter with respect thereto addressed to the Underwriters, substantially in the form attached to the Official Statement as Appendix C;

(iv) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the County and the Representative, in substantially the form of Exhibit B hereto;

(v) An opinion, dated the date of Closing, of County Counsel, as counsel to the County and addressed to the Representative, in substantially the form of Exhibit C hereto;

(vi) An opinion, dated the date of Closing, of Hawkins, Delafield & Wood LLP, Disclosure Counsel, addressed to 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, dated the date of Closing, of Squire Patton Boggs (US) LLP, counsel for the Underwriters, addressed to the Representative, in substantially the form of Exhibit E hereto;

(viii) Evidence satisfactory to the Underwriters that the Notes shall have been rated not less than “MIG 1” by Moody’s Investors Service (“Moody’s”), “SP-1+” by Standard & Poor’s, a Standard & Poor’s Ratings Service (“S&P”), and “F1+” by Fitch Ratings (“Fitch”), and that none of such ratings has been revoked, suspended or downgraded;

(ix) A Tax Exemption Certificate of the County, in form satisfactory to Bond Counsel, signed by an authorized officer or designee of the County;

(x) A certificate of the County in substantially the form of Exhibit A hereto;

(xi) Evidence that the federal tax information return Form 8038-G has been prepared;

(xii) Evidence of required filings with the California Debt and Investment Advisory Commission;

(xiii) Executed copies of the Disclosure Certificate;

(xiv) A preliminary Blue Sky Survey and final Blue Sky Memorandum with respect to the Notes; and

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

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

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 10 hereof shall continue in full force and effect.

SECTION 9. Termination. The Representative shall have the right to terminate in its reasonable judgment the Underwriters’ obligations under this Contract of Purchase to purchase, to

accept delivery of and to pay for the Notes by notifying the County of its election to do so if, after the execution hereof and prior to the Closing, any one of the following shall occur:

(a) legislation shall be enacted by the Congress of the United States or favorably reported out for passage to either House of Congress by any committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on or evidenced by obligations of the general character of the Notes, which, in the opinion of Bond Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest is intended to be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the SEC or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of the Financing Certificate under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Notes, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

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

(d) (i) trading of any securities representing direct obligations of the County shall have been suspended on any exchange or in any over-the-counter market, or (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Notes shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred any outbreak or escalation of major military hostilities by the United States or any escalation of any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, in the reasonable judgment of the Representative, materially and adversely affects the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes;

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Notes by any of Moody's, S&P or Fitch; or

(f) the New York Stock Exchange or other national securities exchange, or any governmental authority shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in the Notes; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the case any of the events specified in clauses (i) or (ii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement, including any supplements or amendments thereto; or

(g) the purchase of and payment for the Notes by the Underwriters, or the resale of the Notes by the Underwriters, on the terms and conditions herein provided shall otherwise be prohibited by any applicable law, governmental authority, board, agency or commission; or

(h) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters or pertaining to DTC) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the County refuses a reasonable request to supplement the Official Statement to supply such statement or information or the effect of the amendment to the Official Statement is to materially and adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes.

SECTION 10. Expenses.

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

(b) The Underwriters shall pay (i) the fees and disbursements of counsel retained by the Representative, including such costs related to the preparation and printing of this Contract of Purchase and the reasonable cost of preparation and printing or duplication of any Blue Sky Survey relating to the Notes; (ii) costs related to on-line securities platforms, CUSIP subscription and DTC fees; (iii) out-of-pocket and miscellaneous costs of the Representative, (iv) all advertising expenses in connection with the public offering of the Notes; (v) all expenses incurred in qualifying the Notes for sale under state securities laws; and (vi) all other expenses incurred by them in connection with the public offering of the Notes. Certain expenses of the Underwriters may be included in the expense component of the Underwriters' discount.

(c) Even if this Contract of Purchase shall be terminated by the Underwriters because of any failure or refusal on the part of the County to comply with the terms or to fulfill any of the conditions of this Contract of Purchase, or if for any reason the County shall be unable to perform its obligations under this Contract of Purchase, the County will not reimburse the Underwriters for expenses incurred in connection with the authorization and marketing of the Notes.

SECTION 11. Notices. Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to County of Los Angeles, Office of the Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to UBS Financial Services Inc., 515 S. Flower St, 50th Floor, Los Angeles, California 90071, Attention: Shawn Dralle.

SECTION 12. Parties in Interest. This Contract of Purchase shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. Any remedy which the Underwriters may have at law or in equity by reason of the breach of any representation or warranty of the County made herein shall not expire upon, nor be limited by, (i) delivery of and payment for the Notes pursuant to this Contract of Purchase, (ii) any investigations made by or on behalf of any of the Underwriters or (iii) termination of this Contract of Purchase; provided, however, that such representations and warranties are made only as of the date of this Contract of Purchase and as of the date of the Closing and are not continuing.

SECTION 13. Effectiveness. This Contract of Purchase shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

SECTION 14. Choice of Law. This Contract of Purchase shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in such State.

SECTION 15. No Fiduciary Duty. The County acknowledges and agrees that (a) the purchase and sale of the Notes pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters; (b) the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Contract of Purchase, and are not acting as the agents, fiduciaries, financial advisors or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisors in connection with the matters contemplated by this Contract of Purchase irrespective of whether the Underwriters or their affiliates have provided other product and services or are currently providing other products or services to the County; and (c) the Underwriters have financial and other interests that differ from those of the County. In connection with the purchase and sale of the Notes, the County has consulted its own advisors to the extent it deems appropriate.

SECTION 16. Entire Agreement. This Contract of Purchase, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Contract of Purchase) that relate to the offering of the Notes, represents the entire agreement between the County and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Notes.

SECTION 17. Representative Capacity. Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Contract of Purchase may be exercised by the Representative on behalf of the Underwriters, and the County

shall be entitled to rely upon any request, notice or statement by the Representative as if the same shall have been given or made by the Underwriters. The Representative represents that it has been duly authorized by the Underwriters to execute this Contract of Purchase and to act hereunder on their behalf and to take such action as it may deem advisable in respect of all matters pertaining to this Contract of Purchase.

SECTION 18. Severability. If any provision of this Contract of Purchase shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract of Purchase invalid, inoperative or unenforceable to any extent whatever.

SECTION 19. Business Day. For purposes of this Contract of Purchase, “business day” means a day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

SECTION 20. Section Headings. Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.

SECTION 21. Counterparts. This Contract of Purchase may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very truly yours,

UBS FINANCIAL SERVICES INC.,
on behalf of itself and the other
Underwriters set forth on Appendix I hereof

By: _____
Authorized Signatory

By: _____
Authorized Signatory

AGREED AND ACCEPTED:

As of the date first set forth above.

COUNTY OF LOS ANGELES

By: _____
Keith Knox
Treasurer and Tax Collector

APPROVED AS TO FORM:

RODRIGO A. CASTRO-SILVA
County Counsel

By: _____
Deputy County Counsel

[Signature page to Contract of Purchase]

APPENDIX I

UNDERWRITERS

UBS Financial Services Inc.
Morgan Stanley & Co. LLC
American Veterans Group, PBC
Samuel A. Ramirez & Co., Inc.
Stern Brothers & Co.

APPENDIX II

ISSUE PRICE

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied</u>	Subject to hold-the-offering-price rule
June 30, 2022	[\$PAR]	[0.000]%	[0.000]%	[000.000]		

EXHIBIT A

FORM OF CERTIFICATE OF THE COUNTY

I, Keith Knox, Treasurer and Tax Collector of the County of Los Angeles, California (the “County”), do hereby certify as follows:

(a) I am a duly qualified and acting representative of the County and as such am familiar with the facts herein certified and am authorized and qualified to certify the same;

(b) I am acting on behalf of the County solely in my official capacity, and not in any personal capacity whatsoever;

(c) All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Contract of Purchase relating to the Notes, dated [Pricing Date] (the “Contract of Purchase”), by and between the County and UBS Financial Services Inc., as Representative of the Underwriters named therein;

(d) To the best of my knowledge, the County’s Official Statement dated [Pricing Date] (together with all appendices thereto, any documents incorporated therein by reference, and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, but excluding any information relating to The Depository Trust Company, New York, New York and information under the caption “UNDERWRITING,” the “Official Statement”), delivered pursuant to the Contract of Purchase, as of its date and as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) The Notes, together with interest thereon, will be payable from the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2021-22 and which are lawfully available for the payment of the Notes. Pursuant to the Resolution adopted by the Board of Supervisors of the County on [May 18, 2021] (the “Resolution”) authorizing the issuance and sale of the Notes, the County has pledged as security for the Notes such taxes, income, revenue, cash receipts and other moneys totaling the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, subject only to the provisions of the Resolution and the “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes” (the “Financing Certificate”). The amount of taxes, income, revenue, cash receipts and other moneys so pledged to secure the payment of the Notes is specified in the Resolution. Pursuant to the Act, the Resolution creates a valid pledge of and lien on the taxes, income, revenue, cash receipts and other moneys specified therein to pay the Notes and the interest thereon. The Notes are by statute general obligations of the County and, to the extent not paid from the Pledged Revenues (as defined in the Financing Certificate), shall be paid from any other moneys of the County attributable to Fiscal Year 2021-22 and lawfully available therefor;

(f) The County has complied in all respects with the Act and has complied with and satisfied all the agreements and conditions on its part to be complied with or satisfied at or prior

to the date of Closing pursuant to the Contract of Purchase, the Financing Certificate and the Resolution; and

(g) To the best of my knowledge, since the date of the Official Statement, there has been no material adverse change in the condition, financial or otherwise, of the County.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of July, 2021.

COUNTY OF LOS ANGELES

By: _____

Keith Knox
Treasurer and Tax Collector

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

_____, 2021

UBS Financial Services Inc.
Los Angeles, California

County of Los Angeles
2021-22 Tax and Revenue Anticipation Notes
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you pursuant to Section 8(e)(iv) of the Contract of Purchase, dated June __, 2021 (the “Purchase Contract”), by and between UBS Financial Services Inc., on behalf of itself and the underwriters named therein (collectively, the “Underwriters”), and the County of Los Angeles (the “County”), providing for the purchase of \$_____ aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 18, 2021 (the “Resolution”) and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes, dated July 1, 2021, executed by the County (the “Financing Certificate”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

We have delivered our final legal opinion (the “Bond Opinion”) as bond counsel to the County concerning the validity of the Notes and certain other matters, dated the date hereof and addressed to the County. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the County, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate of the County, dated the date hereof (the “Tax Certificate”), the Purchase Contract, an opinion of County Counsel, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Notes on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in

the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of 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 therein. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated June __, 2021, relating to the Notes (the "Official Statement"), or other offering material relating to the Notes and express no view or opinion relating thereto.

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

1. The Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and is a valid and binding agreement of, the County.

3. The statements contained in the Official Statement under the captions "THE NOTES," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and "TAX MATTERS," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Notes, the Resolution and the Financing Certificate, and the form and content of the Bond Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel to the County. No attorney-client relationship has existed or exists between our firm and you in connection with the Notes or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as underwriters of the Notes, is solely for your benefit as such underwriters in connection with the original issuance of the Notes on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Notes or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE COUNTY

[Closing Date]

UBS Financial Services Inc.,
as Representative of the Underwriters
Los Angeles, California

Re: \$[PAR] County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This opinion is rendered by us as counsel to the County of Los Angeles (the “County”) in accordance with the requirements of Section 8(e)(v) of the Contract of Purchase dated [Pricing Date] (the “Contract of Purchase”), by and between the County and UBS Financial Services Inc., on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the “Underwriters”) relating to the Notes, with respect to \$[PAR] aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the “Notes”).

The Notes are issued pursuant to a resolution of the Board of Supervisors of the County adopted on [Resolution Date] entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2021-22 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$ _____” (the “Resolution”) and the document entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2021-22 Tax and Revenue Anticipation Notes” (as referred to in the Resolution, the “Financing Certificate”).

In rendering this opinion, we have examined the Resolution, the Financing Certificate, the Contract of Purchase and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with regard to the laws of the State of California (the “State”), we are of the opinion that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State and has taken all action required to be taken by it to authorize the issuance and delivery of the Notes. The County has full legal right, power and authority to conduct its business, to execute and deliver the Contract of Purchase and the Financing Certificate, to adopt the Resolution, to issue and deliver the Notes to the Underwriters (as named and defined in the Contract of Purchase), and to perform all of its obligations under, and to carry out and effectuate the transactions contemplated by, the Resolution, the Financing Certificate, the Notes and the Contract of Purchase. No authorization, consent, approval, order, filing, registration, qualification, election or referendum, of or by any State person, organization, court or governmental agency or public body whatsoever, which has not been obtained or made, is required for such issuance, execution, delivery or performance or the consummation of the other

transactions effected or contemplated in or by the Contract of Purchase or the Financing Certificate by the County, except for such actions may be necessary to be taken to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of any state or jurisdiction of the United States, as to which no opinion is expressed.

2. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase, the Financing Certificate, the Resolution and the Notes, and the delivery of the Official Statement of the County dated [Pricing Date] relating to the Notes, by the County have been duly authorized, and the issuance of the Notes, the execution, delivery and performance of the Contract of Purchase, the Financing Certificate, the Resolution and the Notes, and compliance with the provisions thereof (a) do not in any material respect conflict with or constitute on the part of the County a violation of or default under the Constitution of the State or any existing State law, charter, ordinance, regulation, decree, order or resolution and do not in any material respect conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject, and (b) do not result in the creation or imposition of any lien or encumbrance, other than as created by the Resolution and the Financing Certificate.

3. The County has duly authorized the consummation by it of all transactions contemplated by the Contract of Purchase and the Financing Certificate.

4. The Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect.

5. Each of the Contract of Purchase and the Financing Certificate was duly authorized, executed and delivered by the County and the Contract of Purchase (assuming due authorization, execution and delivery by the Representative), the Financing Certificate, the Resolution and the Notes constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms.

6. To the best of our knowledge, no action, suit, proceeding, inquiry or investigation is pending in which service of process has been completed or threatened against the County: (a) seeking to restrain or enjoin the sale, issuance or delivery of any of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or assets of the County pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes, the Contract of Purchase, the Financing Certificate or the Resolution, or contesting the powers of the County or its authority with respect to the Notes, the Resolution, the Financing Certificate or the Contract of Purchase; or (b) in which a final adverse decision could (i) materially adversely affect the consummation of the transactions contemplated by the Contract of Purchase, the Financing Certificate or the Resolution, or (ii) declare the Contract of Purchase or the Financing Certificate to be invalid or unenforceable in whole or material part.

7. To the best of our knowledge after due inquiry, 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 Contract of Purchase, the Financing Certificate or the Resolution, 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 the County's ability to enter into or perform its obligations under the Contract of Purchase, the Financing Certificate or the Resolution.

With respect to the opinions we have expressed, the enforceability of the rights and obligations under the Contract of Purchase, the Resolution, the Financing Certificate and the Notes may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, by the application of equitable principles, if equitable remedies are sought, and by limitations on legal remedies imposed in actions against counties in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the Contract of Purchase, the Resolution, the Financing Certificate or the Notes.

Very truly yours,

By: _____
RODRIGO A. CASTRO-SILVA
County Counsel

EXHIBIT D

FORM OF OPINION OF DISCLOSURE COUNSEL

[Closing Date]

County of Los Angeles
Los Angeles, California

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the County of Los Angeles, California (the “County”) in connection with the Preliminary Official Statement dated [POS Date] (the “Preliminary Official Statement”) and its Official Statement dated [Pricing Date] (the “Official Statement”), each relating to its 2021-22 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”), and a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on [Resolution Date] (the “Note Resolution”). Capitalized terms used in this letter and not otherwise defined herein shall have the meanings provided by the Official Statement.

The Preliminary Official Statement and the Official Statement are the County’s documents and as such the County is responsible for their content. The statements made and the information contained in the Preliminary Official Statement and the Official Statement were reviewed for their accuracy, completeness, and materiality by representatives of the County. The purpose of our engagement was not to independently establish, confirm, or verify the factual matters set forth in the Preliminary Official Statement and the Official Statement and we have not done so. Moreover, many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve wholly or partially matters of a non-legal character. We do not, therefore, take any responsibility for the factual matters set forth in the Preliminary Official Statement and the Official Statement and we undertake herein only to express certain limited negative assurances regarding the same.

The purpose of our engagement by you was to provide certain limited negative assurances to UBS Financial Services Inc., as representative of itself, Morgan Stanley & Co. LLC, American Veterans Group, PBC, Samuel A. Ramirez & Co., Inc. and Stern Brothers & Co., as underwriters for the herein described Notes (the “Underwriters”). In separately requesting and accepting this letter, the County acknowledges that (i) the scope of those activities performed by us were inherently limited and do not encompass all activities that the County as the issuer of the Notes may be responsible to undertake in preparing the Preliminary Official Statement and the Official Statement, (ii) those activities performed by us relied substantially on representations, warranties, certifications and opinions made by representatives of the County and others, and are otherwise subject to the matters set forth in this letter, and (iii) while such statements of negative assurance are customarily given to underwriters of municipal securities to assist them in discharging their responsibilities under the federal securities laws, the responsibilities of the County under those

laws may differ from those of Underwriters in material respects, and this letter may not serve the same purpose or provide the same utility to you as it would to the Underwriters.

In giving the limited assurances hereinafter expressed, we are not expressing any opinion or view on, but have ourselves assumed and relied upon, the validity, accuracy and sufficiency of the records, documents, certificates and opinions executed and delivered in connection with the issuance of the Notes. Without limiting the foregoing statement, we have relied, without independently opining upon the legal conclusions expressed and without independently verifying the factual matters represented, on the legal opinions that we have reviewed. Also, we have relied upon a report prepared by a third party provider regarding the County's compliance with its continuing disclosure undertakings.

Also, this letter does not address (i) CUSIP numbers; (ii) any financial statements contained or incorporated by reference in the Preliminary Official Statement or the Official Statement; (iii) any financial, demographic, statistical or economic data, estimates, projections, numbers, assumptions, charts, graphs, tables, or expressions of opinion contained in the Preliminary Official Statement or the Official Statement; (iv) the section entitled "TAX MATTERS"; and (v) information relating to the book-entry-only system, including information in Appendix D – "BOOK-ENTRY ONLY SYSTEM."

