



ELIZABETH BUENROSTRO GINSBERG
TREASURER AND TAX COLLECTOR

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

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Board of Supervisors

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May 13, 2025

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:

**ISSUANCE AND SALE OF
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Los Angeles County Capital Asset Leasing Corporation (Corporation), a California nonprofit public benefit corporation, previously issued Bond Anticipation Notes (BANs) to provide the initial financing for the purchase of equipment for participating Departments of Los Angeles County (County). The Corporation is requesting the Board of Supervisors (Board) approve a Lease Agreement with the Corporation and certain other related documents to provide the necessary funding from the County to support the issuance of the Corporation's Lease Revenue Bonds, 2025 Series A (Bonds), the proceeds of which will be used to pay off the outstanding BANs.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Resolution authorizing the County to lease certain equipment from the Corporation, and to execute a Lease Agreement and certain other related documents to support the issuance and sale of the Bonds in an aggregate principal amount not to exceed \$25,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Corporation Equipment Program (Equipment Program) has been in place for over 35 years, and has provided a cost-effective method for the County to finance the purchase of equipment. The BANs are issued as the initial financing vehicle for the Equipment Program and are purchased as an investment by the County Treasury Pool. It has been the Board's practice to authorize the

redemption of outstanding BANs prior to final maturity through the issuance of tax-exempt lease revenue bonds by the Corporation through a public offering to the capital markets.

The issuance of the Bonds was approved by the Corporation's Board of Directors on April 16, 2025. Under the terms of the Lease Agreement in connection with the Bonds, the Corporation will lease the equipment to the County, with the repayment of the Bonds secured by monthly base rental payments from the participating County departments. The proceeds generated from the issuance of the Bonds, when combined with a cash contribution from base rental payments collected from County departments, will be applied towards the redemption of \$25,000,000 of outstanding BANs and the costs of issuing the Bonds.

Implementation of Strategic Plan Goals

The recommended action supports North Star 3: Realize tomorrow's government today. Focus Area Goal G – Internal Controls and Processes; Strategies 2 – Manage and Maximize County Assets.

FISCAL IMPACT/FINANCING

The appropriations for the base rental payments from County departments related to the Equipment Program are included in the Budget on an annual basis. There will be no additional fiscal impact to the County Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Bonds will be issued as fixed-rated obligations with a maximum true interest cost not to exceed six percent (6%), and a final maturity not to exceed five years. The principal amount of the Bonds will not exceed the maximum authorization of \$25,000,000.

Consistent with previous bond transactions for the Equipment Program, the Treasurer and Tax Collector recommends a competitive offering process for the sale of the Bonds. The basic structure and terms of this financing, and the market's familiarity with the Equipment Program, support this recommendation. The Treasurer and Tax Collector will award the Bonds based upon the lowest interest cost bid received from qualified investors. However, given the current volatility and disruption in the financial markets caused by the trade tariffs, the attached Resolution provides the County with flexibility to issue the Bonds through a negotiated sale, if necessary to complete the transaction.

Public Resources Advisory Group has been selected as the municipal advisor for this transaction, and Hawkins Delafield & Wood LLP has been selected by County Counsel to serve as bond counsel and disclosure counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

The Honorable Board of Supervisors

5/13/2025

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Upon approval, 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).

Respectfully submitted,

A handwritten signature in cursive script, reading "Elizabeth B. Ginsberg". The signature is written in dark ink and is positioned above the printed name.

ELIZABETH BUENROSTRO GINSBERG

Treasurer and Tax Collector

EBG:LP:TG:JP:JW:ad

Enclosures

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

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE LEASING OF CERTAIN PROPERTY AND THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE AND A NOTICE INVITING BIDS OR BOND PURCHASE AGREEMENT, ALL IN CONNECTION WITH THE ISSUANCE OF NOT TO EXCEED \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION LEASE REVENUE BONDS, 2025 SERIES A (LAC-CAL EQUIPMENT PROGRAM) AND OTHER MATTERS RELATED THERETO

WHEREAS, the Los Angeles County Capital Asset Leasing Corporation, a California nonprofit public benefit corporation (the "Corporation"), issued and sold bond anticipation notes which are presently outstanding in the aggregate principal amount of \$25,000,000 (the "BANs") and used the proceeds to purchase certain equipment (the "Equipment"); and

WHEREAS, the County of Los Angeles (the "County") and the Corporation propose to enter into a Lease Agreement (the "Lease") pursuant to which the County will lease the Equipment from the Corporation; and

WHEREAS, pursuant to the Lease, the County will make payments of base rental ("Base Rental") in consideration for the use and possession of the Equipment; and

WHEREAS, the Corporation and U.S. Bank Trust Company, National Association, as trustee (the "Trustee") will enter into an Indenture of Trust (the "Indenture") pursuant to which the Corporation will issue its lease revenue bonds (the "Bonds") secured by Base Rental payments to be made under the Lease; and

WHEREAS, the Corporation is authorized to issue the Bonds pursuant to Chapter 10 (commencing with Section 5800) of Division 6 of Title 1 of the Government Code; and

WHEREAS, pursuant to the terms of the Indenture, the Corporation will assign and transfer to the Trustee certain of its rights, title and interest in and to the Lease, including its right to receive payments of Base Rental; and

WHEREAS, the proceeds of the Bonds will be applied to redeem the BANs and pay costs of issuance in connection with the Bonds; and

WHEREAS, the County is authorized to undertake all of the above applicable actions pursuant to the Government Code and other applicable laws of the State of California; and

WHEREAS, in accordance with Government Code Section 5852.1, the County has obtained the following information, based on good faith estimates provided by the County's Municipal Advisor: (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the Bonds, and such estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, there have been presented at this meeting proposed forms of the following documents:

- a. the Indenture;
- b. the Lease;
- c. the Preliminary Official Statement (the “Preliminary Official Statement”) for the Bonds;
- d. the Notice Inviting Bids (the “Notice Inviting Bids”) relating to the sale of the Bonds;
- e. the Bond Purchase Agreement with the Corporation and an underwriter to be selected by the County relating to the sale of the Bonds; and
- f. the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to be executed and delivered by the County relating to the Bonds.

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

SECTION 1. The form of the Indenture by and between the Corporation and the Trustee providing for the issuance of and security for the Bonds on file with the Board of Supervisors of the County (the “Board”) is hereby approved, including with such changes therein as may be approved as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof by the Corporation.

SECTION 2. The form of the Lease by and between the County and the Corporation on file with the Board is approved. The officers of the County and their authorized representatives (each an “Authorized Representative”) are, and each of them acting alone is, authorized and directed for and in the name of, and on behalf of the County, to execute by manual or facsimile signature and to deliver the Lease, substantially in the form on file with the Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof.

SECTION 3. Pursuant to Section 4.3(d) of the Lease, consent is hereby given to the Corporation to assign its right to receive and collect Base Rental and prepayments thereof and certain other of its rights to the Trustee as provided in the Indenture. The Authorized Representatives are, and each of them acting alone is, authorized and directed for and in the name of, and on behalf of the County, to execute by manual or facsimile signature and to deliver evidence in writing of such consent, with such changes therein as they may approve, in their discretion, as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof.

SECTION 4. The Authorized Representatives are hereby authorized to prepare and distribute a Preliminary Official Statement and an Official Statement in connection with the offering and sale of the Bonds. The Authorized Representatives are authorized to provide information regarding the County in connection with the preparation of such document or documents. The successful bidder on the Bonds and the Authorized Representatives are hereby authorized to distribute to persons who may be interested in the purchase of the Bonds the Preliminary Official Statement in substantially said form with such changes therein, deletions therefrom and additions thereto as may be approved by an Authorized Representative or by Hawkins Delafield & Wood LLP or such other counsel as the Board may determine ("Bond Counsel"). Upon approval of such changes by the Authorized Representative as evidenced by execution of a certificate, the Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2 12 promulgated under the Securities and Exchange Act of 1934, as amended. The Authorized Representatives are, and each of them acting alone is, authorized, for and in the name of and on behalf of the County, to approve the final Official Statement for the Bonds authorized hereby, in substantially the form of said Preliminary Official Statement, with such insertions and changes therein as the Authorized Representative or Bond Counsel may require or approve, such approval to be conclusively evidenced by the distribution and delivery thereof. The successful bidder on the Bonds and the Authorized Representatives are hereby authorized and directed to deliver copies of the final Official Statement to all actual purchasers of the Bonds.

SECTION 5. The Treasurer of the County shall determine whether the Bonds shall be offered for public sale in accordance with the Notice Inviting Bids on file with the Board or sold by negotiated sale to one or more underwriters selected by the County in accordance with the Bond Purchase Agreement on file with the Board, which Notice Inviting Bids and Bond Purchase Agreement are hereby approved, including such changes therein as may be in the best interests of the County, such approval to be evidenced conclusively by the delivery thereof. In connection with a public sale of the Bonds, the Authorized Representatives are, and each of them acting alone is, authorized and directed for and in the name of, and on behalf of the County to accept the final terms of the Bonds based on the lowest responsible bid received by the S&P BiDCOMPTM / PARITY[®] electronic bid submission system, the approved electronic bidding service, provided that the aggregate principal amount of Bonds shall not exceed the sum of \$25,000,000 and the true interest cost of the Bonds shall not exceed 6.0%. In connection with a negotiated sale of the Bonds, the Authorized Representatives are, and each of them acting alone is, authorized and directed for and in the name of, and on behalf of the County to enter into the Bond Purchase Agreement with such terms as the Authorized Representative shall approve, provided that the aggregate principal amount of Bonds shall not exceed the sum of \$25,000,000 and the true interest cost of the Bonds shall not exceed 6.0%.

SECTION 6. The form of the Continuing Disclosure Certificate, to be executed and delivered by the County, on file with the Board is approved. The Authorized Representatives are, and each of them acting alone is, authorized and directed for and in the name of, and on behalf of the County, to execute by manual or facsimile signature and to deliver the Continuing Disclosure Certificate, substantially in the form on file with the Board, with such changes therein or as they may approve, in their discretion, as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof.

SECTION 7. In accordance with Government Code Section 5852.1, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

SECTION 8. The County hereby authorizes the execution of the Bonds by the Corporation and the authentication and issuance of the Bonds by the Trustee all in accordance with the terms and provisions of the Indenture (as executed and delivered).

SECTION 9. Each Authorized Representative is authorized to take any and all actions they deem necessary to carry out the purposes of this Resolution and all actions previously taken by any of them, and any other County representative, with respect to the issuance and sale of the Bonds or in connection with or related to any of the documents referenced in this Resolution or the financing of the Equipment are approved, confirmed and ratified. Without limiting the foregoing, each Authorized Representative is further authorized to execute and deliver, for and in the name of and on behalf of the County, such amendments or supplements to the Lease and the Continuing Disclosure Certificate as may be necessary or desirable, in the judgment of such Authorized Representatives, to effectuate the issuance and sale of the Bonds in more than one series.

SECTION 10. Any Authorized Representative and the Executive Officer-Clerk of the Board are hereby authorized and directed to attest to the signature of any other Authorized Representative, whenever required or advisable for the transactions contemplated by this Resolution. Any Authorized Representative, acting individually, is hereby authorized and directed to execute and attest such further documents, instruments, deeds of trust and certificates as may be deemed necessary or advisable by Bond Counsel, in order to accomplish the purposes of this Resolution.