In our capacity as Disclosure Counsel, we participated in meetings and conference calls with representatives of the County, the Underwriters, Squire Patton Boggs (US) LLP, counsel to the Underwriters, Omnicap Group LLC, as Municipal Advisor, and other parties, during which the contents of the Preliminary Official Statement and the Official Statement were discussed and reviewed. Based upon such participation, and information disclosed to us in the course of our representation of the County as Disclosure Counsel, considered in light of our understanding of the applicable law and the experience we have gained through our practice of law, and subject to all of the foregoing in this letter including the qualifications respecting the scope and nature of our engagement, we advise you, as a matter of fact but not opinion, that, during the course of our engagement as Disclosure Counsel with respect to the Preliminary Official Statement and the Official Statement, no facts came to the attention of the attorneys of our firm rendering legal services in connection with this matter that caused them to believe that the Preliminary Official Statement as of its date and as of [Pricing Date] or the Official Statement as of its date and as of the date hereof 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.

We assume no obligation to update, revise or supplement this letter to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or for any other reason.

We are not expressing any opinion with respect to the authorization, execution, delivery or validity of the Notes, or the exclusion from gross income for federal income tax purposes of interest on the Notes.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity, except as may be expressly authorized by us in writing. This letter is not to

be used, circulated, quoted or otherwise referred to in connection with the offering of the Notes, except that reference may be made in any list of closing documents pertaining to the issuance of the Notes.

Very truly yours,

[Closing Date]

UBS Financial Services Inc.
as Representative of the Underwriters
Los Angeles, California

Ladies and Gentlemen:

We deliver to you herewith a copy of our opinion as Disclosure Counsel to the County of Los Angeles (the "County"), dated the date hereof relating to the Preliminary Official Statement dated [POS Date] and the Official Statement dated [Pricing Date], each relating to the County's 2021-22 Tax and Revenue Anticipation Notes. You are entitled to rely on such opinion as if the same were addressed to you.

Very truly yours,

EXHIBIT E

FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

To: UBS Financial Services Inc.,
as Representative of the Underwriters identified in the Purchase Contract
described below
Los Angeles, California

We have served as counsel to the group of underwriters identified in the Purchase Contract described below (the “Underwriting Group”), for whom you are acting as Representative, in connection with the purchase by the Underwriting Group from the County of Los Angeles, California (the “County”) of its \$[par amount] 2021-22 Tax and Revenue Anticipation Notes (the “Notes”), dated the date of this letter, pursuant to the Contract of Purchase, dated [BPA Date], 2021 (the “Purchase Contract”), between the Underwriting Group and the County. This letter is provided pursuant to Section 8(e)(vii) of the Purchase Contract. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Contract.

In accordance with the terms of our engagement, certain of our lawyers reviewed (a) the Preliminary Official Statement dated [POS date], 2021 (the “Preliminary Official Statement”), and (b) the Official Statement dated [OS date], 2021 (the “Official Statement”) relating to the Notes, and participated in discussions with representatives of the County, Omnicap Group LLC, as municipal advisor to the County, County Counsel, note counsel, the Underwriting Group, and others, regarding the Preliminary Official Statement and the Official Statement, the information contained therein, and related matters.

The purpose of our professional engagement in that regard was not to establish or to confirm factual matters set forth in the Preliminary Official Statement or the Official Statement, and we have not undertaken to verify independently any of those factual matters. Many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve matters of a non-legal nature.

Subject to the foregoing, on the basis of the information gained by our lawyers involved in the review and discussions referred to above, we confirm to you that nothing came to the attention of those lawyers that caused them to believe that (1) the Preliminary Official Statement, as of its date and as of the date of the Purchase Contract, contained any untrue statement of a material fact or omitted 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, or (2) the Official Statement, as of its date and as of this 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; *provided, however*, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, and we do not express any belief with respect to the financial statements in Appendix B – “COUNTY OF LOS ANGELES FINANCIAL STATEMENTS,” or other financial, technical, statistical, accounting or demographic data or forecasts, or any information about the book-entry system and The

Depository Trust Company, the information under the heading “Tax Matters,” or in Appendix C – “PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL,” Appendix D – “BOOK-ENTRY ONLY SYSTEM,” or Appendix E – “FORM OF DISCLOSURE CERTIFICATE,” contained in the Preliminary Official Statement or the Official Statement.

In addition to the review and discussions referred to above, we have also examined an executed counterpart of the Purchase Contract and such other proceedings, documents, matters and law as we deem necessary to render the opinions set forth below.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Notes are exempt from registration under the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification under the Trust Indenture Act of 1939, as amended.
2. The Disclosure Certificate satisfies the requirement of paragraph (b)(5) of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the “Rule”), that the Underwriting Group obtain an undertaking for the benefit of the holders, including beneficial owners, of the Notes to provide certain annual financial information and event notices at the time and in the manner required by the Rule.

The legal opinions stated immediately above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by and the valid, binding and enforceable nature of those documents upon the parties thereto.

This letter is being furnished only to the Underwriting Group for its use solely in connection with the transaction described herein and may not be relied upon by anyone else or for any other purpose without our prior written consent. No statements of belief or opinions other than those expressly stated herein shall be implied or inferred as a result of anything contained in or omitted from this letter. The statements of belief and opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement in connection with the original issuance and delivery of the Notes is concluded upon delivery of this letter.

Respectfully submitted,

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2021

NEW ISSUE – BOOK-ENTRY ONLY

Ratings:
Moody's: “ ___ ”
S&P: “ ___ ”
Fitch: “ ___ ”
(See “RATINGS” herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Los Angeles, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See “TAX MATTERS.”



§[PA]*
COUNTY OF LOS ANGELES
2021-22 Tax and Revenue Anticipation Notes
 ___% Priced to Yield ___%
 CUSIP† No. 544657 ___

Dated: July 1, 2021

Due: June 30, 2022

The County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the “Notes”) will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the interest rate per annum specified above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

The Notes are being issued to provide moneys to help meet Fiscal Year 2021 22 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the “County”). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 18, 2021 (the “Resolution”) and a Financing Certificate entitled, “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021 22 Tax and Revenue Anticipation Notes” (the “Financing Certificate”) to be delivered on the date of issuance of the Notes pursuant to the Resolution. The Notes and the interest thereon are a first lien and charge against, and are payable from the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the “Pledged Revenues”). For purposes of the Notes, the term “Unrestricted Revenues” is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See “THE NOTES – Security for the Notes” herein. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The Notes are not subject to redemption prior to maturity.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the

* Preliminary, subject to change.

† Copyright. American Bankers Association.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Underwriters by their counsel, Squire Patton Boggs (US) LLP, Los Angeles, California. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2021.

UBS

Morgan Stanley

[Co-Managers to Come.]

Dated: June __, 2021





COUNTY OF LOS ANGELES

2021-22 TAX AND REVENUE ANTICIPATION NOTES

BOARD OF SUPERVISORS

Hilda L. Solis
First District, Chair

Holly J. Mitchell
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Celia Zavala
*Executive Officer-Clerk
Board of Supervisors*

COUNTY OFFICIALS

Fesia A. Davenport
Chief Executive Officer

Rodrigo A. Castro-Silva
County Counsel

Keith Knox
Treasurer and Tax Collector

Arlene Barrera
Auditor-Controller

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

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. 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 Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

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

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

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OFFICIAL STATEMENT

§[PA]*
COUNTY OF LOS ANGELES
2021-22 Tax and Revenue Anticipation Notes

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the “County”) of §[PA]* in aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the “Notes”). The Notes will bear interest at the rate per annum and mature on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2021-22 County General Fund expenditures attributable to the General Fund of the County (the “General Fund”), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”), and a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on May 18, 2021 and entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2021 22 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$1,000,000,000” (the “Resolution”). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the “Treasurer”) entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021 22 Tax and Revenue Anticipation Notes” (the “Financing Certificate”) to be delivered on the date of issuance of the Notes pursuant to the Resolution. The Notes and the interest thereon are a first lien and charge against, and are payable from the first Unrestricted Revenues to be received by the County, in each period set forth under the caption “THE NOTES – Security for the Notes,” in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the “Pledged Revenues”). For purposes of the Notes, the term “Unrestricted Revenues” is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See “THE NOTES – Security for the Notes.”

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 certain financial, economic and demographic information with respect to the County, see APPENDIX A – “COUNTY OF

* Preliminary, subject to change.

LOS ANGELES INFORMATION STATEMENT” and APPENDIX B – “COUNTY OF LOS ANGELES FINANCIAL STATEMENTS.”

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, continues to significantly affect the national capital markets and national, state and local economies. Unemployment in the United States dramatically increased as a result of the outbreak, although unemployment has recently declined in the State and in the nation. Both the State and the County took actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses and indoor business operations. The re-opening of certain businesses is currently proceeding according to a phased re-opening plan implemented by the State. In December 2020, two vaccines for COVID-19 were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021. For further information concerning the Pandemic and the actions taken by the County, State and federal governments, see Appendix A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – [Citation to come]” attached hereto.

The ongoing Pandemic and the actions taken by the federal, State, and local governments have significantly impacted County operations and finances, drastically increasing expenditures and reducing revenues. The full 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. 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” attached hereto.

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program’s inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to \$1,850,000,000. The Resolution authorizes the County to issue and sell up to \$1,000,000,000 aggregate principal amount of its Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. See “THE NOTES – Security for the Notes”, “– Interfund Borrowing, Intrafund Borrowing and Cash Flow” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program” attached hereto.

THE NOTES

General

The Notes will be issued in the aggregate principal amount of \$[PA]*. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for

* Preliminary, subject to change.

The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.” Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated, mature and bear interest at the rate per annum as set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity.

The Notes will be issued in denominations of \$5,000 and any integral multiple thereof and will bear interest at the rate set forth on the cover page hereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

The Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2021-22 General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the “County Treasury Pool”) until expended. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *County Pooled Surplus Investments*” attached hereto.

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and, subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and conditions set forth therein, will be secured by Pledged Revenues.

Pursuant to the Resolution and the Financing Certificate, the County pledges to the payment of the Notes and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

- (a) the first Unrestricted Revenues to be received by the County on and after December 20, 2021 in an amount equal to forty-five percent (45%) of the principal amount of the Notes;
- (b) the first Unrestricted Revenues to be received by the County on and after January 1, 2022 in an amount equal to forty-five percent (45%) of the principal amount of the Notes; and
- (c) the first Unrestricted Revenues to be received by the County on and after April 1, 2022 in an amount equal to ten percent (10%) of the principal amount of the Notes, plus an amount equal to the interest that will accrue on the Notes.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See “THE NOTES – Available Sources of Payment.” As security for the payment of the Notes, the County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the repayment fund for the Notes (the “Notes Repayment Fund”), in trust for the registered owners of the Notes, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit the Pledged Revenues in the Notes Repayment Fund. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the Notes Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit additional amounts from any such other moneys of the County into the Notes Repayment Fund. If for any reason amounts in the Notes Repayment Fund are insufficient to pay the Notes in full, such amounts shall be applied to the payment of principal of and interest payable upon the Notes in order of the due dates thereof and pro-rata for amounts due on a date for which there are insufficient funds to pay all amounts due on such date. The amounts on deposit in the Notes Repayment Fund are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the Notes Repayment Fund shall be deposited as and when received into the General Fund.

The Pledged Revenues may be invested in Permitted Investments (herein defined); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. Any amounts remaining in the Notes Repayment Fund after repayment of all Notes and the interest thereon shall be transferred to any account in the General Fund as the Treasurer or any of his respective designees may direct. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments.”

As more particularly described under the heading “THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow,” the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of Payment for the Notes

The Notes, in accordance with State law, are general obligations of the County, and to the extent not paid from the Pledged Revenues shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Notes. Pursuant to the Act, no obligations, including the Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of such principal and interest. See “THE NOTES – Security for the Notes.”

The County estimates that, for purposes of Section 53858 of the Act, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2021-22 that will be available for the payment of the principal of and interest on the Notes, including the Pledged Revenues, will be in excess of \$[10.0] billion, as indicated in the table below. Except for Pledged Revenues, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2021-22 will be expended during the course of Fiscal Year

2021-22, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See “THE NOTES – Security for the Notes” herein. “Pledged Revenues,” as indicated above, is defined as the first Unrestricted Revenues to be received by the County, in each period set forth under the caption “THE NOTES – Security for the Notes,” in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate, as described under the caption “THE NOTES – Security for the Notes.” “Unrestricted Revenues,” for purposes of the Notes, means “the taxes, income, revenue, cash receipts other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.”

The following table sets forth the Unrestricted Revenues from which the County will derive Pledged Revenues, the latter being the amounts securing the Notes.

**COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2021-22⁽¹⁾
(In Thousands)**

SOURCES:	AMOUNT
Property Taxes	\$
Other Taxes	
Homeowner’s Exemptions	
Motor Vehicle (VLF) Realignment	
Fines, Forfeitures and Penalties	
Licenses, Permits and Franchises	
Charges for Current Services	
Investment and Rental Income	
Other Revenue and Tobacco Settlement	
Total:	\$
Less amount pledged for payment of the Notes ⁽²⁾	()
Net total in excess of Pledged Revenues:	\$

⁽¹⁾ Reflects revenues set forth in the projected cash flow for Fiscal Year 2021-22. Information subject to change to reflect the impact of any revisions to the 2021-22 State Budget Act and other matters. See “THE NOTES – State of California Finances” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT” attached hereto.

⁽²⁾ Based on \$[PA]* aggregate principal amount of Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled “County of Los Angeles Borrowable Resources – Fiscal Year 2021-22” on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2021-22. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the

* Preliminary, subject to change.

County's 2021-22 Budget, when adopted, the County's actual revenues and expenditures, and actions by the State of California which could materially impact the County's expenses and revenues.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. A description of the Fiscal Year 2021-22 State Budget (the "2021-22 State Budget") is set forth below. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2021-22 State Budget." The provisions of the 2021-22 State Budget continue to be negotiated by the Governor and the State legislature. There can be no assurances that the 2021-22 State Budget as adopted will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot predict the ultimate impact of the 2021-22 State Budget on the County's financial outlook. In the event the 2021-22 State Budget includes decreases in revenues to the County or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2021-22 State Budget. The Governor released his proposed Fiscal Year 2021-22 State Budget (the "2021-22 Proposed State Budget") on January 8, 2021. The 2021-22 Proposed State Budget projects that for Fiscal Year 2021-22 total resources available will be approximately \$170.6 billion (including a prior year balance of \$12.2 billion) and total expenditures will be approximately \$164.5 billion, resulting in a year-end surplus of \$6.1 billion, of which \$3.2 billion would be reserved for the liquidation of encumbrances and \$2.9 billion would be deposited in a reserve for economic uncertainties. In addition, the 2021-22 Proposed State Budget projects that as of the end of Fiscal Year 2021-22 there will be \$450 million on deposit in the Safety Net Reserve and \$15.6 billion on deposit in the State's Rainy Day Fund. The 2021-22 Governor's Budget forecast was finalized in November 2020 and does not reflect the federal COVID-19 relief bill (CRRSA) enacted in late December 2020. The 2021-22 Governor's Budget forecast also assumes that a vaccine would only become widely available in mid-2021.

May Revision to the 2021-22 Proposed State Budget. [To come]

LAO Overview of the May Revision. [To come]

Impact of Fiscal Year 2021-22 State Budget on the County. [To come]

Additional Information. The Governor may release additional details of the proposals or updates to the 2021-22 Proposed State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. The 2021-22 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "The Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury Pool (so-called “interfund borrowing”) pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called “intrafund borrowing”). Because General Fund interfund borrowings caused disruptions in the County’s management of the General Fund’s pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the \$1,200,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2020-21 and due June 30, 2021), all tax and revenue anticipation notes issued in connection with the County’s cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a 2020-21 TRANs Repayment Fund therefor, separate from the General Fund, to repay the outstanding 2020-21 Tax and Revenue Anticipation Notes due on June 30, 2021. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al*. The funds available as borrowable resources and reviewed by the court in 1999 consisted primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these “monies in transit” and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2016-17 through 2020-21” and “County of Los Angeles Borrowable Resources – Fiscal Year 2021-22” for the County’s historical and projected borrowable resources for purposes of intrafund borrowing.

The following tables set forth for Fiscal Years 2016-17 through 2020-21 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County’s borrowable resources.

**GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2016-17 THROUGH 2020-21
(In Thousands)⁽¹⁾**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
July	\$2,266,486	\$2,605,709	\$2,076,959	\$1,724,091	
August	1,529,884	2,140,176	1,846,102	1,359,182	
September	914,444	1,452,843	1,035,639	424,086	
October	900,177	1,585,190	679,155	727,072	
November	516,312	632,514	600,424	410,347	
December	949,816	1,370,053	910,213	1,089,937	
January	1,543,599	1,660,492	1,140,594	1,594,897	
February	1,583,091	1,853,032	1,023,697	951,668	
March	1,247,137	1,311,599	149,330	48,617	
April	2,002,202	1,218,507	734,180	895,841	
May	2,992,964	2,088,027	1,790,497	1,388,588	
June	2,508,677	2,358,936	1,952,501	888,924	

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment fund for the County's 2020-21 Tax and Revenue Anticipation Notes. Monthly periods with negative cash balances are covered by borrowable resources available to the County. See "THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A - "COUNTY OF LOS ANGELES INFORMATION STATEMENT - FINANCIAL SUMMARY" attached hereto.

(2) Estimated.

**BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2016-17 THROUGH 2020-21
(In Thousands)**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
July	\$1,552,284	\$1,487,736	\$1,575,145	\$1,358,380	
August	1,392,220	1,278,233	1,353,750	1,259,937	
September	1,441,265	1,344,603	1,374,753	1,292,868	
October	1,933,090	1,901,516	1,992,417	2,115,132	
November	3,540,138	3,785,931	3,644,347	4,122,586	
December	6,515,207	7,113,753	6,828,877	7,190,852	
January	4,333,084	5,294,770	4,307,608	4,303,078	
February	2,881,611	3,559,226	2,975,671	3,008,286	
March	3,013,899	2,915,175	3,152,082	3,247,146	
April	6,181,061	5,799,128	5,852,185	6,088,053	
May	3,658,424	3,633,761	3,719,189	3,983,999	
June	1,574,447	1,727,911	1,540,094	1,469,004 ⁽¹⁾	

(1) Estimated.

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

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2021-22 based on the 2021-22 Final Recommended Budget that is expected to be adopted by the Board of Supervisors on June __, 2021 (the "2021-22 Final Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2021-22 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2021-22, which reflect the impact of the Pandemic and related events. Although the County believes its Fiscal Year 2021-22 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the impact of the Pandemic on the economy and the County's financial condition, the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 28 of 29 years, and has done so by an average of more than [\$500] million. For June 30, 2021, the County projects that its cash balance will be \$__ million greater than the original May 2020 forecast of \$__ million, ending the current fiscal year at a positive \$__ million. There can be no assurances that actual results for Fiscal Year 2021-22 will not materially differ from the projections.