SECTION 11. This Resolution shall take effect immediately upon its passage.

[Remainder of this page left blank intentionally]

The foregoing resolution was on the _____ day of _____, 2025, duly 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.

EDWARD YEN
Executive Officer-Clerk of the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By:  _____
Senior Deputy County Counsel

EXHIBIT A

COSTS OF ISSUANCE ESTIMATES

The following information was obtained from Public Resources Advisory Group with respect to the bonds (the “Bonds”) approved in the attached Resolution, and is provided in compliance with Government Code Section 5852.1 with respect to the Bonds:

Section 1. True Interest Cost of the Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.980426%.

Section 2. Finance Charge of the Bonds. Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$223,892, as follows:

- (a) Underwriter’s Discount: \$34,790
- (b) Bond Counsel and Disclosure Counsel and Disbursements: \$70,000
- (c) Municipal Advisor and Disbursements: \$60,000
- (d) Rating Agencies: \$40,000
- (e) Other: \$19,102

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing at the time of preparation of this information and certain other available information, a good faith estimate of the amount of proceeds expected to be received by the County for sale of the Bonds less the finance charge of the Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$17,780,361.

Section 4. Total Payment Amount. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the County will make to pay debt service on the Bonds plus the finance charge of the Bonds described in Section 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$18,873,068.

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

rates are affected by economic and other factors beyond the County's control. The County has approved the issuance of the Bonds with a maximum true interest cost of 6.0%.

INDENTURE OF TRUST

Dated as of [July] 1, 2025

by and between

LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION,
as Lessor

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Relating to the

\$(Par Amount)
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL EQUIPMENT PROGRAM)

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this “Indenture”), dated as of [July] 1, 2025, is made and entered into by and between the LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION, a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California (the “Lessor”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”):

WITNESSETH:

WHEREAS, the Lessor has issued and sold certain bond anticipation notes which are presently outstanding in the aggregate principal amount of \$25,000,000 (the “BANs”), the proceeds of which were applied towards the acquisition and delivery of certain equipment (the “Equipment”) which is described in Exhibit B to the Lease (as defined below);

WHEREAS, the County of Los Angeles, a political subdivision of the State of California (the “Lessee”), and the Lessor have entered into a Lease Agreement, dated as of the date hereof (the “Lease”), whereby the Lessor has agreed to lease to the Lessee, and the Lessee has agreed to lease from the Lessor, the Equipment;

WHEREAS, the Lessor wishes to authorize under this Indenture the issuance and sale of certain bonds (the “Bonds”), which are secured by Base Rental payments to be made under the Lease;

WHEREAS, a portion of the proceeds from the sale of the Bonds will be deposited with the Trustee under this Indenture and used by the Lessor to retire the BANs;

WHEREAS, the Lessor under the terms of this Indenture has agreed to assign and transfer to the Trustee certain of the Lessor’s rights under the Lease, including its right to receive Base Rental payments due under the Lease;

WHEREAS, the Lessor pursuant to this Indenture will grant a security interest in the moneys under this Indenture to the Trustee for the benefit of the Bondowners to secure the performance of the Lessor’s obligations under the terms of this Indenture; and

WHEREAS, the Lessor pursuant to this Indenture agrees to execute the Bonds and the Trustee pursuant to this Indenture agrees to authenticate and deliver the Bonds, secured by Base Rental payments to be made by the Lessee under the Lease;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of its duties imposed by this Indenture, and of the purchase and acceptance of the Bonds by the Bondowners thereof, and to fix and declare the terms and conditions upon which the Bonds are to be issued, authenticated, sold, secured and accepted by all persons who shall from time to time be or become the Bondowners thereof, and to secure the payment of the Base Rental to the Bondowners from time to time of the Bonds and to secure the performance and observance of all of the covenants, agreements and conditions contained in the Bonds, this Indenture and the Lease, the Lessor grants, bargains, sells, releases, conveys, assigns, transfers and pledges to the Trustee for the benefit of the Bondowners, but subject to application as provided in this Indenture, all of its rights, title and interest in and to all amounts from time to time in the funds and accounts established pursuant to this Indenture (excepting the Excess Earnings Account of the Earnings Fund) and any additional property that may from time to time, by delivery or writing of any kind, be subjected to the

security interest or lien created by this Indenture by the Lessor or by anyone acting on its behalf, subject only to the provisions of this Indenture and the Lease;

To have and hold all of the above unto the Trustee and its successors and assigns forever for the equal and ratable benefit of the Bondowners from time to time of all the Bonds executed by the Lessor and authenticated and delivered by the Trustee under this Indenture and Outstanding, without any priority of any one Bond over any other Bond;

NOW, THEREFORE, in consideration of the foregoing premises and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Trustee and the Lessor further agree as follows:

ARTICLE I

DEFINITIONS; ASSIGNMENT

Section 1.01 Definitions. For all purposes of this Indenture, unless the context requires otherwise, the following terms shall have the following meanings:

“Acquisition Cost” means all the necessary and reasonable costs in connection with the acquisition of any Equipment Component, including, but not limited to, legal fees and expenses of counsel with respect to the financing of the Equipment and the leasing of the Equipment, to the extent such fees and expenses are approved by a Lessee Representative.

“Acquisition Fund” means the fund established pursuant to Section 3.02 of this Indenture.

“Additional Rental” means the amounts specified as such in Section 4.6 of the Lease.

“Base Rental” means the amount referred to as such in Section 4.3 of the Lease, as such amounts may be adjusted from time to time in accordance with the terms thereof, but does not include Additional Rental.

“Base Rental Account” means the Base Rental Account within the Bond Fund established pursuant to Section 3.03 of this Indenture.

“Book-Entry Bonds” means the Bonds registered in the name of the Nominee, as the Bondowner thereof, pursuant to Section 2.11 of this Indenture.

“Bond Counsel” means Hawkins Delafield & Wood LLP, or another attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the Lessee or the Lessor.

“Bond Fund” means the fund established pursuant to Section 3.03 of this Indenture.

“Bond Register” means the books for the registration of the ownership of the Bonds referred to in Section 2.08 of this Indenture.

“Bondowner” means the registered Bondowner, as indicated in the Bond Register, of any Bond, including DTC or its Nominee, or any successor Depository or its Nominee for the Bonds, as the sole registered Bondowner of Book-Entry Bonds.

“Bonds” means the bonds executed by the Lessor and authenticated and delivered by the Trustee pursuant to this Indenture.

“Business Day” means any day other than a Saturday, Sunday or a day on which banks in both New York, New York and the city in which the principal corporate trust office of the Trustee is located are authorized or required by law to be closed.

“Cede & Co.” means Cede & Co., the initial Nominee of DTC.

“Closing Date” means the date on which the Bonds are first executed by the Lessor and authenticated and delivered by the Trustee to the initial purchasers thereof.

“Code” means the Internal Revenue Code of 1986.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate to be executed and delivered by the Lessee relating to the Bonds.

“Cost of Issuance” means all the costs of preparation, sale and issuance of the Bonds and other costs related to such financing including, but not limited to, all document preparation expenses in connection with this Indenture, the Lease, the Bonds and the preliminary and final official statements; rating agency fees; CUSIP Service Bureau charges; legal fees and expenses of counsel with respect to the financing of and leasing of the Equipment; the initial fees and expenses of the Trustee and its counsel and of any paying agent and its counsel; and other fees and expenses incurred in connection with the issuance of the Bonds and the payment of the BANs or the implementation of the financing, to the extent such fees and expenses are approved by a Lessee Representative or a Lessor Representative.

“Costs of Issuance Account” means the Costs of Issuance Account established in the Acquisition Fund pursuant to Section 3.02 of this Indenture.

“County Contribution” means the amount contributed by the Lessee on the Closing Date.

“Depository” means DTC and its successors and assigns or if (a) the then depository resigns from its functions as securities depository of the Bonds, or (b) the Lessee discontinues use of the Depository pursuant to Section 2.11 of this Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Lessor.

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

“Earnings Fund” means the fund of that name established pursuant to Section 3.05 of this Indenture.

“Equipment” has the meaning set forth in the Lease.

“Equipment Component” has the meaning set forth in the Lease.

“Event of Default” means any one or more of the events described in subsection (a) or (b) of Section 8.01 of this Indenture.

“Excess Earnings Account” means the account of that name established in the Earnings Fund pursuant to Section 3.05 of this Indenture.

“Fiscal Year” means the fiscal year of the Lessee, which at the date of this Indenture is the period from July 1 to and including the following June 30.

“Fitch” means Fitch Ratings, New York, New York, its successors and assigns.

“General Account” means the General Account established in the Acquisition Fund pursuant to Section 3.02 of this Indenture.

“Information Services” means, in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the County which are then providing information with respect to the Bonds.

“Insurance Proceeds Fund” means the fund established pursuant to Section 3.09 of this Indenture.

“Interest Account” means the Interest Account established in the Bond Fund pursuant to Section 3.03 of this Indenture.

“Interest Payment Date” means June 1 and December 1 in each year, commencing on December 1, 2025, except that if such date is on a date which is not a Business Day then payment will be made on the next succeeding Business Day without incurring additional interest.

“Investment Earnings” means interest and income received in respect of the investment of money on deposit in any fund or account maintained under this Indenture.

“Investment Earnings Account” means the Investment Earnings Account established in the Earnings Fund pursuant to Section 3.05 of this Indenture.

“Lease” means the Lease Agreement, dated as of the date hereof, by and between the Lessee and the Lessor, pursuant to which the Lessor has leased the Equipment to the Lessee, as it may from time to time be amended or supplemented in accordance with its terms.

“Lease Payment Date” has the meaning set forth in the Lease.

“Lease Year” means the period to be selected by the Lessee in accordance with regulations promulgated under the Code.

“Lessee” means the County of Los Angeles.

“Lessee Representative” means the Treasurer and Tax Collector of the Lessee or any other employee of the Lessee designated and authorized in writing by such officer to act on behalf of the Lessee with respect to this Indenture and all other related agreements, including but not limited to the Lease.

“Lessor” means the Los Angeles County Capital Asset Leasing Corporation, a California nonprofit public benefit corporation.

“Lessor Representative” means the Treasurer and Tax Collector of the Lessee as *ex officio* officer of the Lessor or any other employee of the Lessee designated and authorized in writing by such officer to act on behalf of the Lessor with respect to this Indenture and all other related agreements, including but not limited to the Lease.

“Moody’s” means Moody’s Investors Service, Inc. a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.11 of this Indenture.

“Outstanding” when used as of any particular time with respect to any Bond, means any Bonds previously executed by the Lessor and authenticated and delivered by the Trustee under this Indenture, except:

(1) any Bond previously canceled by the Trustee or surrendered to the Trustee for cancellation;

(2) any Bond for the payment or redemption of which funds and/or investments of the type described in clause (a) of the definition of Qualified Investments in the necessary amount shall have been deposited with the Trustee (whether on or prior to the maturity or redemption date of such Bond (as provided in Section 10.01 of this Indenture));

(3) any Bond purchased by the Lessor and surrendered to the Trustee for cancellation;

(4) any Bond in lieu of or in exchange for which another Bond or other Bonds shall have been executed by the Lessor and authenticated and delivered by the Trustee pursuant to Section 2.05 or 2.06 of this Indenture;

(5) any Bond described in Section 2.09 of this Indenture; and

(6) any Bond for which a notice of redemption shall have been given and for which money for its redemption shall have been set aside as provided in Section 4.05 of this Indenture.