[General Fund Cash Flow Analysis – Fiscal Year 2021-22 Projections][2 pages]

[Average Daily Balances – Fiscal Year 2021-22 Forecast][2 pages]

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution and Financing Certificate to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes to be issued under the Resolution and the Financing Certificate by those who shall hold the same from time to time, the Resolution and the Financing Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the Notes. The pledge made in the Resolution and the Financing Certificate and the covenants and agreements set forth therein to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the Notes all of which shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any Notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2021-22 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said Notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such Notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Code (herein defined) necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the Notes proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

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

Negotiability, Transfer and Exchange of the Notes

The Holders of the Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Note Registrar, in accordance with the Financing Certificate.

The County and the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

Permitted Investments

Moneys on deposit in the Notes Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate (“Permitted Investments”), as more fully described below:

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

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

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

(4) The County Treasury Pool.

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

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

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the “A” category or better from S&P, Moody’s or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

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

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

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

Notes Repayment Fund Held by the Treasurer

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

Supplemental Resolution

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a “Supplemental Financing Certificate”), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any Notes remain Outstanding, the consent of the Holders of

such Notes will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Notes or of the applicable interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under “THE NOTES - Security for the Notes,” without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a “Supplemental Resolution”) may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to maintain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders, or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an “Event of Default” under the Resolution and the Financing Certificate:

- (1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;
- (2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in principal amount of the Notes outstanding; or
- (3) the County shall file a petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder’s rights to payment of principal of or interest on the Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from lawfully available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

RISK FACTORS

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

The County's Fiscal Year 2021-22 Recommended Budget

The County's Fiscal Year 2021-22 Recommended Budget was based on a number of assumptions regarding both revenues and expenditures. The Fiscal Year 2021-22 Recommended Budget was approved by the Board of Supervisors on June [], 2021. The Fiscal Year 2021-22 Final Recommended Budget equals approximately \$36 billion and reflects an overall decrease of \$2.1 billion from Fiscal Year 2020-21 and assumes a General Fund net County cost of \$9.0 billion. Changes in various federal programs and legislation and further events related to the Pandemic could have a material effect on the County's budget. The County may make adjustments throughout the year as necessary to maintain a balanced budget, as required by the County Charter. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT - Budgetary Information – Fiscal Year 2021-22 Recommended Budget" and " - Fiscal Year 2021-22 Final Recommended Budget" attached hereto.

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 also "THE

NOTES – State of California Finances” herein and APPENDIX A - “COUNTY OF LOS ANGELES INFORMATION STATEMENT - Budgetary Information - Federal and State Funding” attached hereto.

COVID-19 and Related Impacts on the County

The outbreak of the Pandemic has had an adverse effect on, among other things, the national economy, the global supply chain, international travel and travel-related industries. The outbreak has negatively affected the national and local economy and financial markets, and is expected to continue to negatively affect economic output worldwide and within the State and the County.. 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 and indoor business operations. The re-opening of certain businesses is currently proceeding according to a phased re-opening plan implemented by the State. In December 2020, two vaccines for COVID-19 were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021. See APPENDIX A - “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information - Fiscal Year 2020-21 Final Adopted Budget” and “ - Fiscal Year 2021-22 Final Recommended Budget” attached hereto.

The ongoing Pandemic and the actions taken by the federal government and the State government have had an immediate impact on County operations and finances, drastically increasing County expenditures and reducing revenues, although the County anticipates that a portion of these increased expenditures will be reimbursed with federal and State funding. See APPENDIX A - “COUNTY OF LOS ANGELES INFORMATION STATEMENT - Budgetary Information - Federal Budget Update” and “ - 2021-22 State Budget” attached hereto. Other potential impacts to the County associated with the Pandemic include, but are not limited to, challenges to the public health infrastructure, increased expenditures including for public safety, and delayed receipt of tax revenues. **The County also anticipates reductions in property values in future fiscal years resulting in a reduction in property tax revenues.** Although various measures are being implemented to address the impacts of the Pandemic on the County’s operations and finances, the County cannot predict the effectiveness and duration of these measures. The actual impact of the Pandemic on the County, its economy and its finances will depend on future events, including future events outside of the control of the County.

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.

Enforceability of Remedies

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

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer’s election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C – “PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL”.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the “original issue discount”). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes original issue discount treatment is elected.

The Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder of the basis in Premium Notes, will be reduced by the amount of amortizable bond premium properly allocable to such holder of the Notes. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2021-22. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the holders of the Notes regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the holders of the Notes,

would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of the IRS's positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the holders of the Notes to incur significant expense.

CERTAIN LEGAL MATTERS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in APPENDIX C hereto. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, Los Angeles, California.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Notes are legal investments for commercial banks in the State, and under the California Government Code, the Notes are eligible to secure deposits of public moneys in the State.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2020, 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 11, 2020.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "___," "___" and "___" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, 33 Whitehall Street, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing

the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes. The County is routinely a party to various lawsuits and administrative proceedings. Summaries of certain pending legal proceedings or potential contingent liabilities are set forth in Appendix A attached hereto. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT” attached hereto. In the opinion of the County Counsel, the outcome of the presently pending suits and claims will not materially impair the County’s ability to repay the Notes.

MUNICIPAL ADVISOR

Omnicap Group LLC has served as Municipal Advisor to the County in connection with the issuance of the Notes. 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 herein.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate dated the date of issuance of the Notes (the “Continuing Disclosure Certificate”), the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. See APPENDIX E – “Form of Continuing Disclosure Certificate” attached hereto. 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. Also, the annual report for Fiscal Year ending 2019 for the County’s Community Facilities District No. 3, Area C Special Tax 2012A Bonds did not identify all applicable CUSIPs of this issue. The County filed this annual report with all applicable CUSIPs and a notice of failure to file the completed annual report.

UNDERWRITING

The Notes are being purchased for reoffering by UBS Financial Services Inc., as representative of itself, Morgan Stanley & Co. LLC, _____ (collectively, the “Underwriters”). The Underwriters have agreed to purchase the Notes at a purchase price of \$ _____ (representing the principal amount of the Notes, plus original issue premium of \$ _____, less Underwriters’ discount of \$ _____). The Contract of Purchase (the “Contract of Purchase”) provides that the Underwriters will

purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

The following paragraphs have been provided by the Underwriters:

UBS Financial Services Inc. ("UBS FSI"), an underwriter of the Notes, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

Morgan Stanley & Co. LLC, an underwriter of the Notes, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, or the Obligor, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, the University or the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Such reports are not incorporated by this reference. Any Holder of a Note may obtain a copy of any such report, as available, from the County by contacting:

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

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

THE COUNTY OF LOS ANGELES

Information Statement

Certain statements contained in this Appendix A are “forward-looking statements.” Due to the nature of the current public health crisis related to the COVID-19 pandemic, 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 10.2 million in 2020, 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 2020, 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. Voters elected a new Supervisor to the Second District in November 2020, replacing the previous Supervisor who termed 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, including the COVID-19 pandemic. 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 14,949 inmates. This number includes approximately 137 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 5.8 million registered voters and maintains approximately 4,257 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 182 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, 10 nature centers, 42

public swimming pools, over 240 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 110,499 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 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 also received 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 also received a 2.75% half-step sustainability increase effective January 1, 2021.

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, increased 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 increased by 5.5% in 2019, 6% in 2020 and 6% in 2021. The SEIU agreement provided a one-time payment of \$1,000 and the CCU agreement provided 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 hiring freeze, which remains intact, and 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 of the matching contributions became effective on May 1, 2020 and will last through Fiscal Year 2020-21.

The County is currently negotiating successor labor agreements as the 2018-2021 fringe and individual collective bargaining agreements have begun to expire. In the continuing effort to mitigate the budgetary impacts caused by the COVID-19 pandemic, the County successfully reached one-year "status quo" extensions with many of its public safety unions. The County intends to pursue the same one-year extensions with all remaining general service unions and will seek minimal adjustments to the fringe benefit agreements. The one-year extensions provide for no cost of living adjustments (COLA).

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, 2020 was 184,288, consisting of 100,108 active members, 68,012 retired members and beneficiaries and 16,168 vested former members. Of the 100,108 active members, 86,930 are general members in General Plans A through G, and 13,178 are safety members in Safety Plans A through C.

Of the 68,012 retired members, 54,693 are general members in General Plans A through G, and 13,319 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, 2020, approximately 46% of the total active general members were enrolled in General Plan D, and 70% of all active safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

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, 2020 Actuarial Valuation (the "2020 Actuarial Valuation"), the total employer contribution rate for Fiscal Year 2021-22 for new employees hired on and after January 1, 2013 is 23.95% for General Plan G and 29.27% for Public Safety Plan C. The new employer contribution rates are lower than comparative rates of 24.04% for General Plan D participants and 32.70% 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

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 June 30, 2019 Actuarial Valuation (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 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 provided the basis for establishing the contribution rates effective July 1, 2020. The County's required contribution rate increased from 20.91% to 22.59% of covered payroll in Fiscal Year 2020-21. The components of the 1.68% increase in the employer contribution rate include 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 did 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.

For the 2020 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 1.8%, which was lower than the 7.0% assumed rate of return. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by \$2.146 billion or 3.7% from \$57.617 billion to \$59.763 billion as of June 30, 2020. The 2020 Actuarial Valuation reported that the AAL increased by \$3.639 billion to \$78.275 billion, and the UAAL increased by \$1.494 billion to \$18.512 billion from June 30, 2019 to June 30, 2020. The Funded Ratio as of June 30, 2020 decreased to 76.3% from the prior year Funded Ratio of 77.3%.

The 2020 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2021. The County's required contribution rate will increase from 22.59% to 24.64% of covered payroll in Fiscal Year 2021-22. The components of the 2.05% increase in the employer contribution rate include a 1.25% cost increase from the deferred recognition of actuarial assumptions and methodology changes implemented with the 2019 Actuarial Valuation (as described above) and other related changes, a 0.58% increase from the recognition of current and prior years' actuarial investment losses, and a 0.22% increase from current actuarial changes reflected in the 2020 Actuarial Valuation. If the three-year phase-in had not been adopted by the Board of Investments, the employer contribution rate for Fiscal Year 2021-22 would have been 25.74%.

The 2020 Actuarial Valuation does not include \$1.838 billion of net deferred investment losses 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 74.0% as of June 30, 2020, and the required County contribution rate would have been 26.15% for Fiscal Year 2021-22.

For the nine months ended March 31, 2021, LACERA reported a preliminary net gain on Retirement Fund assets of 18.4%, which is above the actuarial assumed investment rate of return of 7.0%.

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 estimating retirement contribution payments to LACERA of \$1.979 billion, which would represent a 12.04% or \$212.6 million increase from Fiscal Year 2019-20. For Fiscal Year 2021-22, the County is projecting retirement contribution payments to LACERA of \$2.216 billion.

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, 2020, \$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 2020 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 by 0.51% for Fiscal Year 2021-22, and the Funded Ratio would have decreased by 0.7% to 75.6% as of June 30, 2020.

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 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 GASB 68 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, 2020 the County reported a Net Pension Liability of \$11.561 billion, which represents a \$1.216 billion or 11.8% increase from the \$10.345 billion Net Pension Liability reported as of June 30, 2019.

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 continue to 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 reach full funding of the OPEB annual required contribution ("ARC") by incrementally increasing the annual contribution to the OPEB Trust. The County intends to comply with the OPEB Pre-funding Plan by incrementally increasing 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. 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 intends to contribute \$309.4 million and \$372.2 million in excess of the pay as you go amounts in Fiscal Years 2020-21 and 2021-22, respectively. Based on current projections for the OPEB Pre-funding Plan, the OPEB ARC will be fully funded by Fiscal Year 2027-28. As of March 31, 2021 the balance of the OPEB Trust was \$1.989 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 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, 2020, the County's Statement of Net Position recognized \$24.828 billion of OPEB liabilities which represented a \$1.237 billion or 5.24% increase from the \$23.591 billion OPEB liability reported as of June 30, 2019. The revised 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.

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 \$559.2 million, \$604.6 million, and \$634.8 million, respectively. For Fiscal Year 2020-21, payments to LACERA for OPEB are estimated to increase by \$36.4 million or 5.7% to \$671.1 million from Fiscal Year 2019-20. For Fiscal Year 2021-22, the County is projecting pay as you go payments to LACERA of \$695.3 million.

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 Comprehensive Annual Financial Report. In Fiscal Years 2017-18, 2018-19 and 2019-20, the County made total DBP payments of \$41.1 million, \$41.6 and \$42.6 million, respectively. For Fiscal Years 2020-21 and 2021-22, the County is projecting total DBP payments of \$42.1 million and \$46.0 million, respectively. As of June 30, 2020, the County's total net OPEB liability of \$25.922 billion includes \$24.828 billion for retiree healthcare and \$1.094 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, a federal collective action complaint (*Trina Ray v. Los Angeles County Department of Public Social Services*) was filed against the County in connection with alleged violations of the Fair Labor Standards Act (the "FLSA"). The 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 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 while the statute of limitations has now been limited to two years by the Federal court, 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

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 \$14 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. Discovery in the matter is proceeding. An initial mediation session was held in late September. Further mediation sessions are anticipated in the following months. The case is in the early stages and the potential liability is unknown at this time.

In February 2020, a Federal civil rights lawsuit was filed arising out of the fatal deputy-involved shooting of Marco A. Vazquez, Jr. on October 6, 2019. Plaintiffs are the decedent's parents, widow and five children. The lawsuit alleges that decedent's death was a result of excessive use of force by Sheriff's Department deputies and the County's failure to treat his serious mental health problems. The case has been stayed pending completion of review by the District Attorney's Office. The case is in the early stages and the potential liability is unknown at this time.

On August 31, 2020, the parents of Andres Guardado, an 18-year old who was fatally shot by Sheriff's Department deputies in June, filed a wrongful death lawsuit (*Elisa Guardado and Cristobal Edgardo Guardado, et al., v. County of Los Angeles, et al.*) against the Sheriff's Department, the County, and deputies Miguel Vega and Chris Hernandez, alleging that the deputies used unreasonable and excessive force in fatally shooting Mr. Guardado. Plaintiffs also allege that the Sheriff's Department failed to properly train and supervise the deputies involved. The case is in the very early stages and the potential liability is unknown at this time.

In August 2020, a proposed class action was filed (*Krizia Berg et al. v. County of Los Angeles, et al.*) by individuals involved in recent protests against police violence. Plaintiffs allege civil rights violations based on excessive force/false arrest and improper use of "less-lethal force" by Sheriff's Department deputies. Plaintiffs are seeking injunctive relief prohibiting use of "less-lethal" force on protestors as well as damages. The case is in the early stages and the potential liability is unknown at this time.

On September 17, 2020, Vanessa Bryant, widow of Kobe Bryant, filed a lawsuit (*Vanessa Bryant v. County of Los Angeles, et al.*) alleging that eight Sheriff's Department deputies took and shared unauthorized photos of victims' remains from the helicopter crash that killed her husband, their daughter, and seven others. Ms. Bryant seeks damages for and alleges violations of her civil rights and for intentional infliction of emotional distress, invasion of privacy, failure to prevent personnel from taking unauthorized photos, and failure to adequately investigate the deputies' misconduct. The case is in the very early stages and the potential liability is unknown at this time.

In December 2019, a federal lawsuit was filed by the family of Tristan Beaudette alleging that the County's negligence resulted in his wrongful death on June 22, 2018, when he was fatally shot by a gunman at Malibu Creek State Park. Plaintiffs allege that the public was not warned of previous unsolved shooting incidents that occurred between November 2016 and June

2018, at or adjacent to Malibu Creek State Park. 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.

In August 2020, *Evangelina Hernandez et. al. v. County of Los Angeles* was filed, arising out of the child-abuse related death of a four-year old boy in Palmdale, California in July 2019. The Plaintiffs, the child's great-grandmother and three surviving siblings, allege that the Department of Children and Family Services failed to follow court orders, adequately investigate alleged abuse and take the child into protective custody. The case is in the early stages and potential liability is unknown at this time.

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's case was settled at mediation for \$5 million, which was approved by the Board of Supervisors on September 15, 2020.

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 then 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 by April 18, 2021. 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.

ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.

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 County has valued the property at \$18 million, but the defendant believes the property is worth \$65 million. The potential liability is estimated to range from \$10-20 million. A jury trial set for September 1, 2020 was vacated due to the COVID-19 pandemic, and the court has set a trial setting conference for January 5, 2021.

On August 4, 2020, the Board of Supervisors passed a motion directing County Counsel to join litigation challenging the recent Presidential Census Memorandum excluding immigrants from the apportionment count. On July 28, 2020, California Attorney General Xavier Becerra and other local jurisdictions filed a complaint for declaratory and injunctive relief (*State of California et al. v. Donald Trump, et al.*) challenging the Trump Administration's policy decision, which has been amended to add the County as a plaintiff. Excluding undocumented immigrants from the census count would result in a significant undercount of the County's population, which could particularly disadvantage the County since Federal and State funding accounts for a significant portion of the County's budget. The litigation is still pending.

In September 2020, two putative Federal class action complaints were filed (*Rivas Sports, Inc. et al. v. County of Los Angeles et al.*; *My Dream Boutique et al. v. County of Los Angeles et al.*) challenging the County Health Officer Order on constitutional grounds as it applies to interior retailers operating in indoor malls across the County. Plaintiffs allege the Health Officer Order issued on September 2, 2020 ordering that all indoor malls and shopping centers remain closed to the public, was not issued in accordance with the August 28, 2020 State Public Health Order, which allowed indoor malls and shopping centers to reopen at 25% capacity, with closed common areas and food courts. Plaintiffs seek injunctive relief as well as monetary damages. The case is in the very early stages and the County is unable to determine the potential liability at this time. The County recently allowed indoor malls and shopping centers to operate at 25% capacity consistent with the State's Tiered System, and accordingly, many of the plaintiff's claims are now moot.

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

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
06/30/2013	\$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%
06/30/2020	58,510,408	59,762,991	78,275,175	18,512,184	76.35%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2020.

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
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%
2019-20	58,510,408	1.8%	76.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2020.

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

Fiscal Year	Retirement Fund	Payments to LACERA OPEB (PAYGO)	OPEB (Prefund)	OPEB Disability	Total Retirement & OPEB Payments
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	1,979,380 *	671,150 *	309,402 *	42,051	3,001,983 *
2021-22	2,216,142 *	695,303 *	372,238 *	46,023 *	3,329,706 *

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County Comprehensive Annual Financial Reports and the Los Angeles County 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 77.7% of the Fiscal Year 2021-22 Recommended Budget (the "2021-22 Recommended Budget") and appropriates funding for programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Revenue Funds represent approximately 10.1% of the 2021-22 Recommended Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County Plan to Prevent and Combat Homelessness.

Capital Project Special Funds account for approximately 0.9% of the 2021-22 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 7.9% of the 2021-22 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 3.4% of the 2021-22 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIII A of the California Constitution limits the taxing powers of California public agencies. Article XIII A 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 XIII B 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 Adopted Budget includes proceeds from taxes of \$10,367,643,000, 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 Article XIII C

and XIID 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 XIIC or SB 919, and the scope of the initiative power under Article XIIC 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 has historically been comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-XX of this Appendix A, \$4.842 billion of the \$28.098 billion 2021-22 Recommended Budget is received from the Federal government and \$7.282 billion is funded by the State. The remaining \$15.974 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 43% 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 calendar year 2020, five coronavirus (COVID-19) relief bills were signed into law, providing significant funding and resources to state and local governments to respond to the COVID-19 pandemic. Together, these bills provided funding and other assistance that have enabled the County to deliver essential services to respond to the public health emergency. The Federal funding includes a direct allocation to the County of \$1.057 billion in funding from the Coronavirus State and Local Fiscal Recovery Fund (the "CRF"), which was a component of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") signed into law in March 2020; funding for COVID-19 testing, contact tracing, and vaccine distribution; assistance to hospitals and healthcare facilities; emergency food assistance; and emergency housing and homeless assistance. Additionally, these measures provided economic assistance directly to residents, businesses and agencies in the form of small business assistance, direct Economic Impact Payments, an extension of unemployment benefits, funding to child care providers, and aid for schools.

In the *Consolidated Appropriations Act of 2020* (H.R. 133), the County was able to secure a delay in the scheduled reductions for Medicaid Disproportionate Share Hospital (DSH) payments through Federal Fiscal Year ("FFY") 2023. If these cuts were to have taken effect, the County would have lost approximately

100.0 million in FFY 2020 revenue, and double this amount in FFY 2021. Reductions in DSH allotments have been delayed by Congress multiple times since 2014 and no reductions in DSH funding have yet occurred. The County will continue to advocate with Congress at the appropriate time for further delays in DSH reductions as the delay period approaches expiration.

The Consolidated Appropriations Act also included a technical correction concerning the applicability of the 6.2% Federal Medical Assistance Percentage ("FMAP") rate increase included in the *Families First Coronavirus Response Act* for states and localities, including the County, that had administered their child welfare programs under a Title IV-E waiver. Regular appropriations for FFY 2021 generally provided level or slightly increased funding for continuing programs of interest to the County as well as containing other important programmatic changes advocated by the County, such as the preservation of Land Mobile Radio (LMR) spectrum for our first responders.

In calendar year 2021, President Joseph R. Biden signed into law H.R. 1319, *the American Rescue Plan Act* (the "ARP Act"), the sixth measure to provide COVID-19 relief. The \$1.9 trillion ARP Act included a number of the County's Federal legislative priorities, including the County's top priority of additional direct funding for local governments. The ARP Act includes \$350.0 billion of funding for the CRF, which provides \$65.1 billion directly to counties based on each county's population relative to the population of all counties. The County is expected to receive approximately \$1.9 billion from the ARP Act, based on available information at this time.

The ARP Act also provides important flexibility regarding the use of funds for state and local governments compared to the CRF monies from the CARES Act. Counties will be able to use the funds for costs incurred until December 31, 2024 for the following purposes:

- respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality;
- provide premium pay to eligible workers of the county that are performing essential work, or to provide grants to eligible employers that have eligible workers who perform essential work;
- address reductions in revenue due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year prior to the emergency; or
- to make necessary investments in water, sewer or broadband infrastructure.

Of additional significance to the County, the Biden Administration issued an executive action on January 21, 2021 to increase the Federal share of pandemic-related disaster assistance to 100 percent retroactive to January 20, 2020. This includes eligible work under existing COVID-19 policies, such as increasing medical capacity, non-congregate sheltering and emergency food distribution. For projects that have already been approved, no further action will be required by applicants, as the Federal Emergency Management Agency (FEMA) will amend existing awards to adjust the Federal match upwards to 100 percent.

On April 9, 2021, the Biden Administration released the \$1.52 trillion discretionary Budget Request for FFY 2022. The Budget Request proposes \$769.0 billion in non-defense discretionary funding in FFY 2022, a 16 percent increase from the FFY 2021 enacted level, restoring it to 3.3 percent of the Gross Domestic Product. This Budget Request highlights investments in health and public health, climate change, housing/homelessness, education, justice/civil rights, and immigration.

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 budget and estimated residual tax revenue for FY 2020-21 is \$266.2 million. The 2021-22 Recommended Budget includes a projected \$263.0 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 Los Angeles County Development Authority. The dissolution of County related projects has not had a material impact, if any, on the financial condition of the County.

2020-21 STATE BUDGET

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.

The 2020-21 State Budget Act was prepared based on the assumption of a significant negative economic and budgetary impact from the COVID-19 pandemic. 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 Budget Stabilization Account (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.

2021-22 State Budget

On January 8, 2021, Governor Newsom released his Fiscal Year 2021-22 Proposed State Budget (the "Proposed State Budget"). The Proposed State Budget projects a beginning fund balance

from Fiscal Year 2020-21 of \$12.203 billion, total revenues and transfers of \$158.370 billion, total expenditures of \$164.515 billion, and a year-end fund balance of \$6.058 billion for Fiscal Year 2021-22. Of the projected year-end fund balance, \$3.175 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$2.883 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget continues 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 \$15.574 billion. The State Proposed Budget also allocates \$2.988 billion to the Public School System Stabilization Account and \$450.0 million to the Safety Net Reserve.

The Proposed State Budget provides funding for immediate COVID-19 response and relief efforts and a broad-based economic recovery, including \$2.4 billion for \$600 tax refunds to low-income taxpayers, \$2.0 billion to reopen schools, \$550.0 million in small business grants, and \$71.0 million to waive fees for individuals and businesses directly affected by the State's stay-at-home orders. The Proposed State Budget sets aside an initial \$372.0 million in State funding, which can be allocated immediately to expedite the delivery of COVID-19 vaccinations. The Proposed State Budget also includes \$4.56 billion for student supports; \$973.0 million for jobs and workforce training; \$561.0 million for environmental sustainability; \$262.0 million for housing and homelessness and \$56.0 million for other proposals including \$50.0 million for county probation departments.

The items in the 2021-22 Proposed State Budget that are of major interest to the County include the following:

Eviction Moratorium. Authorizes early action to deploy the State's Emergency Rental Assistance funds and extends the eviction protections enacted by Assembly Bill 3088 (Chapter 347, Statutes of 2020). On January 29, 2021, the Governor signed Senate Bill 91 (Chapter 2, Statutes of 2021), which extends the State's eviction moratorium until June 30, 2021, and created the State's Emergency Rental Assistance program.

Homelessness. Provides \$750.0 million in one-time State funding for competitive grants for local governments to purchase and rehabilitate housing and convert them into interim or permanent long-term housing.

License and Certification. Provides \$19.1 million for the County's contract to conduct licensing, certification, and inspection of approximately 3,200 health care facilities in the County.

Small Business and Cultural Institution Grants. Provides \$750.0 million for the State's Small Business COVID-19 Relief Grant program and \$25.0 million in grants for small cultural institutions.

High Roads Training Program (H RTP). Provides an additional \$25.0 million in one-time State funding to expand the program and advocate for part of the funding to be used to provide technical assistance to increase the number of H RTP's in underserved communities.

California Dream Fund. Provides \$35.0 million to support micro-grants to seed entrepreneurship and small business creation in underserved groups that are facing opportunity gaps.

In-Home Supportive Services ("IHSS"), Medi-Cal, and CalFresh County Administration Allocations. Provides \$17.8 million for

IHSS, \$65.4 million for Medi-Cal and \$198.0 million for CalFresh for caseload increases and California Consumer Price Index adjustments.

Child Welfare. Provides \$61.1 million of funding to address the COVID-19 pandemic, including funding for the Extended Foster Care program established by AB 12, and sufficient funding to implement the Family First Prevention Services Act.

Golden State Stimulus. Provides \$2.4 billion for \$600 in tax refunds to low-income taxpayers.

Public Libraries. Provides funding for grants to local libraries and increased ongoing funding, including the early release of funds to meet increased demand for summer meal programs.

Exide Cleanup. Provides \$31.4 million for cleanup and proposals for additional resources for the immediate cleanup of all residential and other properties contaminated by the Exide facility.

Department of Toxic Substances Control (DTSC) Reform. Authorizes governance and fiscal reform of DTSC and proposed statutory changes to provide fiscal stability to DTSC.

Zero-Emission Vehicles and Zero-Emission Vehicle Infrastructure. Provides \$1.5 billion to accelerate the pace and scale of infrastructure needed to meet the goal of requiring all new passenger vehicles to be zero-emission by 2035 and 2045.

California Geologic Energy Management Division. Provides \$4.8 million for enhanced oversight of oil and gas operations and facilities.

Immigration Services. Increased funding for the unaccompanied minors and the Immigration Services Funding and Rapid Response Programs.

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 2020 economic downturn caused by the COVID-19 pandemic, the County experienced a budget deficit as sales tax-based revenues declined. The economic downturn resulted in an estimated \$355.9 million NCC budget gap in Fiscal Year 2020-21 and a projected \$50 million NCC budget gap in FY 2021-22. 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 Fiscal Year 2020-21 budget gap, the County utilized a combination of ongoing structural changes including departmental budget curtailments which resulted in the elimination of 2,586 budgeted positions, the temporary suspension of the deferred compensation contribution match for non-represented employees, and the suspension of Management Appraisal and Performance Plan Tier I salaries and employee benefits increases. The County did not implement any layoffs or furloughs. To close the Fiscal Year 2021-22 NCC budget gap of \$50 million, the County is using one-time funding rather than implementing departmental curtailments. By the time any curtailments could be implemented, the County will have received funding from the ARP Act, and will likely see increased revenue consistent with current forecasts and projections.

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 \$1.7 trillion, which represents an increase of 5.98% 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 impact of the COVID-19 pandemic on the 2021 Assessment Roll continues to be evaluated. Preliminary information indicates lower than anticipated growth primarily due to declines in the consumer price index.

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 502,000 parcels to

their Proposition 13 base year value, with 50,000 parcels still eligible for potential restorations in value.

FISCAL YEAR 2020-21 FINAL ADOPTED BUDGET

The Fiscal Year 2020-21 Final Adopted Budget (the "2020-21 Final Adopted Budget") was approved by the Board of Supervisors on September 29, 2020. The 2020-21 Final Adopted Budget appropriated \$38.234 billion, which reflects a \$2.179 billion or 6.0% increase in total funding requirements from the Fiscal Year 2019-20 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated \$29.272 billion, which represents a \$1.347 billion or 4.8% increase from the Fiscal Year 2019-20 Final Adopted Budget. The 2020-21 Final Adopted Budget appropriated \$8.962 billion for Special Funds/District, reflecting a \$0.831 billion or 10.2% increase from the Fiscal Year 2019-20 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2020-21 Final Adopted Budget are outlined in the following table.

Fiscal Year 2020-21 NCC Budget Changes

Public Assistance Changes	\$47,212,000
Unavoidable Cost Increases	
Salaries and Employee Benefits	174,841,000
Pension Costs	72,523,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Maintenance of Effort	5,306,000
Program Changes	
Public Safety Programs	10,082,000
Debt Service	2,937,000
All Other Program Changes	31,531,000
Fiscal Policies	
Appropriation for Contingency	(15,662,000)
Deferred Maintenance	7,058,000
Total Net County Cost Increases	360,828,000
Revenue Changes	
Property Taxes	291,256,000
Property Taxes - CRA Dissolution Residual	21,875,000
Public Safety Sales Tax	(109,097,000)
1991 Realignment - Sales Tax (RST)	(75,755,000)
1991 RST State Backfill	55,731,000
1991 Realignment - Vehicle License Fee	5,750,000
1991 Realignment - VLF Backfill	2,301,000
Interest Earnings	(67,203,000)
Deed Transfer Tax	(14,224,000)
Departmental Revenue	(72,788,000)
Sheriff - Trial Court Security	(28,159,000)
Sheriff - Trial Court Security State Backfill	10,509,000
Various Other Revenue Changes	(15,230,000)
Total Locally Generated Revenue	4,966,000
Total NCC Budget Gap	(355,862,000)
Net Curtailments/Reductions	(369,039,000)
Deferred Compensation Suspension	(57,790,000)
MAPP Tier I COLA Suspension	(1,533,000)
Program Changes	12,500,000
Unavoidable Cost Increase	60,000,000
Total NCC Budget Gap Solutions	(355,862,000)
Total Surplus / (Deficit)	\$ -

Public Assistance Change

The increase in funding for Public Assistance in the 2020-21 Final Adopted Budget is primarily due to funding increases for In-Home Supportive Services Program, General Relief, Kinship Guardianship Assistance Payment Program, as well as Foster Care, Adoptions and Emergency Assistance programs. The increases are partially offset by a reduction in CaWORKS caseload and a decrease in 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.

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

Prefund Retiree Healthcare Benefits – The 2020-21 Final Adopted Budget appropriated \$309.4 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of \$125.0 million in NCC and \$184.4 million in projected subvention revenue received from Federal, State and other local government entities. This is the sixth 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 2020-21 Final Adopted Budget included \$44.6 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 2020-21 is \$695.9 million, which is approximately 9.8% of ongoing discretionary revenues. As part of the 2020-21 Final Adopted Budget \$22.1 million was set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues. The 2020-21 Final Adopted Budget also included a \$7.1 million allocation for deferred maintenance needs.

Revenue Changes

The 2020-21 Final Adopted Budget included a \$291.3 million increase in property tax revenues based, which was based on the Assessor's May 2020 forecast projecting a 5.25% increase in the Net Local Roll for Fiscal Year 2020-21. The 2020-21 Final Adopted Budget also included a \$21.9 million increase in the property tax residual from the dissolution of redevelopment agencies.

The COVID-19 pandemic has had a significant impact on the global economy. Stay-at-home orders and social distancing requirements led to non-essential businesses closures, record unemployment, and steep decline in consumer spending. Based upon this, the County included decreases in several revenue sources that are impacted by decreased spending in the local economy. The 2020-21 Final Adopted Budget included projected decreases in Proposition 172 Public Safety sales tax revenue, 1991 Realignment sales tax revenue, and deed transfer tax revenue, partially offset with the addition of State Realignment backfill revenues. The 2020-21 Final Adopted Budget also included decreases in interest earnings, departmental revenue, and other revenue changes.

NCC Budget Gap Solutions

The program changes and projected revenue decreases in the 2020-21 Final Adopted Budget resulted in a \$356 million NCC budget gap. In order to address the budget gap, the County utilized a combination of ongoing structural changes including \$369.0 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. These reductions were partially offset by \$72.5 million in unavoidable cost increases and program changes.

FISCAL YEAR 2021-22 RECOMMENDED BUDGET

The 2021-22 Recommended Budget was presented to the Board of Supervisors on April 20, 2021. The 2021-22 Recommended Budget appropriates \$36.183 billion, which reflects a \$2.1 billion or 5.4% decrease in total funding requirements from the 2020-21 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates \$28.098 billion, which represents a \$1.174 billion or 4.0% decrease from the 2020-21 Final Adopted Budget. The 2021-22 Recommended Budget appropriates \$8.086 billion for Special Funds/District, reflecting an \$ 876 million or 9.8% decrease from the Fiscal Year 2020-21 Final Adopted Budget. The primary changes to the ongoing NCC component of the 2021-22 Recommended Budget are outlined in the following table.

Fiscal Year 2021-22 Recommended NCC Budget Changes

Public Assistance Changes	\$56,987,000
Unavoidable Cost Increases	
Salaries and Employee Salaries	146,645,000
Pension Costs	73,492,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Maintenance of Effort Requirements	4,427,000
Program Changes	
Affordable Housing & Economic Dev.	10,000,000
Debt Service	10,942,000
Measure J	100,000,000
All Other Programs	15,649,000
Fiscal Policies	
Appropriation for Contingency	1,651,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	449,793,000
Revenue Changes	
Property Taxes	210,218,000
Property Taxes - CRA Dissolution Residual	(3,180,000)
Public Safety Sales Tax	135,462,000
1991 Realignment - Sales Tax (RST)	90,421,000
1991 Realignment - Vehicle License Fee	9,579,000
1991 RST State Backfill	(55,731,000)
1991 Realignment - VLF State Backfill	(2,301,000)
Interest Earnings	(5,700,000)
Deed Transfer Tax	11,224,000
Various Revenue Changes	9,801,000
Total Locally Generated Revenue	399,793,000
Total Projected Budget Gap	\$(50,000,000)

Public Assistance Change

The increase in funding for Public Assistance in the 2021-22 Recommended Budget is primarily due to funding increases for the In-Home Supportive Services Program, General Relief,

Kinship Guardianship Assistance Payment Program, as well as Foster Care, Adoptions and Emergency Assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of approved salaries and employee benefit increases.

Pension Costs - Reflects adjustments for the Fiscal Year 2021-22 employer contribution retirement rates based upon the June 30, 2020 actuarial valuation of retirement benefits.

Prefund Retiree Healthcare Benefits - The 2021-22 Recommended Budget appropriated \$372.2 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of \$150.0 million in NCC and \$222.2 million in projected subvention revenue to be received from Federal, State and other local government entities. This is the seventh 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 2021-22 Recommended Budget included \$136.6 million of adjustments to various County programs, including \$100 million in funding set aside for Measure J, as well as increases for public safety and social services programs.

Measure J – Community Investment and Alternatives to Incarceration (ATI)

On November 3, 2020, County voters approved Measure J, which requires that, by 2024, no less than ten percent of the County's locally generated unrestricted revenues in the General Fund be allocated to address the impact of racial injustice within the County's criminal justice systems. The measure prohibits using these funds for carceral systems and law enforcement agencies. The ten percent allocation is to be implemented over three years, with the full set-aside amount to be determined and implemented by June 30, 2024. The 2021-22 Recommended Budget sets aside \$100 million as the first-year funding for Measure J.

Fiscal Policies

The balance of the Rainy Day Fund as of the 2021-22 Recommended Budget is \$695.9 million, which represents approximately 9.5% of ongoing discretionary revenues. As part of the 2021-22 Recommended Budget, \$23.8 million was set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues. The 2021-22 Recommended Budget also includes a \$5 million allocation for deferred maintenance needs.