“Participant” means a broker-dealer, bank or other financial institution for which the Depository holds Bonds as a securities depository.

“Principal Account” means the Principal Account established in the Bond Fund pursuant to Section 3.03 of this Indenture.

“Principal Corporate Trust Office” means the office of the Trustee at the address set forth in Section 10.03 of this Indenture except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Principal Payment Date” means June 1 and December 1 in each year, commencing on December 1, 2025, except that if such date is on a date which is not a Business Day then payment will be made on the next succeeding Business Day without incurring additional interest.

“Qualified Investments” means, if and to the extent permitted by law and by any policy guidelines promulgated by the Lessee:

(a) For all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation);

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

obligations; (ii) all direct or fully guaranteed obligations of the United States of America; (iii) Farmers Home Administration; (iv) General Services Administration; (v) Guaranteed Title XI financing; (vi) Government National Mortgage Association (“GNMA”); and (vii) State and Local Government Series;

Any security used for defeasance pursuant to Section 10.01 hereof must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(b) For all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Rural Economic Community Development Administration; (iii) U.S. Maritime Administration; (iv) Small Business Administration; (v) U.S. Department of Housing and Urban Development; (vi) Federal Housing Administration; and (vii) Federal Financing Bank;

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; (ii) obligations of the Resolution Funding Corporation; (iii) senior debt obligations of the Federal Home Loan Bank System; and (iv) senior debt obligations of other Government Sponsored Agencies;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” by S&P and maturing not more than 270 calendar days after the date of purchase (ratings on holding companies are not considered as the ratings of the banks);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1” by S&P, and which mature not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund that is either (i) restricted to investing in securities described in clause (a) above or (ii) rated “AAAm” or “AAAm-G” or better by S&P;

(6) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and, (i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in one of the two highest long-term rating categories of Moody’s or S&P; or (ii)(A) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting of cash or securities as described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate;

(7) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P;

(8) Investments in repurchase agreements of any securities authorized in this definition of Qualified Investments, if the Trustee shall have received a perfected first security interest in such securities securing such repurchase agreement and the Trustee or its appointed agent shall hold such obligations free and clear of the claims of third parties and the securities securing such repurchase agreement are required to be of such nature, valued at such intervals and maintained at such levels so as to meet the collateralization levels then required by the Rating Agencies for a rating of “A” or better; the term “repurchase agreement” means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement; the term “counterparty” means the other party to the transaction; a counterparty bank’s trust department or safekeeping department may be used for physical delivery of the underlying security; the term of repurchase agreements shall be for one year or less; such securities, for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity;

(9) The Local Agency Investment Fund of the State of California;

(10) The Los Angeles County Treasury Pool; and

(11) Any other investments which are rated “A” or better by the Rating Agencies which the Lessor deems to be prudent investments and in which the Lessor directs the Trustee to invest.

“Rating Agencies” means Fitch, Moody’s and S&P; *provided, however*, that if either of Fitch or Moody’s does not rate investments or obligations of a type described in any of clauses of the definition of “Qualified Investments,” a rating by such entity shall not be required.

“Record Date” means the close of business on the fifteenth day of the calendar month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Account” means the Redemption Account established in the Bond Fund pursuant to Section 3.03 of this Indenture.

“Representation Letter” means the Letter of Representations from the Lessor and the Trustee to DTC with respect to the Bonds.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns.

“State” means the State of California.

“Tax Certificate” shall have the meaning assigned to such term in Section 7.06 of this Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors and assigns.

Section 1.02 Rules of Construction.

(a) In this Indenture, unless the context otherwise requires:

(i) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Indenture;

(ii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(iii) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(iv) Any headings preceding the text of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(b) Whenever in this Indenture the Lessor, the Lessee or the Trustee is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Lessor, the Lessee or the Trustee contained in this Indenture shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Lessee or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Indenture.

(c) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Lessor, the Lessee, the Trustee and the owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof. All of the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Lessee shall be for the sole benefit of the Lessee, the Lessor, the Trustee (including its agents) and the Bondowners.

Section 1.03 Assignment. The Lessor hereby transfers, assigns and sets over to the Trustee, for the benefit of the Bondowners, all of the Lessor’s rights under the Lease (excepting only the Lessor’s rights under Section 2.2(c), Section 2.2(f), Section 4.6 as to payments due the Lessor, and Section 7.4 of the Lease), including, without limitation, (a) all of the Lessor’s rights to receive and collect all of the Base Rental payments and prepayments thereof from the Lessee under the Lease, (b) the right to receive and collect any proceeds of any insurance maintained under the Lease, and (c) the right to exercise the rights and remedies conferred on the Lessor pursuant to the Lease as may be necessary or convenient (i) to enforce payment of the Additional Rental, Base Rental, prepayments and any other amounts required to be deposited in the Bond Fund, the Insurance Proceeds Fund or the Earnings Fund established under this Indenture, or (ii) otherwise to protect the interests of the Lessor in the event of a default by the Lessee under the Lease. All rights assigned by the Lessor shall be administered by the assignee thereof according to the provisions of this Indenture for the equal and proportionate benefit of the Bondowners. The Trustee accepts the foregoing assignment for the benefit of the Bondowners, subject to the conditions and terms of this Indenture, and all the Base Rental payments shall be applied and all the rights so assigned shall be exercised by the Trustee under and pursuant to this Indenture.

ARTICLE II

THE BONDS

Section 2.01 Designation. The Lessor is hereby authorized and directed to execute, and the Trustee is hereby authorized and directed upon written request from any officers of the Lessor or their designees, to authenticate and deliver the Bonds to the original purchaser or purchasers of the Bonds. The Bonds shall be designated “Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program).”

Section 2.02 Description of Bonds. Each Bond shall be executed, authenticated and delivered in fully registered form and shall be numbered as determined by the Trustee. Each Bond shall be dated its date of delivery, and shall be delivered in denominations of \$5,000 or integral multiples thereof.

The Bonds shall be executed by the Lessor and authenticated and delivered by the Trustee in the aggregate principal amount of \$[Par Amount] and shall mature on the dates, in the amounts, and interest with respect thereto shall be computed at the rates as shown below based on a 360-day year comprised of twelve thirty-day months:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The interest payable on each Bond shall accrue and be calculated from the Interest Payment Date next preceding the date of issuance of such Bond, unless such Bond is executed by the Lessor and authenticated and delivered by the Trustee on an Interest Payment Date or after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest on such Bond shall accrue and be calculated from such Interest Payment Date or unless it is executed by the Lessor and authenticated and delivered by the Trustee on or before November 15, 2025, in which event interest on such Bond shall accrue and be calculated from its date of delivery; *provided, however*, that if at the time of execution by the Lessor and authentication and delivery by the Trustee of such Bond interest on such Bond is in default, interest shall accrue and be calculated from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from its date of delivery.

Interest on any Bond shall be payable on each Interest Payment Date to the owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed to the Bondowner by first class mail, postage prepaid on the applicable Interest Payment Date, at the Bondowner's address as it appears on the Bond Register; *provided, however*, that interest payable to a Bondowner of \$1,000,000 or more aggregate principal amount of Bonds shall be paid by wire transfer to such account in the United States as the Bondowner shall have specified in writing prior to the applicable Record Date to the Trustee for such purpose. Payments of defaulted interest shall be paid to the Bondowners as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Bondowners by first class mail not less than ten days prior to the special record date. Subject to the provisions of the Representation Letter prepared in connection with the Bonds, principal and premium, if any, with respect to any Bond are payable at maturity or earlier redemption upon surrender of the Bond at the Principal Corporate Trust Office of the Trustee, or at the office of any paying agent. The principal of, premium, if

any, and interest on the Bonds shall be payable by check of the Trustee or by wire in lawful money of the United States of America.

Section 2.03 Form. The Bonds shall be substantially in the form set forth in Exhibit A attached to this Indenture which by this reference is incorporated into this Indenture. The Bonds shall be executed in the name of the Los Angeles County Capital Asset Leasing Corporation by the manual or facsimile signature of its President or such other officer of the Lessor or any other employee of the County designated and authorized in writing by such officer to act on behalf of the Lessor. The Bonds may be printed, lithographed, photocopied or typewritten and shall be in such authorized denominations as may be determined by the Lessor.

Section 2.04 Authentication. The Bonds shall be authenticated by and in the name of the Trustee by the manual signature of an authorized signatory of the Trustee.

Section 2.05 Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of the Bond to the Trustee. The Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown on the Bond, duly executed by the Bondowner or his attorney duly authorized in writing. Upon such registration of transfer, a new Bond or Bonds, in authorized denominations, for the same aggregate principal amount, maturity and interest rate will be executed by the Lessor and authenticated and delivered by the Trustee to the transferee in exchange therefor.

The Lessor and the Trustee shall deem and treat the person in whose name a Bond shall be registered upon the Bond Register as the absolute owner of the Bond, whether the principal of or interest on the Bond shall be overdue or not, for the purpose of receiving payment of principal of and interest on the Bond and for all other purposes, and any payments so made to any such Bondowner or upon his order shall be valid and effective to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid, and neither the Lessor nor the Trustee shall be affected by any notice to the contrary.

Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

All Bonds surrendered to the Trustee for transfer or exchange shall, upon issuance of the new Bonds, thereupon be canceled by the Trustee. The Trustee may charge the Bondowner delivering a Bond for transfer or exchange a reasonable sum for each new Bond executed by the Lessor and authenticated and delivered by the Trustee, and the Trustee may require the payment by the Bondowner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall not be required to register the transfer of, or exchange of, any Bond that has been called for redemption or purchase or any Bond during the period established by the Trustee for selection of Bonds for redemption.

Section 2.06 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Lessor shall execute, and the Trustee, at the expense of such Bondowner, shall authenticate and deliver, a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and retained for its then applicable retention period, if any, and then destroyed with a certificate of destruction furnished to the Lessor. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee and the Lessor has been given, the Lessor shall execute, and the Trustee shall, at the expense of the Bondowner, authenticate and deliver a new Bond of like tenor and denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of an appropriate fee for each new Bond delivered under this Section 2.06 and of the expenses which may be incurred by the Trustee in carrying out its duties under this Section 2.06. Any Bond executed by the Lessor and authenticated and delivered by the Trustee under the provisions of this Section 2.06 in lieu of any Bond claimed to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds. Notwithstanding any other provision of this Section 2.06, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been called for redemption or purchase, the Trustee may make payment of principal of and interest on such Bond upon receipt of the aforementioned indemnity.

Section 2.07 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by the Bondowners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, shall be sufficient for any purpose of this Indenture (except as otherwise herein provided) if made in the following manner: the fact and date of the execution by any Bondowner or his attorney or agent of any such instrument, and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the person signing such instrument acknowledged before such officer or notary public the execution thereof. Where any such instruments are executed by an officer of a corporation or association or a member of a partnership or a limited liability company on behalf of such corporation, association, partnership or limited liability company, such certificate shall also constitute sufficient proof of the officer's or member's authority.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the owner of any Bond shall bind every future Bondowner of the same Bond in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.08 Bond Register. The Trustee shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds, which books shall upon reasonable written notice and during regular business hours be open to inspection by the Lessee and the Lessor. Upon presentation for registration of transfer, the Trustee shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

Section 2.09 Nonpresentment of Bonds. In the event any Bond shall not be presented for payment, when the principal thereof becomes due, if funds sufficient to pay such principal, and interest thereon to the date principal becomes due, shall be held by the Trustee for the benefit of such Bondowner, all liability of the Lessor to the Bondowner thereof for the payment of such principal and interest shall forthwith cease, terminate and be completely discharged except to the extent provided in Section 2.10 hereof, and thereupon it shall be the duty of the Trustee to hold such funds (subject to Section 2.10 hereof) without liability for interest thereon, for the benefit of such Bondowner who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on, or with respect to, such Bond.