Revenue Changes

The 2021-22 Recommended Budget includes a \$210.2 million increase in property tax revenues based upon a preliminary projected growth rate of 3.59% in Assessment Roll. The 2021-22 Recommended Budget includes a \$3.2 million decrease in property tax residual from the dissolution of redevelopment agencies. Based on current trends and a survey of local economic forecasts, the County has assumed an increase in its overall statewide sales tax projection for the 2021-22 Recommended

Budget. Based on the growth rate, the County is projecting a \$135.5 million increase in Proposition 172 Public Safety sales tax revenue. The 2021-22 Recommended Budget also includes projected net increases in Realignment sales tax revenue and Realignment vehicle license fee revenue, as well as increases in deed transfer tax revenue, and other revenue changes. The 2021-22 Recommended Budget also includes a projected \$5.7 million decrease in interest earnings from the County Treasury Pool due to lower interest rates.

NCC Budget Gap

The 2021-22 Recommended Budget cost increases resulted in a \$50 million NCC budget gap. The County is closing the gap through the use of one-time funding rather than implementing departmental curtailments. By the time any curtailments could be implemented, the County will have funding from the American Rescue Plan and will likely see increased revenue consistent with applicable forecasts and projections.

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.

Health System Funding

The 2015 Section 1115 Hospital Financing Waiver (the "2015 Waiver") was set to expire on December 31, 2020. However, in consideration of the impact to health care systems from the COVID-19 pandemic, the Federal Centers for Medicaid and Medicare Services ("CMS") granted a request from the California Department of Health Care Services' ("DHCS") for a one-year extension through December 31, 2021. The one-year extension of the 2015 Waiver does not include the Public Hospital Redesign and Incentives in Medi-Cal ("PRIME") program, which expired on June 30, 2020, as PRIME was incorporated into Medi-Cal Managed Care's Quality Incentive Payment ("QIP") program effective July 1, 2020. Moving PRIME into Medi-Cal Managed

Care resulted in an increase in FMAP funding and increased revenue to DHS.

Also not included in the one-year extension is funding for the Safety Net Care Pool (SNCP) which was part of the Global Payment Program (GPP) under the 2015 Waiver. The funding for SNCP expired on June 30, 2020. DHCS is requesting CMS to reinstate SNCP funding back to July 1, 2020 and continue funding throughout the one-year extension period ending December 31, 2021. A decision from CMS is currently pending.

DHCS is currently working on the next Waiver demonstration project. DHCS will continue advancing the State's goal of improving health outcomes in a cost-effective manner for Medicaid and other low-income populations under the California Advancing & Innovating Medi-Cal ("CalAIM") initiative. In general, CalAIM services build on the whole person care approach, which was included in the 2015 Waiver to address the clinical and non-clinical circumstances of high-need patients whose poor health outcomes may be at least partly caused by unmet social needs, such as homelessness. DHCS had planned to seek implementation of the CalAIM initiative in January 2021 but delayed the start due to the impact of the COVID-19 pandemic. DHCS is now seeking an effective date of January 1, 2022 for the CalAIM demonstration project.

As part of CalAIM, DHCS is requesting a five-year renewal of GPP, which was included in the 2015 Waiver. DHCS is also requesting a renewal and amendment to expand its Section 1915(b) waiver to further integrate California's Medi-Cal managed care system. Under CalAIM, expanded services to some of DHS' most vulnerable populations, such as the uninsured, would become reimbursable under the combined waiver authorities. Another component of the proposal would cover funding for targeted services, such as medication and telehealth visits provided to County jail inmates covered by Medi-Cal 30 days prior to their release. An additional funding opportunity for DHS is the proposed Providing Access and Transforming Health Program (the "PATH") program. The PATH Program would provide additional resources for capacity building, infrastructure, interventions, and other services.

Medi-Cal Capitation Revenue

Medi-Cal rules require that eligibility for beneficiaries must be redetermined on an annual basis. In response to the COVID-19 pandemic, Governor Gavin Newsom issued an executive order on March 17, 2020 that suspended the Medi-Cal redetermination requirement during the "State of Emergency" he declared on March 4, 2020. The redetermination moratorium allows many more beneficiaries to retain their Medi-Cal eligibility.

As a result of the redetermination moratorium, there has been a significant increase in Medi-Cal managed care members assigned to DHS. Since the moratorium was declared, DHS' assigned members have increased by over 50,000. The increase in assigned members has resulted in a significant increase in Medi-Cal capitation revenues. While the State of Emergency order continues, DHS expects that the high number of members assigned to DHS will continue. However, when the redetermination requirement is reinstated, DHS expects a steady decline in members along with the associated capitation revenues.

COVID-19 Funding

DHS received approximately \$315.0 million from the U.S. Department of Health and Human Services' Provider Relief Fund to cover increased expenditures and lost revenues related to COVID-19. Pending further guidance from CMS on the required methodology for determining increased expenditures and lost revenues, DHS has placed this revenue in a trust fund. Once clarification is received from CMS, the allowable amounts will be moved from the trust fund to the DHS budget.

Assembly Bill 85

Assembly Bill ("AB") 85 was enacted as part of the State's implementation of the Affordable Care Act ("ACA") in 2014. 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 uses a formula to determine the amount of State realignment funds provided to a county that will be redirected to fund social service programs. The County's funding formula is unique in that it uses the entire DHS budget to determine if there are "excess" funds that must be returned 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 revenue is 80% State and 20% County. The current projected redirection amounts for Fiscal Years 2018-19, 2019-20 and 2020-21 are \$266.5 million, \$78.3 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 a Maintenance of Effort ("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 June 30, 2020, the balance of General Fund cash advances to the Hospital Funds was \$65.2 million, which is a decrease of \$551.8 million from the June 30, 2019 balance of \$617.0 million. The balance as of March 31, 2021 has been reduced to \$0. The County is currently estimating the June 30, 2021 balance of General Fund cash advances to the Hospital Funds to remain at \$0.

The improvement in cash balances over the last several years have occurred as DHS worked with the State to expedite payments for new revenue programs, including the QIP and the Enhanced Payment Program ("EPP"). For Program Year 2019-20 and going forward, payments are expected within 12 months after year-end, which will improve cash flow and eliminate the need to establish 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. The CBRC receivable balance for Fiscal Year 2020-21 will be determined during the fiscal year-end closing process.

Managed Care

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 \$622.1 million for Fiscal Year 2019-20 and \$620.6 million for Fiscal Year 2020-21, the methodology for drawing down the EPP funds is still pending CMS approval.

The QIP program provides value-based payments for the achievement of clinically established quality measures for Medi-Cal managed care enrollees. CMS has approved four years of QIP with an annual cost of living adjustment. The net revenue for QIP is estimated to be approximately \$126.7 million for Fiscal Year 2019-20 and \$347.3 million for Fiscal Year 2020-21. The QIP revenue significantly increased from the prior fiscal year due to the incorporation of PRIME into Medi-Cal managed care, effective July 1, 2020. 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.

DHS Reserve Funds

In Fiscal Year 2019-20, DHS closed with a Fund Balance of \$1.293 billion. Of this amount, approximately \$229.7 million with respect to the EPP, QIP 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 DHS operations and balance its budget in the future, as needed. Most of the \$229.7 million receivable balance has been collected in Fiscal Year 2020-21, and the associated long-term receivable will be removed during the fiscal year-end closing process.

Harbor-UCLA Medical Center

On November 10, 2020, the Board of Supervisors approved the Harbor-UCLA Medical Center Replacement Project (the "Harbor-UCLA Replacement Project"). The Harbor-UCLA Replacement Project, with an estimated cost of \$1.6 billion, consists of the construction of an acute care inpatient tower, an outpatient treatment building, and other supporting buildings and structures. The cost of this project will be shared between DHS (90%) and the Department of Mental Health (10%), whose share will fund the construction of psychiatric emergency services and psychiatric inpatient beds. The Harbor-UCLA Replacement Project is expected to be completed by the end of 2027. In order to fund the equipment needed for the new hospital facility, DHS is planning to set up an Accumulative Capital Outlay ("ACO") fund in the amount of \$145.0 million, using a portion of its Fund Balance.

In order to address critical maintenance, regulatory requirements, clinical equipment replacement, and other necessary improvements at various other DHS facilities, DHS is also planning to set up a separate ACO fund in the amount of \$100.0 million, which will also be funded with a portion of the DHS Fund Balance. These projects will improve the quality of service by expanding capacity, updating equipment, streamlining operations, and improving patient access and the overall patient experience. On an annual basis, DHS plans to assess the scope

and progress of the projects in conjunction with their financial condition to determine if adjustments to the ACO fund level are needed and/or feasible.

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 million 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 2020-21, the County received \$80.8 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 2021-22 Recommended Budget is supported by \$6.577 billion in property tax revenue, \$4.842 billion in Federal funding, \$7.282 billion in State funding, \$56 million in cancelled obligated fund balance, \$1.539 billion in Fund Balance and \$7.802 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 2020-21 Final Adopted Budget with the 2021-22 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	Final 2020-21	Recommended 2021-22
General Fund	\$ 20,856,959	\$ 22,476,283	\$ 23,925,116	\$ 25,468,803	\$ 24,049,706
Hospital Enterprise Fund	3,466,796	3,222,338	3,999,868	3,803,498	4,048,301
Total General County Budget	\$ 24,323,755	\$ 25,698,621	\$ 27,924,984	\$ 29,272,301	\$ 28,098,007

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

	Final 2017-18	Final 2018-19	Final 2019-20	Final 2020-21	Recommended 2021-22
Requirements					
Social Services	\$ 7,200,237	\$ 7,308,903	\$ 7,752,983	\$ 8,298,441	\$ 7,903,682
Health	8,040,428	8,790,802	9,877,992	10,438,420	10,364,039
Justice	5,823,573	6,019,196	6,234,098	6,308,501	6,293,476
Other	3,259,517	3,579,720	4,059,911	4,226,939	3,536,810
Total	\$ 24,323,755	\$ 25,698,621	\$ 27,924,984	\$ 29,272,301	\$ 28,098,007
Revenue Sources					
Property Taxes	\$ 5,331,727	\$ 5,676,729	\$ 6,043,773	\$ 6,371,071	\$ 6,577,330
State Assistance	6,290,778	6,545,048	6,937,808	7,146,855	7,282,405
Federal Assistance	4,931,647	4,977,992	4,996,732	5,633,127	4,842,117
Other	7,769,603	8,498,852	9,946,671	10,121,248	9,396,155
Total	\$ 24,323,755	\$ 25,698,621	\$ 27,924,984	\$ 29,272,301	\$ 28,098,007

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	Final 2020-21	Recommended 2021-22
Financing Requirements					
Salaries & Employee Benefits	\$ 12,254,330	\$ 12,983,488	\$ 13,871,307	\$ 14,252,672	\$ 14,670,048
Services & Supplies	8,511,618	9,346,135	9,929,569	10,457,231	9,880,047
Other Charges	4,483,734	4,746,295	5,800,116	6,178,632	5,747,870
Capital Assets	951,628	1,160,603	1,198,684	1,432,583	1,032,706
Other Financing Uses	723,265	734,824	1,003,163	1,186,455	903,341
Appropriations for Contingencies	29,754	38,067	37,775	22,113	23,764
Interbudget Transfers ¹	(1,678,129)	(1,918,739)	(2,433,320)	(2,581,864)	(2,298,761)
Gross Appropriation	\$ 25,276,200	\$ 27,090,673	\$ 29,407,294	\$ 30,947,822	\$ 29,959,015
Less: Intrafund Transfers	1,259,379	1,588,349	1,697,201	1,883,836	1,891,008
Net Appropriation	\$ 24,016,821	\$ 25,502,324	\$ 27,710,093	\$ 29,063,986	\$ 28,068,007
Provision for Obligated Fund Balance					
General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Other	16,093	-	-	3,400	-
Assigned for Rainy Day Funds	39,000	46,810	39,000	53,450	-
Committed Fund Balance	251,841	149,487	175,891	151,465	30,000
Total Financing Requirements	\$ 24,323,755	\$ 25,698,621	\$ 27,924,984	\$ 29,272,301	\$ 28,098,007
Available Financing					
Fund Balance	\$ 1,982,626	\$ 1,929,332	\$ 2,089,840	\$ 2,196,874	\$ 1,539,159
Cancel Provision for Obligated Fund Balance	348,499	279,525	614,950	482,861	56,081
Property Taxes: Regular Roll	5,271,414	5,615,854	5,989,000	6,316,080	6,522,182
Supplemental Roll	60,313	60,875	54,773	54,991	55,148
Revenue	16,660,903	17,813,035	19,176,421	20,221,495	19,925,437
Total Available Financing	\$ 24,323,755	\$ 25,698,621	\$ 27,924,984	\$ 29,272,301	\$ 28,098,007

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 \$2.3 billion in 2021-22, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations

Source: Chief Executive Office

**COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2020-21 FINAL ADOPTED BUDGET TO 2021-22 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)**

Function	2020-21 Final ⁽¹⁾	2021-22 Recommended ⁽²⁾	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	\$ 1,507,356.0	\$ 1,321,636.0	\$ (185,720.0)	-12.32%
General Services	883,926.0	1,017,866.0	133,940.0	15.15%
Public Buildings	1,406,267.0	1,020,012.0	(386,255.0)	-27.47%
Total General	\$ 3,797,549.0	\$ 3,359,514.0	\$ (438,035.0)	-11.53%
Public Protection				
Justice	\$ 5,794,341.0	\$ 5,783,359.0	\$ (10,982.0)	-0.19%
Other Public Protection	210,954.0	137,157.0	(73,797.0)	-34.98%
Total Public Protection	\$ 6,005,295.0	\$ 5,920,516.0	\$ (84,779.0)	-1.41%
Health and Sanitation	10,382,122.0	10,317,922.0	(64,200.0)	-0.62%
Public Assistance	8,256,305.0	7,880,024.0	(376,281.0)	-4.56%
Recreation and Cultural Services	396,567.0	369,516.0	(27,051.0)	-6.82%
Education	48,530.0	41,246.0	(7,284.0)	-15.01%
Insurance and Loss Reserve	155,505.0	155,505.0	-	0.00%
Provision for Obligated Fund Balance	208,315.0	30,000.0	(178,315.0)	-85.60%
Appropriations for Contingencies	22,113.0	23,764.0	1,651.0	7.47%
Total Requirements	\$ 29,272,301.0	\$ 28,098,007.0	\$ (1,174,294.0)	-4.01%
AVAILABLE FUNDS				
Property Taxes	\$ 6,371,071.0	\$ 6,577,330.0	\$ 206,259.0	3.24%
Fund Balance	2,196,874.0	1,539,159.0	(657,715.0)	-29.94%
Cancelled Prior-Year Reserves	482,861.0	56,081.0	(426,780.0)	-88.39%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	\$ 390,345.0	\$ 401,881.0	\$ 11,536.0	2.96%
Homeowners' Exemption	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	1,066,187.0	1,061,394.0	(4,793.0)	-0.45%
Other Public Assistance	2,483,310.0	2,659,551.0	176,241.0	7.10%
Public Protection	1,332,916.0	1,437,533.0	104,617.0	7.85%
Health and Mental Health	1,497,889.0	1,536,420.0	38,531.0	2.57%
Capital Projects	311,358.0	137,117.0	(174,241.0)	-55.96%
Other State Revenues	45,850.0	29,509.0	(16,341.0)	-35.64%
Total State Revenues	\$ 7,146,855.0	\$ 7,282,405.0	\$ 135,550.0	1.90%
Federal Revenues				
Public Assistance Subventions	\$ 2,933,777.0	\$ 2,763,223.0	\$ (170,554.0)	-5.81%
Other Public Assistance	449,383.0	232,504.0	(216,879.0)	-48.26%
Public Protection	130,957.0	77,036.0	(53,921.0)	-41.17%
Health and Mental Health	1,806,375.0	1,712,260.0	(94,115.0)	-5.21%
Capital Projects	221,741.0	2,570.0	(219,171.0)	-98.84%
Other Federal Revenues	90,894.0	54,524.0	(36,370.0)	-40.01%
Total Federal Revenues	\$ 5,633,127.0	\$ 4,842,117.0	\$ (791,010.0)	-14.04%
Other Governmental Agencies	79,184.0	80,272.0	1,088.0	1.37%
Total Intergovernmental Revenues	\$ 12,859,166.0	\$ 12,204,794.0	\$ (654,372.0)	-5.09%
Fines, Forfeitures and Penalties	143,587.0	143,677.0	90.0	0.06%
Licenses, Permits and Franchises	57,570.0	60,107.0	2,537.0	4.41%
Charges for Services	5,377,806.0	5,976,302.0	598,496.0	11.13%
Other Taxes	185,235.0	203,580.0	18,345.0	9.90%
Use of Money and Property	147,939.0	145,475.0	(2,464.0)	-1.67%
Miscellaneous Revenues	554,410.0	376,403.0	(178,007.0)	-32.11%
Operating Contribution from General Fund	895,782.0	815,099.0	(80,683.0)	-9.01%
Total Available Funds	\$ 29,272,301.0	\$ 28,098,007.0	\$ (1,174,294.0)	-4.01%

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

(2) Reflects the 2021-22 Recommended General County Budget approved by the Board of Supervisors on April 20, 2021

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	\$ 1,507,356.0	\$ -	\$ 1,507,356.0
General Services	883,926.0	-	883,926.0
Public Buildings	1,406,267.0	-	1,406,267.0
Total General	\$ 3,797,549.0	\$ -	\$ 3,797,549.0
Public Protection			
Justice	\$ 5,794,341.0	\$ -	\$ 5,794,341.0
Other Public Protection	210,954.0	-	210,954.0
Total Public Protection	\$ 6,005,295.0	\$ -	\$ 6,005,295.0
Health and Sanitation			
Public Assistance	\$ 6,578,624.0	\$ 3,803,498.0	\$ 10,382,122.0
Recreation and Cultural Services	8,256,305.0	-	8,256,305.0
Education	396,567.0	-	396,567.0
Insurance and Loss Reserve	48,530.0	-	48,530.0
Provision for Obligated Fund Balance	155,505.0	-	155,505.0
Appropriation for Contingency	208,315.0	-	208,315.0
	22,113.0	-	22,113.0
Total Requirements	\$ 25,468,803.0	\$ 3,803,498.0	\$ 29,272,301.0
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	311,358.0	-	311,358.0
Other State Revenues	45,850.0	-	45,850.0
Total State Revenues	7,103,079.0	43,776.0	7,146,855.0
Federal Revenues			
Public Assistance Subventions	\$ 2,933,777.0	\$ -	\$ 2,933,777.0
Other Public Assistance	449,383.0	-	449,383.0
Public Protection	130,957.0	-	130,957.0
Health and Mental Health	1,805,452.0	923.0	1,806,375.0
Capital Projects	221,741.0	-	221,741.0
Other Federal Revenues	90,894.0	-	90,894.0
Total Federal Revenues	\$ 5,632,204.0	\$ 923.0	\$ 5,633,127.0
Other Governmental Agencies	79,184.0	-	79,184.0
Total Intergovernmental Revenues	\$ 12,814,467.0	\$ 44,699.0	\$ 12,859,166.0
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	\$ 25,468,803.0	\$ 3,803,498.0	\$ 29,272,301.0