Section 2.10 Unclaimed Money. All money which the Trustee shall have received from any source and set aside for the purpose of paying or purchasing any Bond shall be held in trust for the Bondowner, but any money which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the Bondowner for a period of one year after the date on which any payment with respect to the Bond shall have become due and payable shall be paid to the Lessor; *provided, however*, that the

Trustee, before making any payment, shall at the expense of the Lessee cause notice to be mailed to the Bondowner, by first class mail, postage prepaid not less than 30 days prior to the date of the payment to the effect that the money has not been claimed and that after a date named therein any unclaimed balance of the money then remaining will be returned to the Lessor. Thereafter, the Bondowner shall look only to the Lessor for payment and then only to the extent of the amount so returned to the Lessor without any interest thereon, and the Trustee shall have no responsibility with respect to the money.

Section 2.11 Book-Entry System; Limited Obligation.

(a) Except as provided in paragraph (c) of this Section 2.11, the registered owner of all of the Bonds shall be DTC and all such Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal or interest for any Bond registered in the name of Cede & Co. shall be made by wire transfer of the New York Clearing House or equivalent next day funds or by wire transfer of same day funds to the bank account of Cede & Co. at the address indicated on the regular Record Date or special record date for Cede & Co. in the registration books of the Trustee.

(b) The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond for each separate stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books of the Trustee in the name of Cede & Co., as nominee of DTC. The Lessor and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondowners under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondowners and for all other purposes whatsoever, and neither the Lessor nor the Trustee shall be affected by any notice to the contrary. Neither the Lessor nor the Trustee shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a Bondowner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; any notice which is permitted or required to be given to Bondowners under this Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as a Bondowner. The Trustee shall pay, from funds held under the terms of this Indenture or otherwise provided by the Lessor, all principal or redemption price of and interest on the Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the Lessor's obligations with respect to the principal or redemption price of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond evidencing the obligation of the Lessor, to make payments of principal or redemption price and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) If the Lessor determines that it is in the best interest of the Beneficial Owners (as defined in the Representation Letter) that they be able to obtain Bond certificates and notifies DTC and the Trustee of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Trustee shall authenticate, transfer and exchange Bond certificates as requested by DTC and such Beneficial Owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Lessor and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Lessor and the Trustee shall be obligated to deliver Bond

certificates as described in this Indenture. In the event Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Lessor and the Trustee to do so, the Lessor and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondowners pursuant to this Indenture by the Lessor or the Trustee with respect to any consent or other action to be taken by Bondowners, the Lessor, or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is a Bondowner.

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.01 Application of Proceeds of Sale of the Bonds. Upon the receipt by the Trustee and the Lessor of payment for the Bonds when the Bonds shall be sold to the original purchaser of the Bonds, the net proceeds of the sale of the Bonds in the amount of \$[] shall be applied as follows:

(a) The Trustee shall deposit into the Costs of Issuance Account of the Acquisition Fund the sum of \$[].

(b) The Lessor shall deposit into the General Account of the Acquisition Fund the sum of \$[] (inclusive of the \$[] bid security deposit).

Section 3.02 Establishment and Application of Acquisition Fund. There is established in trust a special fund designated as the "Acquisition Fund," which shall consist of a General Account and a Costs of Issuance Account. The General Account shall be held by the Lessor and shall be administered as provided in this Article III. The Costs of Issuance Account shall be held by the Trustee and shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer the Costs of Issuance Account as provided in this Article III and shall maintain the Costs of Issuance Account until receipt of a written direction from a Lessor Representative to close the Costs of Issuance Account.

(a) General Account. There shall be deposited into the General Account that portion of the proceeds of the Bonds required to be deposited therein pursuant to Section 3.01(b) hereof. Such amounts, together with the County Contribution in the amount of \$[], shall be transferred to the paying agent for the BANs pursuant to instructions received from the Lessee, to be applied to pay and redeem the \$[] aggregate principal amount of the BANs, plus accrued interest due thereon.

If there shall remain any balance of money in the General Account following the payment in full of the redemption price of the BANs, all money so remaining shall be transferred by the Lessor to the Trustee for deposit to the Base Rental Account of the Bond Fund.

(b) Costs of Issuance Account. There shall be deposited in the Costs of Issuance Account that portion of the proceeds of the Bonds required to be deposited therein pursuant to Section 3.01(a) hereof. The Trustee shall disburse money from the Costs of Issuance Account on the dates and in the amounts as are necessary to pay Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written direction of a Lessee Representative in the form attached to this Indenture as Exhibit B. On the date on which the Lessee Representative has notified the Trustee in writing that all Costs of Issuance have been paid, any funds remaining in the Costs of Issuance Account shall be transferred to the Base Rental Account of the Bond Fund, and the Trustee shall thereupon close the Costs of Issuance Account.

Section 3.03 Establishment and Application of Bond Fund. There is established in trust a special fund designated the "Bond Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer the Bond Fund as provided in this Section 3.03. The Bond Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the provisions of the Lease, or until such date as there are no Bonds Outstanding. Within the Bond Fund, the Trustee shall establish the following accounts: (a) Base Rental Account; (b) Interest Account; (c) Principal Account; and (d) Redemption Account.

(a) Base Rental Account. Except as otherwise provided in this paragraph, Base Rental, including amounts paid pursuant to Section 4.8 of the Lease Agreement to purchase Equipment Components, and proceeds of liquidated damages and rental interruption insurance, if any, with respect to the Equipment received by the Trustee shall be deposited into the Base Rental Account. Any delinquent Base Rental payments and any proceeds of liquidated damages or rental interruption insurance deposited in the Base Rental Account shall be applied, first, to the Interest Account for the immediate payment of interest payments on the Bonds, past due and, then, to the Principal Account for immediate payment of principal payments past due. Any remaining money representing delinquent Base Rental payments or proceeds of liquidated damages or rental interruption insurance or payments received pursuant to Section 4.8 of the Lease Agreement to purchase Equipment Components shall remain on deposit in the Base Rental Account to be applied in the manner provided in this Indenture.

Any amounts remaining in the Base Rental Account on any Interest Payment Date or Principal Payment Date after the transfers referred to in subsection (b) of this Section 3.03 shall have been made, other than money held for Bonds not surrendered and amounts paid pursuant to Section 4.8 of the Lease Agreement to purchase Equipment Components, shall be deposited into the Interest Account to the extent necessary to make the total amount on deposit in the Interest Account equal to the amount of interest due on the Bonds on the next succeeding Interest Payment Date or redemption date. Amounts not required to be so deposited shall be remitted to the Lessee, except that, as provided above, any remaining money representing delinquent Base Rental and any proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Account.

(b) Interest Account and Principal Account. The Trustee shall, on or before each Interest Payment Date or Principal Payment Date, transfer money from the Base Rental Account and deposit in the Interest Account and the Principal Account, respectively, an amount which, together with money then on deposit in the Interest Account and available to pay interest due on such date and the Principal Account and available to pay principal due on such date, respectively, equals the interest then due on the Bonds on the Interest Payment Date and the principal due on the Principal Payment Date, as the case may be. Amounts in the Interest Account shall be used to pay interest on the Bonds and amounts in the Principal Account shall be used to pay principal on the Bonds.

(c) Redemption Account. Any proceeds of insurance (other than rental interruption insurance proceeds) not required to be used for repair, reconstruction or replacement of the Equipment and, under the terms of Section 3.09 hereof, required to be deposited into the Redemption Account, and any other amounts

provided for the redemption of Bonds in accordance with Sections 3.09 or 4.01(b) hereof, shall be deposited by the Trustee in the Redemption Account. Amounts in the Redemption Account shall be used to pay the redemption price with respect to the Bonds.

Section 3.04 [Omitted].

Section 3.05 Establishment and Application of Earnings Fund. The Trustee shall establish, maintain and hold in trust a special fund separate from any other fund or account established and maintained under this Indenture designated as the “Earnings Fund.” The Trustee shall administer the Earnings Fund as provided in this Article III and in Section 7.06 hereof. The Earnings Fund shall be maintained by the Trustee until the Lessor directs in writing that it be closed.

The Trustee shall establish and maintain in the Earnings Fund a separate account designated as the “Investment Earnings Account,” and a separate account designated as the “Excess Earnings Account.” All moneys in the Investment Earnings Account and the Excess Earnings Account shall be held by the Trustee in trust and shall be kept separate and apart from all other funds and money held by the Trustee. Pursuant to Section 3.14 hereof, the Trustee shall deposit, as and when received, all Investment Earnings on the funds and accounts established under this Indenture (other than the Costs of Issuance Account and the Excess Earnings Account) into the Investment Earnings Account. Amounts on deposit in the Investment Earnings Account shall be transferred to the Excess Earnings Account pursuant to written instructions from the Lessor Representative in accordance with the provisions of the Tax Certificate. Upon such transfer, any amount remaining in the Investment Earnings Account or any amount on deposit in the Excess Earnings Account which exceeds the amount required to be maintained therein in accordance with the provisions of the Tax Certificate, shall pursuant to written instructions from the Lessor Representative be deposited to the Interest Account of the Bond Fund. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall only be applied to payments made to the United States in accordance with written instructions of the Lessor Representative.

Section 3.06 Security of Funds. All moneys deposited with the Trustee under this Indenture shall be held in trust and (except for moneys held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds and funds on deposit in the Excess Earnings Account) shall, while held by the Trustee, be and remain entitled to the benefit and shall be subject to the security of this Indenture, for the equal and proportionate benefit of the owners of all Outstanding Bonds.

Section 3.07 Surplus. After (a)(i) payment or redemption or provision for payment or redemption of all amounts due with respect to the Bonds and payment of all fees and expenses to the Trustee, or (ii) satisfactory provision for such payments having been made and receipt of an opinion from Bond Counsel to the effect that such transfer will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, and (b) the transfer of any additional amounts required to be deposited into the Excess Earnings Account pursuant to the written instructions from the Lessor Representative in accordance with the Tax Certificate, any amounts remaining in any of the accounts established under this Indenture (other than the Excess Earnings Account) and not required for such purposes shall after payment of any amounts due to the Trustee, be remitted to the Lessee and used for any lawful purpose thereof.

Section 3.08 Additional Rental. In the event the Trustee receives Additional Rental pursuant to the Lease, the Trustee shall establish a separate fund for the Additional Rental and deposit any Additional Rental amounts in the separate account and the Additional Rental shall be applied by the Trustee solely to the payment of any costs in respect of which the Additional Rental was received, and shall not be commingled in any way with any other funds received by the Trustee pursuant to the Lease or this Indenture.

Section 3.09 Repair or Replacement; Application of Insurance Proceeds. If any Equipment Component shall be damaged, destroyed or stolen, the Lessee may elect to repair or replace such affected Equipment Component if the conditions set forth in Section 6.2 of the Lease are satisfied. If any Equipment Component shall be damaged, destroyed or stolen and the Lessee exercises its option to repair or replace such affected Equipment Component, the Lessee shall deposit with the Trustee the full amount of any insurance deductible relating to any insurance policy pursuant to which the Lessee will file an insurance claim.

The proceeds of any insurance (other than any rental interruption insurance proceeds), including the proceeds of any self-insurance fund or insurance deductible received on account of any damage or destruction of any Equipment Component or portion thereof and any other amount which the Lessee elects to deposit with the Trustee for purposes of repairing or replacing any Equipment Component, shall be held by the Trustee in a special fund to be created by the Trustee, designated as the "Insurance Proceeds Fund," and held under this Indenture and, if the Lessee exercises its option to repair or replace such affected Equipment Component, such proceeds shall be made available for, and to the extent necessary to be applied to, the cost of the repair or replacement upon receipt by the Trustee of a requisition executed by a Lessor Representative, together with invoices for the repair or replacement as provided in Section 6.2 of the Lease. Pending such application, such proceeds may be invested by the Trustee solely at the written direction of the Lessor, in Qualified Investments that mature not later than the times money is expected to be needed to pay the costs of repair or replacement.

If within 60 days following the receipt by the Trustee of any proceeds of any insurance, including the proceeds of any self-insurance fund relating to any Equipment Component, the Lessee does not exercise its option to repair or replace the affected Equipment Component, such proceeds shall be, at the direction of the Lessee, transferred to the Lessee if and to the extent that the Base Rental due under the Lease does not exceed the fair rental value of the remaining Equipment or deposited into the Redemption Account and applied to the redemption of Bonds in the manner provided in Section 4.01 hereof.

Any amounts received by the Trustee under this Section 3.09 in excess of the amount needed to either repair or replace a damaged or destroyed Equipment Component or to redeem Bonds shall be remitted to the Lessee.

Section 3.10 Moneys Held in Trust. The money and investments held by the Trustee under this Indenture are irrevocably held in trust for the purposes specified in this Indenture, and such money, investments, and any income or interest earned thereon, shall be expended and invested only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of (i) the Lessor, (ii) the Lessee, (iii) the Trustee, (iv) any Bondowner or (v) any beneficial Bondowner.

Section 3.11 Investments Authorized. Except as otherwise provided herein, money held by the Trustee in any fund or account under this Indenture shall be invested by the Trustee in such Qualified Investments as the Lessor shall direct in writing. The Qualified Investments shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. Absent timely written directions from the Lessor, the Trustee shall invest any funds held under this Indenture by it in securities described in subsection (5) of the Qualified Investments definition set forth in Section 1.01 hereof. The Lessor agrees that it will give direction to invest only in Qualified Investments and the Trustee shall have no obligation to inquire into the accuracy of the Lessor's determination that such investments are Qualified Investments. Absent direction from the Lessor to the contrary, the Trustee may commingle any of the funds held by it pursuant to this Indenture into a separate fund or funds for investment purposes only; *provided, however,* that all funds and accounts held by the Trustee shall be accounted for separately notwithstanding such commingling by the Trustee, including separate accounting of the earnings on such commingled investments. The Trustee may purchase or sell to itself or any affiliate as principal or agent, investments

authorized by this Section 3.11 and shall be entitled to customary fees therefor. Any investments and reinvestment shall be made giving full consideration to the time at which funds are required to be available under this Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment or as a sponsor or advisor with respect to any investment. The Lessor acknowledges that to the extent the Comptroller of the Currency or other applicable regulatory entity grant the Lessor the right to receive brokerage confirmations of security transactions as they occur at no additional cost, the Lessor specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Lessor periodic cash transaction statements which will include detail for all investment transactions made by the Trustee hereunder.

Section 3.12 Reports. The Trustee shall furnish monthly to the Lessor a report of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained by the Trustee under this Indenture. Additionally, the Trustee shall furnish to the Lessor the book value and the market value of each investment on or prior to the Computation Date (as defined in the Tax Certificate). The Trustee shall not be responsible or liable for any depreciation in the value of any investment or for any loss (direct or indirect) suffered in connection with any investment of funds made by it in accordance with this Article III. In making any valuations under this Indenture, the Trustee may utilize, and conclusively rely upon such securities pricing services that may be available to it.

Section 3.13 Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account all Qualified Investments shall be valued annually on or before December 1 of each year at the lower of the cost of such investments (exclusive of accrued interest) or the market value thereof. The Trustee may sell or present for redemption any Qualified Investment purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale except for any loss resulting from its own negligence or willful misconduct.

Section 3.14 Application of Investment Earnings. The Trustee shall deposit, as and when received, all Investment Earnings on all the funds and accounts established under the Indenture (other than the Costs of Issuance Account and the Excess Earnings Account) into the Investment Earnings Account in the Earnings Fund pursuant to Section 3.05 hereof. All Investment Earnings on amounts on deposit in the Excess Earnings Account and the Costs of Issuance Account shall be retained in the Excess Earnings Account and the Costs of Issuance Account, respectively. Investment Earnings on amounts in the Investment Earnings Account shall be retained therein

Section 3.15 Amounts Held for Payments then Due. Any amounts which are segregated within the Principal Account, Interest Account or Redemption Account or which are transferred by the Trustee to a separate fund or account to be held and used to pay principal of, premium, if any, and/or interest on the Bonds which have become due and payable, whether upon maturity or call for redemption, shall be held as provided in Sections 2.09, 2.10, 4.05 or 10.01 hereof for the benefit of the Bondowners.

ARTICLE IV

REDEMPTION

Section 4.01 Redemption. The Bonds are subject to redemption as follows:

- (a) Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

(b) Extraordinary Redemption. The Bonds are subject to extraordinary redemption prior to maturity in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from amounts deposited in the Redemption Account pursuant to Section 3.09 hereof following an event of theft, damage or destruction of the Equipment or a portion thereof to the extent that Base Rental with respect to the remaining Outstanding Bonds does not exceed the fair rental value for the use and possession of the portions of the Equipment not damaged or destroyed, as determined by the Lessee.

Section 4.02 Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be selected proportionately among maturities, and, within a maturity, the Trustee shall select Bonds for redemption by lot. The portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Section 4.03 Notice of Redemption. When redemption is required pursuant to Section 4.01 hereof, the Trustee shall give notice at the expense of the Lessee, of the redemption of the Bonds to each owner of a Bond to be redeemed. The notice shall specify: (a) that the Bond or a designated portion thereof (in the case of redemption of a Bond in part but not in whole) is to be redeemed, identifying each such Bond by its Bond number unless all Outstanding Bonds or all Outstanding Bonds of the particular maturity or maturities are to be redeemed, in which case the notice need only indicate that all Outstanding Bonds, or all Outstanding Bonds of a particular maturity or maturities (specifying each such maturity) are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (g) the original date and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified redemption date, the redemption price, together with interest accrued to the redemption date, shall become due and payable and that, from and after such date, interest on the Bonds to be redeemed on the redemption date shall cease to accrue and be payable. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers set forth therein or on the Bonds. Such redemption notice may state that such redemption may be conditional upon the receipt by the Trustee of moneys sufficient to pay the principal of, and interest on such Bonds to be redeemed.

The Trustee shall give notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date to the owners of Bonds designated for redemption at their addresses appearing on the Bond Register as of the close of business on the day before such notice is given. Neither failure to receive any such notice nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of any Bond.

In addition to the notice described in the foregoing paragraphs, such redemption notice shall be given at least 30 days before the redemption date, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, or (iii) overnight delivery service, to the following securities depository: The Depository Trust Company, 55 Water Street, 1st Floor, New York, New York, 10041-0099, Facsimile transmission: (212) 855-8440. At least 30 days before the redemption date, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services. Neither failure to give the notice described in the immediately preceding sentences nor any defect in the notices shall in any manner affect the redemption of any Bond.

Section 4.04 Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Trustee shall execute and deliver to the owner thereof, at the expense of the Lessee, a new Bond

or Bonds of authorized denominations equal in aggregate principal amount, maturity and interest rate to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment or provision of the payment of the amount required to be paid to such Bondowner, and the Lessor and the Trustee shall be released and discharged thereupon from all liability to the extent of such payment.

Section 4.05 Effect of Notice of Redemption. Notice having been given as described in Section 4.03 hereof, and the money for the redemption (including the interest to the applicable date of redemption) having been set aside in the Redemption Account in the Bond Fund or otherwise segregated for such purpose, the Bonds or portions thereof to be redeemed shall become due and payable on the date of redemption.

If on the redemption date, money for the redemption of all Bonds to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor, and if notice of redemption thereof shall have been given as described in Section 4.03 hereof, then, from and after the redemption date, no additional interest shall become due on the Bonds to be redeemed. All money held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Bondowners to be so redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Article IV shall be canceled and destroyed by the Trustee upon surrender thereof.

ARTICLE V

THE TRUSTEE

Section 5.01 Appointment of Trustee. The Trustee is appointed to act solely as set forth in this Indenture, to receive, hold and disburse in accordance with the terms of this Indenture the moneys to be paid to it, to authenticate and deliver Bonds secured by Base Rental to be paid by the Lessee under the Lease, to apply and disburse payments received pursuant to the Lease to Bondowners, all as provided in this Indenture. By executing and delivering this Indenture, the Trustee accepts the duties and obligations provided in this Indenture.

Section 5.02 Compensation of Trustee. Subject to the provisions of any compensation agreement between the Lessor and the Trustee, the Lessor shall from time to time, on demand, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by the Trustee in the exercise and performance of its powers and duties under this Indenture. To the extent permitted by law, compensation and reimbursement to the Trustee shall not be limited by any statutory provisions which limit compensation to the trustees of express trusts.

Section 5.03 Removal of Trustee. The Lessor may at any time, so long as no Event of Default has occurred and is continuing, by written request at any time and for any reason, remove the Trustee and any successor thereto appoint a successor or successors thereto, but any such successor shall be a commercial bank, national banking association, or trust company having an office in California, which, together with the corporate parent of such Trustee, has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and shall be subject to supervision or examination by federal or state banking authority. Notwithstanding the foregoing, a bank, national banking association or trust company which does not have a combined capital and surplus of at least \$100,000,000 may be appointed as the successor Trustee if its obligations under this Indenture are guaranteed by an affiliate which meets the capitalization requirement set forth in the preceding sentence, which guaranty shall be acceptable as to form

and substance to the Lessor. If the bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 5.03 the combined capital and surplus of the bank, national banking association or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Section 5.04 Resignation of Trustee. The Trustee or any successor may at any time resign by giving written notice to the Lessor and by giving notice by first class mail, postage prepaid, to the Bondowners of its intention to resign and of the proposed date of resignation, which shall be a date not less than 45 days after mailing of the notice, unless an earlier appointment of a successor trustee shall have been effected. Upon receiving the notice of resignation, the Lessor shall promptly appoint a successor Trustee by an instrument in writing; *provided, however*, that in the event the Lessor fails to appoint a successor Trustee within 30 days following receipt of the written notice of resignation or following its removal of the Trustee, the retiring Trustee may, at the expense of the Lessor, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee. Any successor Trustee approved by the Bondowners, the Lessor or any court shall satisfy the qualifications set forth in Section 5.03 hereof.