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

**COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2021-22 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	\$ 1,321,636.0	\$ -	\$ 1,321,636.0
General Services	1,017,866.0	-	1,017,866.0
Public Buildings	1,020,012.0	-	1,020,012.0
Total General	\$ 3,359,514.0	\$ -	\$ 3,359,514.0
Public Protection			
Justice	\$ 5,783,359.0	\$ -	\$ 5,783,359.0
Other Public Protection	137,157.0	-	137,157.0
Total Public Protection	\$ 5,920,516.0	\$ -	\$ 5,920,516.0
Health and Sanitation			
Public Assistance	\$ 6,269,621.0	\$ 4,048,301.0	\$ 10,317,922.0
Recreation and Cultural Services	7,880,024.0	-	7,880,024.0
Education	369,516.0	-	369,516.0
Insurance and Loss Reserve	41,246.0	-	41,246.0
Provision for Obligated Fund Balance	155,505.0	-	155,505.0
Appropriation for Contingency	30,000.0	-	30,000.0
	23,764.0	-	23,764.0
Total Requirements	\$ 24,049,706.0	\$ 4,048,301.0	\$ 28,098,007.0
AVAILABLE FUNDS			
Property Taxes	\$ 6,577,330.0	\$ -	\$ 6,577,330.0
Fund Balance	1,539,159.0	-	1,539,159.0
Cancel Provision for Obligated Fund Balance	56,081.0	-	56,081.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	\$ 401,881.0	\$ -	\$ 401,881.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,061,394.0	-	1,061,394.0
Other Public Assistance	2,659,551.0	-	2,659,551.0
Public Protection	1,437,533.0	-	1,437,533.0
Health and Mental Health	1,495,093.0	41,327.0	1,536,420.0
Capital Projects	137,117.0	-	137,117.0
Other State Revenues	29,509.0	-	29,509.0
Total State Revenues	7,241,078.0	41,327.0	7,282,405.0
Federal Revenues			
Public Assistance Subventions	\$ 2,763,223.0	\$ -	\$ 2,763,223.0
Other Public Assistance	232,504.0	-	232,504.0
Public Protection	77,036.0	-	77,036.0
Health and Mental Health	1,711,337.0	923.0	1,712,260.0
Capital Projects	2,570.0	-	2,570.0
Other Federal Revenues	54,524.0	-	54,524.0
Total Federal Revenues	\$ 4,841,194.0	\$ 923.0	\$ 4,842,117.0
Other Governmental Agencies	80,272.0	-	80,272.0
Total Intergovernmental Revenues	\$ 12,162,544.0	\$ 42,250.0	\$ 12,204,794.0
Fines, Forfeitures and Penalties	143,677.0	-	143,677.0
Licenses, Permits and Franchises	59,981.0	126.0	60,107.0
Charges for Services	3,021,218.0	2,955,084.0	5,976,302.0
Other Taxes	203,580.0	-	203,580.0
Use of Money and Property	144,707.0	768.0	145,475.0
Miscellaneous Revenues	141,429.0	234,974.0	376,403.0
Operating Contribution from General Fund	-	815,099.0	815,099.0
Total Available Funds	\$ 24,049,706.0	\$ 4,048,301.0	\$ 28,098,007.0

(1) Reflects the 2021-22 Recommended General County Budget approved by the Board of Supervisors on April 20, 2021

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

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

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situation" 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 2020-21 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 \$50,524,605,944, which constitutes only 3.26% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2020-21
SOUTHERN CALIFORNIA EDISON CO	\$ 132,320,824
MAGUIRE PROPERTIES	46,629,270
DOUGLAS EMMETT RESIDENTIAL	45,942,470
SOUTHERN CALIFORNIA GAS COMPANY	43,221,877
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	35,675,341
PINCAY RE LLC LESSOR	34,823,831
EQR / ERP LIMITED	34,714,669
NBCUNIVERSAL CAHUENGA LLC	32,082,191
CHEVRON USA INC / TEXACO / UNOCAL	31,216,319
TESORO REFINING AND MARKETING CO	28,910,410
PROLOGIS / AMB	25,418,008
ESSEX PORTFOLIO LP	18,673,519
DE PARK AVENUE LLC	16,861,963
TORRANCE LOGISTICS COMPANY LLC	16,440,885
PHILLIPS 66	14,713,173
REXFORD INDUSTRIAL	14,362,656
CENTURY CITY MALL LLC	13,158,862
KAISER FOUNDATION HOSPITALS	12,825,728
PACIFIC BELL TELEPHONE COMPANY	12,198,585
WESTFIELD TOPANGA OWNERS LP	12,038,880
	\$ 622,229,461

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 2016-17 through 2020-21.

COUNTY OF LOS ANGELES
 COMPARISON OF FULL CASH VALUE
 PROPERTY TAXATION AND COLLECTIONS
 FISCAL YEARS 2016-17 THROUGH 2020-21

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 %
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%
2020-21	1,643,560,494,991	3,962,227,751	3,873,257,353 ⁽³⁾	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.

(3) Preliminary estimate based on Fiscal Year 2020-21 collections.

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 2016-17 through 2020-21.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
 PROJECTS IN THE COUNTY OF LOS ANGELES
 FULL CASH VALUE AND TAX ALLOCATIONS
 FISCAL YEARS 2016-17 THROUGH 2020-21

Fiscal Year	Full Cash Value Increments ⁽¹⁾	Total Tax Allocations ⁽²⁾
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	2,006,676,731
2020-21	238,966,302,250	1,729,543,756 ⁽³⁾

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.

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

(3) Total CRA Tax Allocations from November 2020 through April 2021.

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 which will be received by, or accrue to the County in Fiscal Year 2020-21, and are lawfully available for the payment of current expenses and other obligations 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
2020-21 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND***

Deposit Date	Deposit Amount
December, 2020	\$540,000,000
January, 2021	540,000,000
April, 2021	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 March 31, 2021, 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	\$ 16.971
Schools and Community Colleges	17.208
Independent Public Agencies	4.020
Total	\$ 38.199

Of these entities, the discretionary participants accounted for 9.59% 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 April 30, 2021, the book value of the Treasury Pool as of March 31, 2021 was approximately \$38.198 billion and the corresponding market value was approximately \$37.748 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 March 31, 2021:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	9.03
U.S. Government and Agency Obligations	56.83
Bankers Acceptances	0.00
Commercial Paper	33.87
Municipal Obligations	0.08
Corporate Notes & Deposit Notes	0.19
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2021, approximately 40% of the investments mature within 60 days, with an average of 990 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, 2020, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County Comprehensive Annual Financial Reports 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 2020-21 Final Adopted Budget included an available General Fund balance of \$2,196,874,000 as of June 30, 2020.

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 2019-20 Comprehensive Annual Financial Report, 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, 2020.

The tables below provide a reconciliation of the General Fund's June 30, 2020 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 2015-16 to Fiscal Year 2019-20.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2020 (in thousands of \$)

Unassigned Fund Balance - Budgetary Basis	\$2,196,874
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	270,500
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	191,511
Accrual of liabilities for accrued compensated absences not required by GAAP	97,920
Change in revenue accruals	(67,633)
Deferral of property tax receivables	(117,722)
Deferral of sale of tobacco settlement revenue	(212,504)
Change in fair value of Investments	16,465
Reserve for "Rainy Day" Fund	642,423
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Unassigned Fund Balance - GAAP Basis	\$3,017,834

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COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2016, 2017, 2018, 2019 and 2020
GENERAL FUND-GAAP BASIS (in thousands of \$)

ASSETS

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Pooled Cash and Investments	\$3,181,151	\$4,149,612	\$4,386,386	\$4,234,098	\$5,027,623
Other Investments	4,693	4,483	4,241	3,973	3,678
Taxes Receivable	148,485	159,429	173,423	190,819	260,740
Other Receivables	1,875,029	1,930,937	1,969,867	2,466,846	3,579,508
Due from Other Funds	322,883	308,556	665,194	757,525	872,764
Advances to Other Funds	395,511	167,179	124,840	634,848	77,748
Inventories	59,267	48,824	52,964	58,050	66,482
Total Assets	\$5,987,019	\$6,769,020	\$7,376,915	\$8,346,159	\$9,888,543

LIABILITIES

Accounts Payable	\$545,739	\$600,827	\$540,193	\$636,560	\$790,780
Accrued Payroll	374,951	392,096	422,519	445,506	457,444
Other Payables	100,964	102,289	111,361	165,114	91,569
Due to Other Funds	146,886	126,140	208,100	212,300	246,092
Advances Payable	975,135	1,433,485	1,732,965	1,812,610	3,073,192
Third-Party Payor Liability	39,042	42,051	39,690	56,297	92,105
Total Liabilities	\$2,182,717	\$2,696,888	\$3,054,828	\$3,328,387	\$4,751,182

DEFERRED INFLOWS OF RESOURCES

	\$420,060	\$421,159	\$426,896	\$583,763	\$618,557
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FUND BALANCES

Nonspendable	\$324,555	\$212,281	\$136,890	\$311,958	\$126,630
Restricted	67,880	70,157	77,406	79,210	83,372
Committed	364,679	429,440	704,954	780,517	594,193
Assigned	446,579	494,783	480,065	620,773	696,775
Unassigned	2,180,549	2,444,312	2,495,876	2,641,551	3,017,834
Total Fund Balances	3,384,242	3,650,973	3,895,191	4,434,009	4,518,804
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$5,987,019	\$6,769,020	\$7,376,915	\$8,346,159	\$9,888,543

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2016, 2017, 2018, 2019 and 2020.

COUNTY OF LOS ANGELES
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2015-16 THROUGH 2019-20 (in thousands of \$)

	2015-16	2016-17	2017-18	2018-19	2019-20
REVENUES:					
Taxes	\$5,003,124	\$5,333,532	\$5,655,160	\$6,034,742	\$6,321,404
Licenses, Permits & Franchises	60,666	59,197	61,198	63,538	70,299
Fines, Forfeitures and Penalties	189,312	183,400	175,827	187,979	184,798
Use of Money and Property	186,443	155,878	189,399	366,116	256,737
Aid from Other Government	8,939,412	9,377,215	9,730,931	10,224,347	10,932,846
Charges for Services	1,651,883	1,800,657	1,751,140	2,505,049	2,964,007
Miscellaneous Revenues	159,346	172,055	162,610	169,320	248,008
TOTAL	\$16,190,186	\$17,081,934	\$17,726,265	\$19,551,091	\$20,978,099
EXPENDITURES					
General	\$1,039,188	\$1,159,100	\$1,253,758	\$1,284,824	\$1,504,452
Public Protection	5,418,926	5,546,279	5,618,266	5,893,865	6,130,313
Health and Sanitation	3,161,202	3,460,315	3,996,450	5,065,138	5,727,283
Public Assistance	5,892,530	6,034,942	6,260,375	6,501,712	6,893,502
Recreation and Cultural Services	321,414	341,272	364,316	386,217	407,052
Debt Service	29,600	31,079	33,559	37,519	35,596
Capital Outlay	547	63	5,161	1,586	1,052
Total	\$15,863,407	\$16,573,050	\$17,531,885	\$19,170,861	\$20,699,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$326,779	\$508,884	\$194,380	\$380,230	\$278,849
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to)					
Other Funds-Net	(\$133,714)	(\$243,604)	\$43,178	\$155,233	(\$196,378)
Sales of Capital Assets	807	1,388	1,499	1,769	1,272
Capital Leases	547	63	5,161	1,586	1,052
OTHER FINANCING SOURCES (USES)-Net	(\$132,360)	(\$242,153)	\$49,838	\$158,588	(\$194,054)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	194,419	266,731	244,218	538,818	84,795
Beginning Fund Balance	3,189,823	3,384,242	3,650,973	3,895,191	4,434,009
Ending Fund Balance	\$3,384,242	\$3,650,973	\$3,895,191	\$4,434,009	\$4,518,804

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2016, 2017, 2018, 2019 and 2020.

**COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING**

**2019-20: 12 MONTHS ACTUAL
2020-21: 10 MONTHS ACTUAL**

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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
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
Rancho Los Amigos Rehab Center	16,443	(1,480)	925	37,010	19,500	506
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
(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
(272)	1,490	546	1,103	535	1,978	Rancho Los Amigos Rehab Center
\$ 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 BORROWABLE RESOURCES

AVERAGE DAILY BALANCES: Fiscal Year 2020-21

FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of \$)

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020
PROPERTY TAX GROUP						
Tax Collector Trust Fund	\$ 194,946	\$ 106,791	\$ 73,524	\$ 413,778	\$ 1,865,020	\$ 2,848,945
Auditor Unapportioned Property Tax	223,227	175,455	130,298	255,441	748,426	2,295,875
Unsecured Property Tax	157,880	114,564	160,523	214,511	173,871	112,700
Miscellaneous Fees & Taxes	358	339	310	337	435	389
State Redemption Fund	31,039	63,457	65,547	64,248	45,033	37,337
Education Revenue Augmentation	11,341	68,395	0	212	23,567	609,543
State Reimbursement Fund	0	0	0	0	409	7,779
Vehicle License Fee Replacement Fund	0	9,410	152,793	152,793	153,402	178,436
Property Tax Rebate Fund	7,043	13,909	23,168	24,951	25,109	11,588
Utility User Tax Trust Fund	1,047	1,726	4,355	8,043	11,777	15,186
Subtotal	\$ 626,881	\$ 554,046	\$ 610,518	\$ 1,134,314	\$ 3,047,049	\$ 6,117,778
VARIOUS TRUST GROUP						
Departmental Trust Fund	\$ 547,208	\$ 634,034	\$ 683,158	\$ 699,275	\$ 583,704	\$ 619,229
Payroll Revolving Fund	66,359	74,233	64,562	64,453	69,088	69,370
Asset Development Fund	50,744	50,921	51,020	51,043	51,051	51,120
Productivity Investment Fund	10,627	10,405	10,247	9,511	8,690	8,124
Motor Vehicle Capital Outlays	597	575	575	599	700	700
Civic Center Parking	94	(42)	81	99	30	(33)
Reporters Salary Fund	246	259	545	511	442	477
Cable TV Franchise Fund	14,678	14,544	15,593	15,424	15,337	15,790
Megaflex Long-Term Disability	11,147	11,249	11,164	11,096	11,069	11,019
Megaflex Long-Term Disability & Health	13,568	13,658	13,756	13,836	13,933	14,014
Megaflex Short-Term Disability	68,767	69,511	70,199	70,749	71,291	71,673
Subtotal	\$ 784,035	\$ 879,347	\$ 920,900	\$ 936,596	\$ 825,335	\$ 861,483
HOSPITAL GROUP						
Harbor-UCLA Medical Center	\$ (6,110)	\$ 7,440	\$ 37,119	\$ 254,612	\$ 290,406	\$ 202,083
Olive View-UCLA Medical Center	27,243	6,290	16,760	110,861	116,861	51,381
LAC+USC Medical Center	1,555	18,319	21,532	268,836	365,431	262,086
Rancho Los Amigos Rehab Center	(2,786)	(1,905)	5,049	46,943	42,518	19,642
Subtotal	\$ 19,902	\$ 30,144	\$ 80,460	\$ 681,252	\$ 815,216	\$ 535,192
GRAND TOTAL	\$ 1,430,818	\$ 1,463,537	\$ 1,611,878	\$ 2,752,162	\$ 4,687,600	\$ 7,514,453

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2021	February 2021	March 2021	April 2021	Estimated May 2021	Estimated June 2021	
PROPERTY TAX GROUP						
\$ 1,150,897	\$ 707,236	\$ 1,243,609	\$ 3,375,190	\$ 1,230,714	\$ 165,309	Tax Collector Trust Fund
1,489,530	1,053,878	983,089	2,175,696	901,732	196,509	Auditor Unapportioned Property Tax
113,357	106,275	90,931	69,804	65,329	134,687	Unsecured Property Tax
407	375	350	415	6,335	9,317	Miscellaneous Fees & Taxes
25,650	22,571	34,913	35,468	20,336	26,547	State Redemption Fund
475,419	215,903	122,672	376,143	247,399	177,113	Education Revenue Augmentation
18,078	923	923	1,877	20,116	11,831	State Reimbursement Fund
736,499	378,955	576,244	709,142	754,708	0	Vehicle License Fee Replacement Fund
13,737	27,356	10,078	13,614	8,564	0	Property Tax Rebate Fund
13,260	17,409	12,791	13,328	11,919	11,980	Utility User Tax Trust Fund
\$ 4,036,834	\$ 2,530,881	\$ 3,075,600	\$ 6,770,677	\$ 3,267,152	\$ 733,293	Subtotal
VARIOUS TRUST GROUP						
\$ 628,153	\$ 540,497	\$ 585,345	\$ 567,571	\$ 515,641	\$ 570,102	Departmental Trust Fund
70,403	84,186	65,592	65,457	68,599	54,169	Payroll Revolving Fund
51,279	51,302	51,316	51,364	51,141	46,226	Asset Development Fund
7,264	7,173	7,171	6,169	8,113	6,304	Productivity Investment Fund
654	647	647	647	611	6,304	Motor Vehicle Capital Outlays
100	106	119	253	84	150	Civic Center Parking
466	452	555	525	554	434	Reporters Salary Fund
15,824	15,604	15,930	16,079	14,763	13,658	Cable TV Franchise Fund
11,123	11,158	11,134	11,221	11,324	15,647	Megaflex Long-Term Disability
14,071	14,052	14,114	14,202	13,660	9,777	Megaflex Long-Term Disability & Health
72,328	73,263	74,052	74,894	68,661	45,501	Megaflex Short-Term Disability
\$ 871,665	\$ 798,440	\$ 825,975	\$ 808,382	\$ 753,151	\$ 768,272	Subtotal
HOSPITAL GROUP						
\$ 139,626	\$ 87,321	\$ 37,374	\$45,236	\$0	\$0	Harbor-UCLA Medical Center
8,307	3,717	3,761	26,109	0	0	Olive View-UCLA Medical Center
105,664	51,571	15,894	72,676	0	0	LAC + USC Medical Center
4,808	7,839	(91)	9,540	0	0	Rancho Los Amigos Rehab Center
\$ 258,405	\$ 150,448	\$ 56,938	\$153,561	\$0	\$0	Subtotal
\$ 5,166,904	\$ 3,479,769	\$ 3,958,513	\$7,732,620	\$ 4,020,303	\$ 1,501,565	GRAND TOTAL

**COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS**

**2019-20: 12 MONTHS ACTUAL
2020-21: 10 MONTHS ACTUAL**

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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 \$551.7 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	\$2,366,937.0	\$ 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

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2020-21
(in thousands of \$)

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020
BEGINNING BALANCE	\$ 1,914,196	\$ 2,084,187	\$ 1,329,889	\$ 685,095	\$ 676,059	\$ 36,391
RECEIPTS						
Property Taxes	\$42,496	\$140,351	\$0	\$0	\$65,352	\$1,573,813
Other Taxes	10,868	17,263	14,245	15,586	6,203	29,675
Licenses, Permits & Franchises	4,442	2,452	4,928	2,883	2,315	4,621
Fines, Forfeitures & Penalties	24,946	24,301	4,287	6,252	15,614	4,066
Investment and Rental Income	20,575	11,557	9,353	9,743	16,984	9,540
Motor Vehicle (VLF) Realignment	0	(478,653)	47,340	64,945	33,040	35,593
Sales Taxes - Proposition 172	69,363	65,101	62,828	61,925	76,675	65,465
1991 Program Realignment	0	155,780	79,345	137,892	80,636	72,994
Other Intergovernmental Revenue**	234,622	642,497	123,864	278,020	681,525	308,897
Charges for Current Services	246,715	146,177	81,228	506,864	107,798	277,258
Other Revenue & Tobacco Settlement	241,496	209,036	80,294	75,093	46,891	151,127
Transfers & Reimbursements	13,485	197	0	17,301	30,289	6,004
Hospital Loan Repayment*	0	65,177	0	0	0	0
Welfare Advances	400,593	365,630	566,758	549,650	427,568	560,768
Other Financing Sources/MHSA	77,207	107,915	36,200	0	30,119	45,059
Intrafund Borrowings	0	0	0	0	0	0
TRANS Sold	1,200,000	0	0	0	0	0
Total Receipts	\$ 2,586,808	\$ 1,474,781	\$ 1,110,670	\$ 1,726,154	\$ 1,621,009	\$ 3,144,880
DISBURSEMENTS						
Welfare Warrants	\$ 214,000	\$ 219,984	\$ 217,660	\$ 204,526	\$ 344,638	\$ 348,049
Salaries	552,285	547,574	544,046	547,582	567,465	575,999
Employee Benefits	354,656	352,946	362,687	371,037	361,007	395,619
Vendor Payments	833,834	554,133	534,458	521,283	826,820	698,164
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	416,527	398,435	61,946	0	0	2,604
Transfer Payments	45,515	156,007	34,667	90,762	160,747	45,838
TRANS Pledge Transfer	0	0	0	0	0	540,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	\$ 2,416,817	\$ 2,229,079	\$ 1,755,464	\$ 1,735,190	\$ 2,260,677	\$ 2,606,273
ENDING BALANCE	\$ 2,084,187	\$ 1,329,889	\$ 685,095	\$ 676,059	\$ 36,391	\$ 574,998
Borrowable Resources (Avg. Balance)	\$ 1,430,818	\$ 1,463,537	\$ 1,611,878	\$ 2,752,162	\$ 4,687,600	\$ 7,514,453
Total Cash Available	\$ 3,515,005	\$ 2,793,426	\$ 2,296,973	\$ 3,428,221	\$ 4,723,991	\$ 8,089,451

* The net change in the outstanding Hospital Loan Balance is a decrease of \$65.2 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

** Includes COVID-19 Revenues

January 2021	February 2021	March 2021	April 2021	Estimated May 2021	Estimated June 2021	Total 2020-21	
\$ 574,998	\$ 770,599	\$ 360,962	\$ 1,683	\$ 612,909	\$ 1,006,978		BEGINNING BALANCE
							RECEIPTS
\$1,606,954	\$190,781	\$22,698	\$1,208,290.00	\$1,338,828.20	\$229,666.80	\$6,419,230	Property Taxes
17,555	12,902	30,298	16,467.00	10,356.00	14,007.00	195,425	Other Taxes
2,274	3,002	11,270	17,015.00	3,946.10	3,090.90	62,239	Licenses, Permits & Franchises
4,710	18,542	10,281	2,905.00	18,947.70	7,813.30	142,665	Fines, Forfeitures & Penalties
8,912	9,024	8,720	11,604.00	14,233.00	10,887.50	141,133	Investment and Rental Income
38,005	31,909	44,113	39,578.00	20,497.80	17,880.20	(105,752)	Motor Vehicle (VLF) Realignment
64,516	82,137	57,447	58,748.00	64,262.20	53,973.80	782,441	Sales Taxes - Proposition 172
72,006	91,578	64,036	65,567.00	71,338.30	62,378.70	953,551	1991 Program Realignment
230,640	315,510	331,427	262,763.00	329,920.70	454,092.00	4,193,778	Other Intergovernmental Revenue**
250,013	169,332	152,331	400,153.00	176,827.10	235,951.90	2,750,648	Charges for Current Services
40,376	55,274	161,257	202,783.00	45,730.70	173,002.30	1,482,360	Other Revenue & Tobacco Settlement
17,155	3,836	25,314	16,534.00	5,238.40	14,854.60	150,208	Transfers & Reimbursements
0	0	0	0	0	0	65,177	Hospital Loan Repayment*
379,591	340,497	645,543	338,817.00	251,446.60	414,677.30	5,241,539	Welfare Advances
30,589	36,819	80,888	53,861.00	52,270.30	60,463.70	611,391	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	1,200,000	TRANs Sold
\$ 2,763,296	\$ 1,361,143	\$ 1,645,623	\$ 2,695,085	\$ 2,403,843	\$ 1,752,740	\$ 24,286,032	Total Receipts
							DISBURSEMENTS
\$ 201,853	\$ 304,447	\$ 314,391	\$200,368.00	\$308,706.30	\$321,381.80	\$ 3,200,004	Welfare Warrants
613,463	586,956	566,868	592,154.00	615,687.30	619,422.60	6,929,502	Salaries
468,565	304,272	395,818	427,535.00	399,289.80	389,915.90	4,583,348	Employee Benefits
543,517	550,950	609,494	600,779.00	607,224.90	607,934.10	7,488,591	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
40,866	10,691	79,015	2,447.00	0	0	1,012,531	Hospital Subsidy Payments
159,431	13,464	39,316	93,909.00	78,865.80	17,928.20	936,450	Transfer Payments
540,000	0	0	166,667.00	0	0	1,246,667	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
\$ 2,567,695	\$ 1,770,780	\$ 2,004,902	\$ 2,083,859	\$ 2,009,774	\$ 1,956,583	\$ 25,397,093	Total Disbursements
\$ 770,599	\$ 360,962	\$ 1,683	\$ 612,909	\$ 1,006,978	\$ 803,135		ENDING BALANCE
\$ 5,166,904	\$ 3,479,769	\$ 3,958,513	\$ 7,732,620	\$ 4,020,303	\$ 1,501,565		Borrowable Resources (Avg. Balance)
\$ 5,937,503	\$ 3,840,731	\$ 3,960,196	\$ 8,345,529	\$ 5,027,281	\$ 2,304,700		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 May 1, 2021, the County has \$1.617 billion of outstanding short-term obligations, which includes \$1.200 billion in TRAns, \$5.0 million in Bond Anticipation Notes, and \$412.4 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 May 1, 2021 (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	412,390
Intermediate & Long-Term Obligations	2,450,012
Total Outstanding Principal	\$4,067,402

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 certain taxes, income, revenue, and cash receipts which will be received by, or accrue to 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 Tax and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance 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 May 1, 2021, \$5.0 million in BANs are 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 May 1, 2021, \$412.4 million of commercial paper notes are outstanding.

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 0.121% in Fiscal Year 2019-20 to 0.125% in Fiscal Year 2020-21. 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
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%
2020-21	2,129,040,679	1,700,148,139,175	0.125%

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 net present value savings of approximately \$102 million, or 26% savings from the 2006 Tobacco Bonds, and will significantly mitigate the risk of future default that previously 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 May 1, 2021.

2018 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.

2020 Lease Revenue Bonds

In April 2019, the Board of Supervisors approved a financing plan and related administrative actions to facilitate the construction of a new museum facility for the Los Angeles County Museum of Art (LACMA). The \$650 million LACMA project is funded through a \$125 million County contribution and a LACMA private fundraising campaign. In November 2020, the County issued \$363.230 million of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (the "Bonds"). The proceeds from the sale of the Bonds were used to refinance \$125 million of outstanding commercial paper notes issued through the Note Program to fund the County's contribution, and to generate \$300 million of additional proceeds to finance construction costs. LACMA is responsible for the payment of debt service costs on the \$300 million component of this financing through its private fundraising campaign, and pursuant to the terms of a Funding Agreement with the County. The new LACMA museum is expected to be completed and open to the public in 2024.

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 MAY 1, 2021

SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS

REPORTS AS OF MAY 1, 2021

ESTIMATED OVERLAPPING DEBT STATEMENT

DRAFT

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	34,295,300
2047-48	21,485,300	12,438,500	-	374,000	34,297,800
2048-49	21,478,650	12,440,375	-	377,000	34,296,025
2049-50	21,483,125	12,438,375	-	374,125	34,295,625
2050-51	18,140,375	-	-	-	18,140,375
2051-52	18,132,250	-	-	-	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	1,039,504,023	860,677,455	126,135,000	43,875,777	2,070,192,255
2022-23	998,498,559	838,098,047	116,790,000	42,835,498	1,996,222,104
2023-24	952,917,302	814,559,623	107,130,000	41,749,357	1,916,356,281
2024-25	928,239,815	789,988,906	97,130,000	40,606,008	1,855,964,729
2025-26	902,371,357	764,253,269	86,730,000	39,402,763	1,792,757,389
2026-27	875,226,235	737,249,690	75,825,000	38,138,277	1,726,439,202
2027-28	846,740,089	708,895,160	64,370,000	36,809,859	1,656,815,108
2028-29	816,917,909	679,124,829	52,340,000	35,410,717	1,583,793,455
2029-30	785,901,152	647,865,239	39,695,000	33,938,609	1,507,400,000
2030-31	753,541,720	615,047,435	26,410,000	32,395,845	1,427,395,000
2031-32	719,549,828	580,594,539	19,210,000	30,775,633	1,350,130,000
2032-33	683,915,098	544,405,964	11,645,000	29,068,939	1,269,035,000
2033-34	646,565,124	506,391,356	5,970,000	27,278,519	1,186,205,000
2034-35	607,324,529	466,473,785	-	25,391,686	1,099,190,000
2035-36	567,340,780	424,585,333	-	23,408,887	1,015,335,000
2036-37	525,451,347	380,666,290	-	21,342,363	927,460,000
2037-38	481,572,750	334,613,273	-	19,173,977	835,360,000
2038-39	435,626,190	286,403,219	-	16,905,591	738,935,000
2039-40	387,591,097	236,017,077	-	14,526,826	638,135,000
2040-41	337,373,169	183,326,324	-	12,025,508	532,725,000
2041-42	284,875,000	128,217,845	-	9,402,155	422,495,000
2042-43	250,980,000	101,516,371	-	6,648,629	359,145,000
2043-44	215,345,000	73,485,000	-	3,755,000	292,585,000
2044-45	177,875,000	64,490,000	-	2,735,000	245,100,000
2045-46	138,560,000	55,040,000	-	1,660,000	195,260,000
2046-47	106,800,000	45,105,000	-	1,360,000	153,265,000
2047-48	89,865,000	34,660,000	-	1,045,000	125,570,000
2048-49	72,205,000	23,680,000	-	715,000	96,600,000
2049-50	53,800,000	12,135,000	-	365,000	66,300,000
2050-51	34,525,000	-	-	-	34,525,000
2051-52	17,690,000	-	-	-	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 Revenue 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 Revenue 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 MAY 1, 2021**

Title	Outstanding Principal	Total Future Payments	2020-21 FY Payment Remaining
Long-Term Obligations			
Long-Term Capital Projects			
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	\$ 667,935,000	\$ 1,021,693,330 (1) \$	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	4,137,255	4,302,431 (1)	0
2012 Refg COPs: Disney Parking Project	41,845,000	44,509,500	0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	299,265,000	482,073,475	0
2015 Multiple Capital Projects, Series A	139,830,000	243,591,750	3,495,750
2015 Lease Revenue Refunding Bonds Series B	96,415,000	134,318,000	2,410,375
2015 Lease Revenue Refunding Bonds Series C (Taxable)	32,985,000	35,619,741	568,937
2016 Lease Revenue Bonds Series D	237,440,000	403,071,956	5,447,547
2018 Lease Revenue Bonds (Vermont Corridor) Series A	297,280,000	574,098,300	7,078,350
2018 Lease Revenue Bonds (Vermont Corridor) Series B (Federally Taxable)	5,100,000	5,431,500	82,875
2019 Lease Revenue Refunding Bonds Series E-1	215,950,000	414,035,400	5,326,900
2019 Lease Revenue Refunding Bonds Series E-2	32,010,000	60,861,350	759,475
2020 Lease Revenue Bonds Series A (LACMA Building)	363,230,000	627,701,419	8,730,944
Total Long-Term Obligations	\$ 2,433,422,255	\$ 4,051,308,153	\$ 33,901,153
Intermediate-Term Obligations			
Equipment			
2020 Lease Rev Bonds Series A - LAC-CAL Equipment Program	\$ 16,590,000	\$ 17,311,250	\$ 7,794,750
Total Intermediate-Term Obligations	\$ 16,590,000	\$ 17,311,250	\$ 7,794,750
Total Obligations	\$ 2,450,012,255	\$ 4,068,619,403	\$ 41,695,903
COPs = Certificates of Participation			
(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.			
Source: Los Angeles County Chief Executive Office Note: Amounts do not include Tax Exempt Commercial Paper			

COUNTY OF LOS ANGELES		
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2021		
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
<p>(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.</p> <p>(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.</p> <p>(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.</p>		
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 Successor 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 this Section predates the COVID-19 pandemic. See "Certain Risks – Financial Conditions in Local, State and National Economies."

Economic Overview

With a 2020 gross product of \$807 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. As a result of the COVID-19 pandemic, the County's economy contracted and experienced negative growth in 2020 with a decrease in economic output of 1.5% as measured by gross product, and an estimated decrease in total taxable sales of 10.1%.

The County's unemployment rate averaged 13.6% in 2020. The increase in unemployment was a direct result of the COVID-19 pandemic, with significant job losses across key industries, including hospitality, entertainment, restaurants, manufacturing and more. In 2021 and 2022, the job market is expected to improve, with a projected decline in the unemployment rate to 9.3% and 8.1%, respectively.

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 annually 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.

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 313,800 workers employed in this sector in 2020. 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 185,800 workers in 2020.

Higher Education

The County is home to an extensive education system, with 84 colleges and university campuses, including UCLA; five state university campuses; 22 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 on a new museum facility. 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 new museum, which is scheduled to open in 2023, 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 Fall 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, the 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 the City of 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 Chargers 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 10.2 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 25.6% 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, 25.9% White, 14.7% Asian, 8.1% African American and 2.7% 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 102 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 79.1% of the adult population has a high school diploma or higher, and 32.5% 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. As a result of the COVID-19 pandemic, the County experienced significant job losses in 2020, with the unemployment rate increasing to 13.6%. The County's future employment outlook is expected to improve significantly over the next two years, with the unemployment rate falling to 9.3% in 2021 and 8.1% in 2022. Table E details the County's historical unemployment rates from 2016 through 2020. Table F details the non-agricultural employment statistics by sector for the County from 2016 through 2020.

Personal Income

Total personal income in the County grew by an estimated 7.3% in 2020. The 2020 total personal income of \$700 billion represents an estimated 24.8% 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. Based on current projections, personal income is expected to decrease by 1.7% in 2021 and increase by 2.8% in 2022. Table C provides a summary of the personal income statistics for the County from 2016 through 2020.

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 3.8% increase in total taxable sales in 2019. As a result of the COVID-19 pandemic, total taxable sales in the County is estimated to have decreased by 10.1% in 2020. The \$154.9 billion of total estimated taxable sales in the County for 2020 represents 22.5% 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 2016 through 2020.

Industry

With an estimated annual economic output of \$807 billion in 2020, the County continues to rank among the world's largest economies. The County's 2020 Gross Product represents approximately 26.1% of the total economic output in California and 3.9% 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 2016 through 2020.

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 25.8% from 2009 to 2019. As a result of the global economic downturn caused by the COVID-19 pandemic, the value of international trade processed through the LACD decreased by 5.3% from \$412.9 billion in 2019 to \$405.3 billion in 2020.

Transportation and 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 fifteenth busiest airport in the world and fifth in the United States for passenger traffic. In 2020, due to travel restrictions related to the COVID-19 pandemic, LAX served 28.8 million passengers, representing a 67.3% decrease from the previous year. The 2.5 million tons of air cargo handled at LAX in 2020, represents an increase of 6.6% from 2019 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 planning stage to replace its 14-gate terminal with a new state of the art facility. Construction was originally expected to begin on the replacement terminal in the first quarter of 2021. However, the project has been temporarily placed on hold due to the COVID-19 pandemic.

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 combined port complex handled over 17.3 million TEUs, which represents a 2.0% increase in container volume from 2019.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2019, 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 2020, the Port handled over 9.2 million TEUs, which represents a 1.3% decrease in container volume from 2019.

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 twentieth (20th) busiest in the world in 2019. The Port of Long Beach covers 3,520 acres with 10 separate piers, 62 berths, 68 cranes and 22 shipping terminals. In 2020, the port handled over 8.1 million TEUs of container cargo, which represents an increase of 5.9% from 2019.

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that are expected to 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 2020-21 operating budget for the MTA is \$6 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.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. Recently constructed hotels in downtown Los Angeles, Beverly Hills and Hollywood are expected to attract additional business and leisure travelers to the County. In 2018 and 2019, the Los Angeles region hosted an estimated 50 million visitors, representing a 3.1% increase from 2017. However, as a result of the COVID-19 pandemic, the region was expected to draw an estimated 29 million visitors in 2020.