Section 5.05 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.03 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further action, anything in this Indenture to the contrary notwithstanding.

Section 5.06 Protection and Rights of the Trustee. The Trustee shall be protected and shall incur no liability in acting upon or processing in good faith any resolution, notice, telegram, facsimile, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may or may not be counsel to the Lessor, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee in good faith reliance on the opinion of such counsel.

The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, in good faith omitted to be taken by it and reasonably believed to be beyond the discretion or powers conferred upon it, taken by it pursuant to any direction or instruction by which it is governed hereunder, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The duties of the Trustee are those expressly set forth in this Indenture, and no additional duties shall be implied or inferred. When any payment, consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence, if any, as it may require in support thereof. The Trustee shall in no event be liable for the application or misapplication of funds, or for other acts or defaults by any person, firm, corporation, except its own directors, officers and employees. No recourse shall be had by the Lessor or the Lessee or any Bondowner for any claim based on this Indenture or any Bond against any director, officer employee or agent of the Trustee alleging personal liability on the part of such person, unless such claim is based on the negligence, fraud or deceit of such

person. The Trustee has no responsibility for the validity or sufficiency of this Indenture or the Bonds or any security therefor. A permissive right or power to act hereunder shall not be construed as a requirement to act.

The Trustee or any affiliate of the Trustee may become the owner of Bonds with the same rights as if it were not Trustee.

Whenever in the administration of its duties under this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of the Lessor Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Indenture in good faith reliance thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may become a Bondowner with the same rights it would have if it were not Trustee; may acquire and dispose of bonds or other evidences of indebtedness of the Lessor and enforce its rights as Bondowner thereof to the same extent as if it were not Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondowners, whether or not such committee shall represent the Bondowners of a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it under this Indenture by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties under this Indenture, and the Trustee shall not be answerable for the misconduct or negligence of any such attorney, agent, or receiver selected by it with reasonable care.

No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under this Indenture if repayment of such funds or indemnity reasonably satisfactory to it against such risk or liability is not assured to it.

In accepting the trust created by this Indenture, the Trustee acts solely as Trustee for the Bondowners and not in its individual capacity and all persons, including without limitation the Bondowners and the Lessor having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts and collateral held by the Trustee hereunder for payment except as otherwise provided in this Indenture. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

The Trustee shall not be deemed to have knowledge of any Event of Default under this Indenture or the Lease, unless and until it shall have actual knowledge thereof.

The Trustee shall not be accountable (except in the case of negligence or willful misconduct on the part of the Trustee) for the use or application by the Lessor or any other party of any funds which the Trustee has released under this Indenture.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

Before taking any action under Article VIII or this Article at the request of the Bondowners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

Section 5.07 Trustee to Act as Set Forth Herein. The Trustee has the power to receive and hold in accordance with the provisions hereof, the collateral pledged under this Indenture and to receive, hold and disburse the money to be paid pursuant to the Lease and this Indenture. The Trustee has no power to vary, alter or substitute the Lease or the corpus of any trust created hereby or pursuant to the Lease or this Indenture at any time, except as specifically authorized in this Indenture.

Section 5.08 Paying Agents. The Trustee is appointed as paying agent of the Bonds. The Lessor, and the Trustee upon written consent of the Lessor, may appoint other paying agents with respect to the Bonds as it may deem advisable. Any paying agent appointed shall be a bank with corporate trust powers or national banking association or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and shall be subject to supervision by a federal or state banking authorities.

ARTICLE VI

AMENDMENTS

Section 6.01 Amendments to Indenture. This Indenture may be modified or amended at any time without the consent of any Bondowners, upon the written agreement of the Lessor and the Trustee, but only (a) for the purpose of curing any ambiguity or omission, or of curing, correcting or supplementing any defective provisions contained in this Indenture, (b) in regard to questions arising under this Indenture which the Trustee may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the owners of the Bonds then Outstanding, (c) to qualify this Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (d) for any other reason; *provided* such modification or amendment does not adversely affect the interests of the Bondowners then Outstanding; and *provided further* that the Lessor and the Trustee may rely in entering into any such amendment or modification hereof upon the opinion of Bond Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment shall impair the right of any Bondowner to receive the Bondowner's proportionate share of Base Rental in accordance with the provisions of the Owner's Bond without the prior written consent of the Bondowner so affected, reduce the percentage of Bondowners whose consent is required for any amendment to this Indenture without the prior written consent of the Owners of all Bonds then Outstanding. The Trustee may in its discretion, but shall not be obligated to, enter into any such amendment which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture.

Section 6.02 Amendments to Lease. The Lease may be amended in writing by agreement among the parties to the Indenture. The Lease may be modified or amended at any time, and the Trustee may consent to such modification or amendment without the consent of any Bondowners, if such modification or amendment is (a) for the purpose of curing any ambiguity or omission, or of curing, correcting or supplementing any defective provision contained in the Indenture; (b) in regard to questions

arising under the Lease which the Lessee and the Lessor may deem necessary or desirable and not inconsistent with the Lease and which shall not adversely affect the interests of the Bondowners then Outstanding; (c) to modify or amend the equipment description set forth in Exhibit B to the Lease to reflect the substitution of Equipment Components; (d) to modify or amend Exhibit B to the Lease to reflect the acquisition of Equipment Components after the Closing Date, if applicable; (e) to modify or amend Exhibit A to the Lease to reflect the prepayment of Base Rental pursuant to Section 4.8 of the Lease; or (f) for any other reason; *provided* such modification or amendment does not adversely affect the interests of the Bondowners then Outstanding; and *provided further* that the Lessor and the Trustee may rely in entering into any such amendment or modification of the Lease or in giving consent to such amendment or modification upon the opinion of Bond Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment to the Lease shall impair the right of a Bondowner to receive such Bondowner's share of Base Rental in accordance with the terms of his Bond, decrease the amount of Base Rental payable or postpone the dates upon which such payments are to be made without the prior written consent of the Bondowner so affected.

Section 6.03 Consent of Bondowners. If the consent of the Bondowners is required or requested with respect to any proposed amendment to this Indenture or to the Lease, it shall not be necessary for the consent of the Bondowners to approve the particular form of any such amendment, but it shall be sufficient if such consent shall approve the substance thereof.

If at any time the Lessee or the Lessor shall request the Trustee to enter into any amendment to this Indenture or to consent to an amendment to the Lease and the Trustee determines that the consent of the Bondowners is required for such amendment, then the Trustee shall, at the expense of the Lessor, cause notice of the proposed execution of a document containing such amendment, and requesting their consent thereto, to be mailed, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing on the Bond Register. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondowners.

Whenever, at any time after the date of the mailing of such notice, there shall be delivered to the Trustee an instrument or instruments in writing purporting to be executed by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in such notice and specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon; but not otherwise, the Trustee upon having received the consent of the Lessor may execute such amendment or give its consent thereto in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Bondowner shall have consented thereto.

If the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such supplemental agreement shall have consented to and approved the execution of such supplemental agreement as provided under this Indenture, no Owner of any Bond shall have any right to object to the execution of such amendment, or to object to any of the terms and provisions contained in such supplemental agreement or the operation thereof or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Lessor from executing the same or from taking any action pursuant to the provisions of such supplemental agreement.

The lack of actual receipt by any Bondowner of such notice and request for consent and any defects in such notice and request for consent shall not affect the validity of the proceedings for the obtaining of such consent. A certificate of the Trustee that the notice and request for consent have been mailed as provided in this Indenture shall be conclusive as against all parties.

Any such written consent shall be binding upon the Bondowner giving such consent and on any subsequent Bondowner (whether or not such subsequent Bondowner has notice thereof) unless such consent is revoked in writing by the Bondowner giving such consent or by the subsequent Bondowner. To be effective, any revocation of consent must be filed at the address provided in the request for consent before the Trustee shall have executed the applicable amendment or given its consent to the applicable amendment as provided under this Indenture.

ARTICLE VII

COVENANTS

Section 7.01 Lessor to Perform Pursuant to Lease. The Lessor covenants and agrees with the Bondowners to perform all obligations and duties imposed on the Lessor under the Lease.

Section 7.02 Extension of Payment of Bonds. The Lessor shall not directly or indirectly extend the dates upon which the Base Rental payments are required to be paid or prepaid, or the time of payment of interest with respect thereto. Nothing in this Indenture shall be deemed to limit the right of the Lessor to issue any securities for the purpose of providing funds for the repayment of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 7.03 Offices for Servicing Bonds. The Lessor shall at all times maintain one or more offices or agencies in Los Angeles, California, where Bonds may be presented for payment and purchase, and shall at all times maintain one or more agencies, one of which shall be in Los Angeles, California where Bonds may be presented for registration of transfer or exchange, and where notices, demands and other documents may be served upon the Lessor in respect of the Bonds. The Lessor appoints the Trustee as its agent in Los Angeles, California, for purposes of this Section 7.03.

Section 7.04 Access to Books and Records; Notices. The Trustee shall at all times have access to those books and records of the Lessor which may be reasonably required by the Trustee to fulfill its duties and obligations under this Indenture.

Section 7.05 General. The Lessor 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 Lessor under the provisions of this Indenture. The Treasurer and Tax Collector of the Lessee as *ex officio* officer of the Lessor and all deputies or assistants of such officer are designated agents of the Lessor for the purposes of instructing the Trustee under this Indenture and executing and delivering any documents necessary or advisable for the transactions contemplated by this Indenture or in order to accomplish the purposes of this Indenture, and the Lessor further authorizes such persons to instruct the Trustee as they deem necessary and to execute and deliver such documents.

Section 7.06 Tax Covenants. The Lessor shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Lessor agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Trustee agrees to comply with any written instructions received from the Lessor which the Lessor indicates must be followed in order to comply with the Tax Certificate.

Section 7.07 Prosecution and Defense of Suits. The Lessor shall promptly take such action as may be necessary to cure any defect in the title to the Equipment or any Equipment Component thereof,

whether now existing or hereafter occurring, and shall prosecute and defend all suits, actions and all other proceedings as may be appropriate for such purpose.

Section 7.08 Lessor Representations. The Lessor certifies, declares, recites and warrants that (a) upon the date of initial issuance of any of the Bonds, all conditions, acts and things with respect to the Lessor required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by the applicable laws of the State, and (b) the Lessor is duly authorized to execute and enter into this Indenture.

Section 7.09 Further Assurances. The Lessor will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming to the Trustee, on behalf of the Bondowners, the rights and benefits provided in this Indenture.

Section 7.10 Continuing Disclosure. The Lessee has covenanted and agreed in the Continuing Disclosure Certificate that the Lessee will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding anything to the contrary contained in this Indenture, failure to comply with the provisions of the Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; *provided, however*, the Trustee at the written request of any Bondowner of at least 25% aggregate principal amount of Bonds, shall, or any Bondowner may, take such actions as may be necessary and appropriate but only to the extent indemnified to its satisfaction from any cost, liability, expense or additional charges, including without limitation fees and expenses of its attorneys, including seeking mandate on specific performance by court order, to cause the Lessee to comply with its obligations under the Continuing Disclosure Certificate.

Section 7.11 Notices to Rating Agencies. The Trustee hereby covenants and agrees that it shall give or cause to be given notice to the Rating Agencies of the occurrence of any amendments to the Indenture or the Lease, to the extent actually known to it, and notice of any redemption, purchase by the Lessor or defeasance of the Bonds.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.01 Events of Default Defined. The following shall be “Events of Default” under this Indenture:

(a) An event of default shall have occurred under Section 9.1 of the Lease.

(b) Breach by the Lessor of any other terms, covenants or conditions contained in this Indenture or the Lease, and failure to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from the Trustee to the Lessor, or to the Lessor and the Trustee or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; *provided, however*, if such breach cannot be remedied within the 60-day period, the Lessor, the Trustee or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall not unreasonably withhold their consent to an extension of time if corrective action is instituted by the Lessee within the 60 day period and diligently pursued until the default is corrected.

Section 8.02 Notice of Events of Default. In the event an Event of Default has occurred and is continuing and the Trustee has actual knowledge of such Event of Default, the Trustee shall give notice, at

the expense of the Lessor, of the Event of Default to the Bondowners. The notice shall state that the Lessor is in default and shall provide a brief description of the default. The Trustee in its discretion may withhold notice if it deems it in the best interest of the Bondowners. The notice to Bondowners provided for in this Section 8.02 shall be given by first class mail, postage prepaid, to the Bondowners within 30 days of the occurrence of the Event of Default, to the extent such Event of Default is actually known to the Trustee.

Section 8.03 Remedies on Default. Upon the occurrence and continuance of any Event of Default specified in Section 8.01(a) of this Indenture, the Trustee may proceed (upon written request of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction by the Bondowners, shall proceed) to exercise the remedies set forth in Section 9.2 of the Lease or available to the Trustee under this Indenture. The Trustee shall exercise the rights and remedies vested in it by this Section 8.03 with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his affairs.

Section 8.04 No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee under this Indenture or the Lease is intended to be exclusive and every remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture and the Lease, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Bondowners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than the notice as may be required in this Article VIII or by law.

Section 8.05 No Additional Waiver Implied by One Waiver. In the event any provision contained in this Indenture should be breached by a party and thereafter waived by another party, the waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

Section 8.06 Action by Bondowners. In the event the Trustee fails to take any action to eliminate an Event of Default under Section 9.2 of the Lease or under this Indenture, including the collection of Base Rental when due, the Bondowners of a majority in aggregate principal amount of the Bonds then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Lease or this Indenture, but only if such Bondowners, shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Lease or this Indenture or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with the request within a reasonable time.

Notwithstanding any other provisions in this Indenture, the right of any owner of a Bond to receive such owner's share of Base Rental in accordance with the provisions of his Bond or to institute suit for the enforcement of any such payment on or after such payments become due shall not be impaired or affected without the consent of such owner.

Section 8.07 Application of Proceeds in Event of Default. Except to the extent necessary to compensate the Trustee for its reasonable fees and expenses (including reasonable attorneys' fees and expenses) incurred in and about the performance of its powers and duties under this Indenture, to the extent necessary to pay all principal and interest then due and unpaid with respect to all Outstanding Bonds and to make the deposit into the Base Rental Account required to be made pursuant to Section 4.3 of the Lease, all damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under this Indenture or Section 9.2 of the Lease shall be deposited by the Trustee into the Base

Rental Account and transferred, first, to the Interest Account and, then, to the Principal Account to pay the interest and principal due with respect to the Bonds. If the amount deposited into the Interest Account is not sufficient to pay all overdue interest payments, the amounts deposited shall, if paid to the owners of the Bonds, be distributed *pro rata* to such owners on the basis of the amount of interest due and unpaid to the owners. If the amount deposited into the Principal Account is not sufficient to pay all overdue principal payments, the amount deposited shall, if paid to such owners, be distributed *pro rata* to such owners on the basis of the amount of principal due and unpaid to the owners.

To the extent not required to be deposited into the Base Rental Account pursuant to the immediately preceding paragraph, all damages or other payments received by the Trustee from the enforcement of any rights and powers under this Indenture or Section 9.2 of the Lease shall be applied as follows in the order of priority indicated: (a) first, deposited in the separate fund to be established for Additional Rental pursuant to this Indenture and used to pay Additional Rental then due and payable; and (b) thereafter, any remaining amounts shall be deposited into the Base Rental Account.

ARTICLE IX

LIMITATION OF LIABILITY

Section 9.01 No Liability of Lessee or Lessor for Trustee Performance. Neither the Lessee nor the Lessor shall have any obligation or liability to the owners of the Bonds with respect to the performance by the Trustee of any duty imposed upon the Trustee under this Indenture, including the distribution by the Trustee of principal of and interest on the Bonds to the owners of the Bonds.

Section 9.02 No Liability of Trustee or Lessor for Base Rental by Lessee. Except as provided in this Indenture, neither the Trustee nor the Lessor shall have any obligation or liability to the owners of the Bonds with respect to the payment of Base Rental by the Lessee when due, or with respect to the performance by the Lessee of any other covenant made by the Lessee in the Lease.

Section 9.03 No Liability of Lessee Except as Stated. Except for (a) the payment of Base Rental and Additional Rental when due in accordance with the provisions of the Lease, and (b) the performance by the Lessee of its obligations and duties as set forth in the Lease, the Lessee shall have no obligation or liability to the Trustee or the owners of the Bonds.

Section 9.04 Limited Liability of Trustee and Lessor. Neither the Trustee nor the Lessor shall have any obligation or responsibility for providing information to the owners of the Bonds concerning the investment quality of the Bonds, for the sufficiency of any Base Rental or for the actions or representations of the Lessee. Neither the Trustee nor the Lessor (except as provided below) shall have any obligation or liability to the Lessee with respect to the failure or refusal of the Lessee to perform any covenant or agreement made by it under the Lease, but shall be responsible solely for the performance of the duties expressly imposed upon it under this Indenture. Notwithstanding the foregoing, the Lessor shall be liable to the owners of the Bonds with respect to the failure of the Lessee to perform any covenant or agreement contained in the Lease, but only to the extent of the Lessor's interest in the Equipment. The recitals of facts, covenants, and agreements contained in the Lease shall be taken as statements, covenants and agreements of the Lessee and neither the Trustee nor the Lessor assumes any responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of this Indenture, the Lease or the Bonds, or as to the value of or title to the Equipment and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations assigned to or imposed upon it under this Indenture. The Trustee shall not be liable except for its own negligence or willful misconduct.

Section 9.05 Indemnification. To the extent permitted by law and regardless of any agreement to maintain insurance, the Lessor shall indemnify and save and hold the Trustee harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all losses, including the costs of defense, and damages suffered by it as a result thereof (which includes legal fees and expenses), where and to the extent such claim, suit or action arises out of the performance of its duties under this Indenture, or the actions of any other party to this Indenture or the Lease, including but not limited to the ownership, operation or use of the Equipment, the defense of any suit or the enforcement of any remedies under this Indenture, the Bonds (including the offering, issuance, sale or resale thereof) or any related document. Such indemnification shall not extend to judgments or settlements obtained against the Trustee and expenses of litigation in connection therewith based upon failure of the Trustee to perform and carry out the duties specifically imposed upon and to be performed by the Trustee pursuant to this Indenture, unless the Lessor has agreed in writing that the Trustee not perform such duty. In the event the Lessor is required to indemnify the Trustee as herein provided, the Lessor shall be subrogated to the rights of the Trustee to recover such losses or damages from any person or entity. This Section 9.05 shall survive the termination of this Indenture and the earlier removal or resignation of the Trustee.

Section 9.06 Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give any person other than the Lessee, the Lessor, the Trustee and the owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision hereof; and all such covenants, conditions, and provisions are and shall be for the sole and exclusive benefit of the Lessee, the Lessor, the Trustee and the owners of the Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.01 Defeasance. All or any of the Bonds may be paid or be deemed to be paid in one of the following ways:

(1) by the deposit by the Lessor with the Trustee, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Bond Fund and dedicated, as evidenced by a certificate of a Lessor Representative, to this purpose, without the need for further investment, is fully sufficient to pay the Bonds, including all principal and interest due with respect thereto, provided, however, that this means of defeasance shall be subject to written confirmation by each nationally recognized rating agency, then rating the Bonds, that the defeasance provided for herein, will not cause the then current ratings to be reduced or withdrawn; or

(2) by the deposit with the Trustee in accordance with Section 4.8 of the Lease, at or before maturity of the Bonds, of cash and/or investments of the type described in clause (a) of the definition of Qualified Investments which, in the written opinion of a certified public accountant, is in an amount sufficient, together with the earnings to accrue thereon without the need for further investment, to pay when due the debt service on the Bonds, including all principal, redemption premium, if any, and interest payable with the respect thereto.

When any Bond has been paid or is deemed to have been paid as provided in this Section 10.01, the Bond shall no longer be deemed Outstanding under the provisions of this Indenture, and all obligations of the Trustee and the Lessor under this Indenture with respect to the Bond shall cease, except only the obligations of the Trustee under Sections 2.05, 2.06, 2.08 and 2.10 hereof and the obligations to pay or cause to be paid to the owner of a Bond thereof all sums due with respect thereto and to pay to the Trustee any amounts due pursuant to Sections 5.02 and 9.05.

Section 10.02 Records. Prior to the full payment of principal and interest due with respect to the Bonds, the Trustee shall keep complete and accurate records of all moneys received and disbursed by it under this Indenture, which records shall be available for inspection by the Lessor and any owner of the Bonds, or the agent of either of them, at any time during regular business hours and upon reasonable prior notice.

Section 10.03 Notices. All notices under this Indenture by any party shall be in writing (unless otherwise specified herein) and shall be sufficiently given and served upon the parties named below if delivered by hand directly to the offices named below or sent by United States first class mail, postage prepaid, and addressed as follows:

(a) if to the Lessee, to County of Los Angeles, Kenneth Hahn Hall of Administration, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Assistant Treasurer & Tax Collector;

(b) if to the Trustee, to U.S. Bank Trust Company, National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services;

(c) if to the Lessor, to Los Angeles County Capital Asset Leasing Corporation, County of Los Angeles, Hall of Administration, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Assistant Treasurer and Tax Collector;

(d) if to any owner of a Bond or Bonds, to the respective address as indicated on the Bond Register;

(e) if to Fitch, to Fitch Ratings, One State Street Plaza, New York, New York 10004, Attention: U.S. Public Finance;

(f) if to Moody's, to Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: MSPG Surveillance;

(g) if to S&P, to Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, Attention: Municipal Finance Department;

or to such other address or addresses as any such person shall have designated to the others by notice given, in accordance with the provisions of this Section 10.03.

Section 10.04 Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Lessor, the Trustee and the Bondowners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Lessor or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Lessor, the Trustee and the Bondowners.

Section 10.05 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 10.06 Partial Invalidity. Any provision of this Indenture found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Indenture.

Section 10.07 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Indenture effective the date first above written.