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 2020. 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 104.2% from 2012 to 2020.

In 2020, the real estate market continued to experience strong growth, as the average median home price increased by 9.0% to \$674,927 from 2019. After a record high of 105,433 in 2009, notices of default recorded decreased by 90.7% to 9,821 in 2019. Notices of default recorded continued to decrease in 2020 to 4,858, which represents a 50.5% decrease from 2019.

Foreclosures, as measured by the number of trustees deeds recorded, 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 continued to decrease in 2020 to 876, which represents a 47% decrease from 2019.

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 5.98% 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 57.5% 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 experienced a significant decline in 2020. Construction lending decreased by 34.8% from \$14,193 billion in 2019 to \$9,247 billion in 2020. Office market vacancy rates increased from 14.2% in 2019 to 16.5% in 2020, which is still significantly higher than the 9.7% rate in 2007, prior to the economic downturn. Industrial market vacancy rates increased to 1.8% in 2020 from 1.2% in 2019, which is higher 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 in 2022.

GROSS PRODUCT

POPULATION LEVELS

TOTAL PERSONAL INCOME

TOTAL TAXABLE SALES

UNEMPLOYMENT RATES

AVERAGE ANNUAL EMPLOYMENT

SUMMARY OF AIRPORT AND PORT ACTIVITY

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

TOTAL TONNAGE OF MAJOR WEST COAST PORTS

TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS

REAL ESTATE AND CONSTRUCTION INDICATORS

BUILDING PERMITS AND VALUATIONS

LARGEST PRIVATE SECTOR EMPLOYERS

DRAFT

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Los Angeles County	\$719	\$756	\$785	\$819	\$807
State of California	2,671	2,831	2,975	3,133	3,092
United States	18,745	19,543	20,612	21,433	20,937
Los Angeles County as a % of California	26.9%	26.7%	26.4%	26.1%	26.1%

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)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Los Angeles County	10,158	10,194	10,210	10,184	10,173
State of California	39,141	39,409	39,597	39,706	39,793
Los Angeles County as a % of California	26.0%	25.9%	25.8%	25.6%	25.6%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Los Angeles County	581,447	602,415	627,606	653,483	700,044
Orange County	200,782	209,631	218,876	227,730	242,171
San Diego County	186,809	193,889	203,855	212,749	229,379
Riverside and San Bernardino Counties	171,110	83,398	186,266	196,455	211,942
Ventura County	48,525	50,066	52,502	54,749	58,777
State of California	2,273,557	2,383,131	2,514,503	2,632,280	2,822,297
Los Angeles County as a % of California	25.6%	25.3%	25.0%	24.8%	24.8%

Source: Los Angeles County Economic Development Corporation 2019-2020 Economic Forecast

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020e</u>
Los Angeles County	155,156	160,280	166,024	172,314	154,852
State of California	653,856	677,823	706,835	732,757	687,942
Los Angeles County as a % of California	23.7%	23.6%	23.5%	23.5%	22.5%

Source: California Department of Tax and Fee Administration

TABLE E: UNEMPLOYMENT RATES

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Los Angeles County	5.3%	4.8%	4.7%	4.5%	13.6%
State of California	5.5%	4.8%	4.2%	4.1%	11.3%
United States	4.9%	4.4%	3.9%	3.7%	10.4%

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	2016	2017	2018	2019	2020e
Health Care & Social Assistance	650.8	675.9	702.9	706.8	696.1
Wholesale & Retail Trade	640.0	644.9	645.6	638.4	578.7
Government	561.9	568.2	572.4	586.9	565.6
Leisure and Hospitality	506.3	520.6	535.3	547.2	394.4
Manufacturing	355.4	346.4	342.2	340.7	313.8
Professional Scientific & Technical Services	274.3	281.4	291.2	301.2	287.0
Administrative & Support & Waste Services	266.5	267.4	268.1	279.8	247.0
Transportation, Warehousing & Utilities	173.8	184.0	196.2	213.0	208.6
Other	182.8	178.5	162.7	160.3	128.7
Information	227.7	200.5	198.9	217.9	185.8
Construction	132.6	137.4	145.6	149.8	145.5
Finance & Insurance	136.8	136.1	135.7	135.2	131.5
Educational Services	97.9	100.4	103.2	133.1	124.9
Real Estate & Rental & Leasing	81.0	83.6	86.4	88.2	80.1
Management of Companies & Enterprises	56.3	56.6	59.4	63.0	59.2
Total	4,344.1	4,381.8	4,445.8	4,561.5	4,146.9

Source: Los Angeles County Economic Development Corporation; California Employment Development Department

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

Type of Activity	2016	2017	2018	2019	2020
International Air Cargo (Tons)					
Los Angeles International Airport	1,336.3	1,476.7	1,557.6	1,436.0	1,530.4
As Percentage of Total Air Cargo	60.59%	61.80%	63.68%	62.08%	62.09%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,205.3	2,389.5	2,446.1	2,313.2	2,464.8
Long Beach Airport	25.2	23.0	21.6	21.1	15.7
Hollywood Burbank Airport	53.3	54.4	56.6	53.0	56.6
Total	2,283.8	2,466.9	2,524.3	2,388.1	2,537.1
International Air Passengers					
Los Angeles International Airport	22,850.2	24,829.4	26,053.6	25,696.3	6,421.7
As Percentage of Total Passengers	28.2%	29.4%	29.8%	29.2%	22.3%
Total Air Passengers					
Los Angeles International Airport	80,921.5	84,558.0	87,534.4	88,068.0	28,779.5
Long Beach Airport	2,841.1	3,783.8	3,884.7	3,584.2	1,043.8
Hollywood Burbank Airport	4,142.9	4,739.5	5,264.0	5,983.7	1,995.3
Total	87,905.5	93,081.3	96,683.1	97,635.9	31,818.6
Container Volume (TEUs)					
Port of Los Angeles	8,856.8	9,343.2	9,458.7	9,337.6	9,213.4
Port of Long Beach	6,775.2	7,544.5	8,091.0	7,632.0	8,113.3
Total	15,632.0	16,887.7	17,549.8	16,969.6	17,326.7

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	2016	2017	2018	2019	2020
Los Angeles, CA	\$397,960	\$430,929	\$455,914	\$427,910	\$405,280
New York, NY	356,426	364,165	392,360	381,111	394,367
Laredo, TX	282,841	302,561	326,826	324,601	291,099
Detroit, MI	247,973	264,323	270,340	262,980	225,379
Chicago, IL	198,242	223,480	251,933	255,411	268,869
New Orleans, LA	193,279	217,456	238,462	218,228	195,476
Houston-Galveston, TX	161,457	192,003	234,024	235,840	196,897
Savannah, GA	143,792	155,837	173,173	180,575	170,764
Seattle, WA	147,293	149,164	155,249	142,620	111,159
Cleveland, OH	131,794	142,684	152,342	151,270	149,517

Source: USA Trade Online

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

Port	2016	2017	2018	2019	2020
Los Angeles-Long Beach, CA	209,685	222,980	222,979	217,958	213,643
Tacoma, WA	38,153	34,697	33,830	31,518	25,075
Oakland, CA	31,100	31,388	31,773	32,440	32,516
Seattle, WA	15,134	17,848	19,786	17,919	16,942
Longview/Kalama, WA	16,931	17,083	18,460	14,629	12,135
Portland, OR	9,743	12,184	13,418	12,661	11,112
Port Hueneme	5,381	5,911	5,948	6,370	5,821
San Diego, CA	5,999	5,193	5,386	5,333	3,943
Vancouver, WA	2,748	2,866	3,086	2,960	2,645

Source: Pacific Maritime Association, Annual Reports

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

Port	2016	2017	2018	2019	2020
Los Angeles-Long Beach, CA	15,632	16,888	17,550	16,970	17,327
New York-New Jersey, NY	6,252	6,711	7,180	7,471	7,586
Savannah, GA	3,645	4,046	4,352	4,599	4,682
Seattle-Tacoma, WA	3,616	3,702	3,798	3,775	3,320
Norfolk, VA	2,656	2,841	2,856	2,938	2,813
Houston, TX	2,183	2,459	2,670	2,990	2,989
Oakland, CA	2,370	2,421	2,546	2,500	2,461
Charleston, SC	1,996	2,178	2,316	2,436	2,310

Source: 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	2016	2017	2018	2019	2020
1. Construction Lending (in millions)	\$11,979	\$13,619	\$20,419	\$14,193	\$9,247
2. Residential Purchase Lending (in millions)	\$53,362	\$53,764	\$48,203	\$56,480	\$73,010
3. New & Existing Median Home Prices	\$521,558	\$561,335	\$598,387	\$614,080	\$674,927
4. New & Existing Home Sales	81,061	82,318	75,086	73,548	71,474
5. Notices of Default Recorded	13,802	11,402	9,726	9,821	4,858
6. Unsold New Housing (at year-end)	1,217	1,186	N/A*	N/A*	N/A*
7. Office Market Vacancy Rates	14.1%	14.3%	14.0%	14.2%	16.5%
8. Industrial Market Vacancy Rates	0.8%	1.2%	1.3%	1.2%	1.8%

*Q2 & Q3 2017, 2018 and 2019 data are unavailable.

Source: Real Estate Research Council of Southern California - Q4 Quarter 2020

TABLE L: BUILDING PERMITS AND VALUATIONS

	2016	2017	2018	2019	2020
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	4,664	5,559	5,800	5,558	6,195
b. Multi-Family	15,272	16,451	16,765	15,804	14,056
Total Residential Building Permits	19,936	22,010	22,565	21,362	20,251
Building Valuations					
2. Residential Building Valuations (in millions of \$)					
a. Single Family	\$2,096	\$2,376	\$2,155	\$1,907	\$1,870
b. Multi-Family	2,765	3,173	3,162	2,947	2,790
c. Alterations and Additions	1,550	1,692	1,754	1,561	1,010
Residential Building Valuations Subtotal	\$6,411	\$7,241	\$7,071	\$6,415	\$5,670
3. Non-Residential Building Valuations (in millions of \$)					
a. Office Buildings	\$345	\$498	\$426	\$470	\$242
b. Retail Buildings	541	688	770	1,174	896
c. Hotels and Motels	332	89	213	203	232
d. Industrial Buildings	154	132	91	63	31
e. Alterations and Additions	2,774	2,999	2,424	3,258	1,227
f. Other	618	876	1,724	723	674
Non-Residential Building Valuations Subtotal	\$4,764	\$5,282	\$5,648	\$5,891	\$3,302
Total Building Valuations (in millions)	\$11,175	\$12,523	\$12,719	\$12,306	\$8,972

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 2020 Ranking)	Industry	Headquarters	No. of Employees	
			L.A. County	Total
1 Kaiser Permanente	Health Care Provider	Oakland, CA	41,349	220,000
2 University of Southern California	Education-Private University	Los Angeles, CA	22,164	22,724
3 Target Corp.	Retailer	Minneapolis, MN	20,000	350,000
4 Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	90,000
5 Ralphps/Food 4 Less (Kroger Co. division)	Grocery Retailer	Cincinnati, OH	15,532	N/A
6 Cedars-Sinai	Medical Center	Los Angeles, CA	15,302	15,816
7 Amazon	Online Retailer	Seattle, WA	15,000	848,400
8 Allied Universal	Security Professional and Safety Services	Santa Ana, CA/ Conshohocken, PA	14,480	235,000
9 Providence St. Joseph Health Southern California	Health Care	Renton, WA	14,094	135,000
10 Walt Disney Co.	Entertainment	Burbank, CA	12,750	222,564
11 UPS	Transportation and Freight	Atlanta, GA	11,643	495,000
12 NBCUniversal	Entertainment	New York, NY	11,500	N/A
13 Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	400,000
14 AT&T Inc.	Telecommunications	Dallas, TX	11,000	N/A
15 Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	10,000	N/A
16 California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	9,015	9,761
17 Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	8,000	N/A
18 Wells Fargo	Diversified Financial Services	San Francisco, CA	7,613	266,000
19 ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	7,500	N/A
20 Bank of America Corp.	Banking and Financial Services	Charlotte, NC	7,500	N/A
21 FedEx Corp.	Shipping and Logistics	Memphis, TN	7,000	N/A
22 City of Hope	Cancer Treatment and Research Center	Duarte, CA	6,730	6,885
23 Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,400	6,400
24 Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	6,316	35,700
25 Dignity Health	Hospitals	San Francisco, CA	6,000	N/A
26 Space Exploration Technologies Corp. (SpaceX)	Rockets and Spacecraft	Hawthorne, CA	6,000	N/A
27 Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,578	268,460
28 SoCal Gas	Natural Gas Utility	San Diego, CA	5,400	N/A
29 Long Beach Memorial Medical Center	Health Care	Fountain Valley, CA	4,850	N/A
30 Adventist Health	Health Care System	Roseville, CA	4,583	21,933
31 JPMorgan Chase & Co.	Banking and Financial Services	New York, NY	4,500	N/A
32 Edison International	Energy	Roseville, CA	4,451	12,937
33 Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	4,400	N/A
34 Paramount Pictures	Entertainment	Hollywood, CA	4,300	N/A
35 99 Cents Only Stores	Retailer	Los Angeles, CA	4,000	N/A
36 Whole Foods Market	Grocery Retailer	Seattle, WA	4,000	N/A
37 Medtronic Diabetes	Diabetes Medical Technology	Northridge, CA	3,955	90,000
38 Huntington Hospital	Hospital	Pasadena, CA	3,730	N/A
39 Lockheed Martin Corp.	Aerospace/Defense Contractor	Bethesda, CA	3,700	110,000
40 Charter Communications Inc.	Cable Provider	Stamford, CT	3,700	98,000
41 City National Bank	Banking and Financial Services	Los Angeles, CA	3,664	5,453
42 Walmart Inc.	Retailer	Bentonville, AR	3,500	N/A
43 Torrance Memorial Medical Center	Medical Center	Torrance, CA	3,400	N/A
44 Pomona Valley Hospital Medical Center	Hospital	Pomona, CA	3,385	N/A
45 Centene Corp.	Health Care	St. Louis, MO	3,000	N/A
46 Farmers Insurance Group	Insurance	Los Angeles, CA	2,902	20,057
47 Aerospace Corp.	Aerospace/Defense Contractor	El Segundo, CA	2,758	4,665
48 Sony Pictures Entertainment	Entertainment	Culver City, CA	2,700	N/A
49 Antelope Valley Hospital	Hospital	Lancaster, CA	2,425	N/A
50 American Honda Motor Co. Inc.	Automotive Manufacturer	Torrance, CA	2,379	N/A

N/A - Not Available

Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, August 2020

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:

County of Los Angeles
Los Angeles, California

County of Los Angeles
2021-22 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the “County”) in connection with the issuance of \$_____ aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the “Notes”), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 18, 2021 (the “Resolution”) and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes, dated July 1, 2021, executed by the County (the “Financing Certificate”), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate of the County, dated the date hereof (the “Tax Certificate”), an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Notes on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Financing Certificate and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate and the Tax Certificate and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty

(including any remedy deemed to constitute or having the effect of 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 documents mentioned in the preceding sentence. 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 Notes, and express no opinion with respect thereto.

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

1. The Notes constitute the valid and binding obligations of the County.
2. The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.
3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC, and the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the “Notes”). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Notes in the aggregate principal amount thereof and will be deposited with DTC.

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

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

NEITHER THE COUNTY NOR ANY OF THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OF THE NOTES OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

APPENDIX E

FORM OF DISCLOSURE CERTIFICATE

§ _____
COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES

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 \$ _____ aggregate principal amount of the County’s 2021-22 Tax and Revenue Anticipation Notes (the “**Notes**”). The Notes are being issued pursuant to a Resolution adopted by the County on May 18, 2021 (the “**Resolution**”), and a Financing Certificate executed by the Treasurer on July 1, 2021 (the “**Certificate**”). The County covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “**Rule**”).

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

“**Beneficial Owner**” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

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

“**EMMA System**” shall mean the MSRB’s Electronic Municipal Market Access system.

“**Financial Obligation**” means “financial obligation” as such term is defined in the Rule.

“**Holders**” or “**Noteholders**” shall mean the registered owners of the Notes.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“**Participating Underwriters**” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

“**State**” shall mean the State of California.

Section 3. Reporting of Listed Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;
4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;
5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
7. modifications to rights of Noteholders, if material;
8. redemption or call of the Notes, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such

an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of the trustee, if material;
15. 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
16. 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 Notes.

Section 4. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. 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, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. 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 Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

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

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

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no

obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: July 1, 2021

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
KEITH KNOX
Treasurer and Tax Collector

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:

County of Los Angeles
Los Angeles, California

County of Los Angeles
2021-22 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the “County”) in connection with the issuance of \$_____ aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the “Notes”), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 18, 2021 (the “Resolution”) and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes, dated July 1, 2021, executed by the County (the “Financing Certificate”), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate of the County, dated the date hereof (the “Tax Certificate”), an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Notes on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Financing Certificate and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate and the Tax Certificate and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty

(including any remedy deemed to constitute or having the effect of 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 documents mentioned in the preceding sentence. 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 Notes, and express no opinion with respect thereto.

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

1. The Notes constitute the valid and binding obligations of the County.
2. The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.
3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC, and the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the “Notes”). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Notes in the aggregate principal amount thereof and will be deposited with DTC.

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

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

NEITHER THE COUNTY NOR ANY OF THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OF THE NOTES OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

APPENDIX E

FORM OF DISCLOSURE CERTIFICATE

§[PA]
COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES

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 \$_____ aggregate principal amount of the County’s 2021-22 Tax and Revenue Anticipation Notes (the “**Notes**”). The Notes are being issued pursuant to a Resolution adopted by the County on May 18, 2021 (the “**Resolution**”), and a Financing Certificate executed by the Treasurer on July 1, 2021 (the “**Certificate**”). The County covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “**Rule**”).

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

“**Beneficial Owner**” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

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

“**EMMA System**” shall mean the MSRB’s Electronic Municipal Market Access system.

“**Financial Obligation**” means “financial obligation” as such term is defined in the Rule.

“**Holders**” or “**Noteholders**” shall mean the registered owners of the Notes.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“**Participating Underwriters**” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

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

“**State**” shall mean the State of California.

Section 3. Reporting of Listed Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;
4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;
5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
7. modifications to rights of Noteholders, if material;
8. redemption or call of the Notes, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of the trustee, if material;
15. 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
16. 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 Notes.

Section 4. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. 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, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. 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 Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

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

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

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: July 1, 2021

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
KEITH KNOX
Treasurer and Tax Collector