**LOS ANGELES COUNTY CAPITAL ASSET
LEASING CORPORATION**

By: _____
Authorized Representative

[SEAL]
Attest:

By: _____
Assistant Secretary

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Officer

[Signature Page – Indenture – Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program)]

EXHIBIT A

FORM OF BOND

NO. ____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE DESCRIBED BELOW) TO THE TRUSTEE DESCRIBED BELOW FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND EXECUTED BY THE LESSOR AND AUTHENTICATED AND DELIVERED BY THE TRUSTEE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL EQUIPMENT PROGRAM)

INTEREST RATE
%

MATURITY DATE

DATED DATE

CUSIP NO.
54466L

REGISTERED BONDOWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$

THIS IS TO CERTIFY THAT the Registered Bondowner identified above or registered assignee, is the registered owner of this Bond (the "Bond") which is secured by Base Rental payments to be made by the County of Los Angeles (the "Lessee"), a political subdivision of the State of California (the "State"), under a Lease Agreement, dated as of [July] 1, 2025 (the "Lease"), by and between the Lessee and the Los Angeles County Capital Asset Leasing Corporation (the "Lessor"). This Bond is one of the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the "Bonds") in an aggregate principal amount of \$[Par Amount] issued by the Lessor under the terms of an Indenture, dated as of [July] 1, 2025 (the "Indenture"), by and between the Lessor and U.S. Bank Trust Company, National Association, as Trustee (together with any successors thereto, the "Trustee").

The registered owner of this Bond is to receive, subject to the terms of the Lease and unless sooner paid in full, on the maturity date identified above, the principal amount identified above, representing such portion of the Base Rental designated as principal coming due on such date, and on each June 1 and December 1, commencing December 1, 2025 (the "Interest Payment Dates"), until the maturity date identified above or earlier redemption hereof, the registered Bondowner's proportionate share of the Base Rental payments designated as interest coming due on such dates. Such proportionate share of the Base Rental payments designated as interest to be paid to the owner of this Bond on each Interest Payment Date shall be equal to the amount determined by applying the annual interest rate shown above to the principal amount shown above and based upon a 360-day year composed of twelve 30-day months.

The interest payable on this Bond shall accrue and be calculated from the Interest Payment Date next preceding the date of issuance of this Bond, unless this Bond is executed by the Lessor and authenticated and delivered by the Trustee on an Interest Payment Date or after a May 15 or November 15 (each a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event interest on this Bond shall accrue and be calculated from such Interest Payment Date or unless it is executed by the Lessor and authenticated and delivered by the Trustee on or before November 15, 2025, in which event interest on this Bond shall accrue and be calculated from its date of delivery; *provided, however*, that if at the time of execution by the Lessor and authentication and delivery by the Trustee of this Bond interest on this Bond is in default, interest shall accrue and be calculated from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from its date of delivery.

Interest on this Bond shall be payable on each Interest Payment Date to the owner of this Bond as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed to the owner of this Bond by first class mail, postage prepaid, at the owner's address as it appears on the Bond Register; *provided, however*, that interest payable to the owner of this Bond of \$1,000,000 or more aggregate principal amount of Bonds shall be paid by wire transfer to such account in the United States as the owner of the Bonds shall have specified in writing prior to the applicable Record Date to the Trustee for such purpose. Payments of defaulted interest shall be paid to the owner of this Bond as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the owner of this Bond by first class mail not less than ten days prior to the special record date. Subject to the provisions of the Representation Letter prepared in connection with the Bonds, principal and premium, if any, with respect to any Bond are payable at maturity or earlier redemption upon surrender of the Bond at the Principal Corporate Trust Office of the Trustee, or at the office of any paying agent. The principal of, premium, if any, and interest on the Bonds shall be payable by check of the Trustee or by wire in lawful money of the United States of America.

The Lessee is authorized to enter into the Lease pursuant to the laws of the State of California. The Lessee has entered into the Lease for the purpose of leasing certain equipment (the "Equipment") in connection with the performance of the Lessee's governmental functions. The Lessor has assigned and transferred certain of its rights under the Lease pursuant to the Indenture. Proceeds of the Bonds will be applied to the payment of the costs of the Equipment and the payment of the costs of the financing.

Reference is made to the Lease and the Indenture (copies of each are on file at the aforementioned office of the Trustee) for a description of the terms on which the Bonds are executed by the Lessor and authenticated and delivered by the Trustee and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Lessor under the Lease, to all of the provisions of which the registered owner of this Bond, by acceptance of this Bond, assents and agrees.

Except to the extent such rental is abated as described below, the Lessee is required under the Lease to pay Base Rental from any source of legally available funds. The Lessee has covenanted in the Lease to make the necessary annual appropriations for such purpose. Subject to the provisions of the Lease, the Lessee also has pledged all of its interest in all amounts on deposit from time to time in the funds and accounts established pursuant to the Indenture (except amounts in the Excess Earnings Account of the Earnings Fund) to secure the payment of the Bonds and the interest on the Bonds and the performance of all the obligations of the Lessee contained in the Bonds, the Indenture and the Lease.

The Bonds are special obligations of the Lessor payable solely from Base Rental payments received pursuant to the Lease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the Lessee to pay Base Rental and Additional Rental under the Lease does

not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the Lessee to pay Base Rental or Additional Rental under the Lease constitutes an indebtedness of the Lessee, the State of California or any of its political subdivisions within the meaning of the constitution of the State of California. Under certain circumstances, Base Rental may be abated under the Lease.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture and the Lease may be amended by the parties thereto with the written consent of the registered Bondowners of a majority in aggregate principal amount of the Bonds then outstanding under the Indenture. The Indenture, and the Lease also may, under certain circumstances, be amended without such consent. No amendment shall be permitted, however, which would impair the right of any registered Bondowner to receive the registered Bondowner's proportionate share of any Base Rental payment in accordance with the registered owner's Bond without the registered Bondowner's written consent.

The Bonds are subject to extraordinary redemption as provided in the Indenture. The Bonds are deliverable in the denomination of \$5,000 and any integral multiple thereof.

Registration of this Bond is transferable by the registered owner of this Bond, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such registration of transfer a new Bond or Bonds, of an authorized denomination or denominations, for the same aggregate principal amount, maturity, and interest rate will be executed by the Lessor and authenticated and delivered by the Trustee to the transferee in exchange for this Bond. The Lessor and the Trustee may treat the registered owner of this Bond as the absolute owner of this Bond for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Trustee has no obligation or liability to the registered owners of the Bonds to make payments of principal of, premium, if any, or interest on the Bonds except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the registered owners of the Bonds the various funds and accounts established under the Indenture and to perform the other duties expressly imposed upon the Trustee under the Indenture. The Trustee does not warrant the accuracy of the recitals of fact in this Bond.

This Bond shall not be entitled to any benefit under the Indenture or become valid for any purpose until it has been duly executed by the Lessor and authenticated and delivered by the Trustee.

THE LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner, as required by the applicable laws of the State of California.

IN WITNESS WHEREOF, this Bond has been executed by the Lessor and authenticated by the Trustee, acting pursuant to the Indenture.

Date of Execution: _____

**LOS ANGELES COUNTY CAPITAL
ASSET LEASING CORPORATION,
as Lessor**

By: _____
Authorized Representative

ATTEST:

By: _____
Authorized Signatory

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture of Trust.

Date: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) sell, assign and transfer to _____ the within-mentioned Bond and irrevocably constitute(s) and appoint(s) _____ attorney, to transfer such Bond on the books of the Trustee with full power of substitution in the premises.

Dated: _____, _____

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

Tax I.D. _____

Signature Guaranteed: _____

Note: The signature must be guaranteed by an eligible guarantor member of the medallion signature guarantee program or such other program acceptable to the Trustee.

EXHIBIT B

FORM OF REQUISITION
(Costs of Issuance Account)

U.S. Bank Trust Company, National Association], as Trustee
[633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services

PAYMENT REQUEST NO. _____

Attention: Corporate Trust

Re: \$[Par Amount] Los Angeles County Capital Asset Leasing Corporation Lease Revenue
 Bonds, 2025 Series A (LAC-CAL Equipment Program)

Pursuant to Section 3.02(b) of the Indenture, dated as of [July] 1, 2025 (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation (the “Lessor”) and you, you are instructed to disburse the sum of \$_____ from the Costs of Issuance Account established under the Indenture. You are further instructed to pay this disbursement to the order of the following payee and for the following costs(s) and/or expense(s) or to the order of the payees and for the purposes listed on Exhibit A attached hereto:

Payee: _____
Address: _____

Cost(s) and/or expense(s) for which disbursement is requested:

The undersigned certifies that each such cost or expense constitutes a proper charge against the Costs of Issuance Account and has not been the subject of any other payment request filed with you.

Dated: _____, 2025

COUNTY OF LOS ANGELES

By: _____
 Lessee Representative

LEASE AGREEMENT

Dated as of [July] 1, 2025

between the

LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
as Lessor

and the

COUNTY OF LOS ANGELES, CALIFORNIA
as Lessee

relating to

\$[Par Amount]
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease"), dated as of [July] 1, 2025, is made and entered into by and between the LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessor (the "Lessor"), and the COUNTY OF LOS ANGELES, CALIFORNIA, a political subdivision of the State of California, as lessee (the "Lessee").

RECITALS:

WHEREAS, the Lessee may enter into a lease or lease purchase agreement with any person, firm, corporation or public agency, to acquire, construct, install, improve or lease any equipment or real property necessary or useful for the governmental purposes of the Lessee; and

WHEREAS, the Lessee proposes to acquire those items of equipment, and each of them, more specifically described in Exhibit B (the "Equipment") to this Lease; and

WHEREAS, the Lessee on behalf of the Lessor has complied with all applicable provisions for bids and contracts relating to the leasing of the items of equipment described in Exhibit B to this Lease; and

WHEREAS, the Lessor is authorized pursuant to its Articles of Incorporation and its Bylaws to provide financial assistance to the Lessee for any governmental purpose of the Lessee, by acquiring and financing land and equipment and acquiring and constructing various public facilities and the leasing of facilities, land and equipment for the use, benefit and enjoyment of the public; and

WHEREAS, the Lessor has issued and sold certain bond anticipation notes which are presently outstanding in the aggregate principal amount of \$25,000,000 (the "BANs"); and

WHEREAS, the Lessor used the proceeds of the BANs to purchase certain items of equipment of the type described in Exhibit B to this Lease in the expectation that the purchased items of equipment would be leased to the Lessee and that the BANs would be repaid from a portion of the proceeds of the Bonds as described below; and

WHEREAS, the Lessor desires to issue, sell and deliver certain bonds, secured by certain rental payments to be made by the Lessee under this Lease; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease do exist, have happened and have been performed in due time, form and manner as required by applicable law, and the Lessor and Lessee are now duly authorized to execute and enter into this Lease.

NOW, THEREFORE, in consideration of the foregoing premises and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Lessor and Lessee agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, capitalized terms used in this Lease shall, for all purposes of this Lease, have the meanings specified in that certain Indenture of Trust, dated as of [July] 1, 2025 (the “Indenture”), by and between the Lessor and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and the additional terms defined in this Section 1.1 shall, for all purposes of this Lease, have the meaning specified in this Lease.

“Additional Rental” means the amount referred to in Section 4.6 of this Lease.

“Base Rental” means the amount referred to in Section 4.3 of this Lease.

“Bonds” means the \$[Par Amount] aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program).

“Business Day” means any day other than (i) a Saturday, Sunday or (ii) a day on which banks in both New York, New York and the city in which the principal corporate trust office of the Trustee is located are authorized or permitted to be closed.

“Equipment” means all Equipment Components identified in Exhibit B to this Lease, as the same may be amended from time to time.

“Equipment Component” means each discrete component of the personal property described in Exhibit B to this Lease, as the same may be amended from time to time.

“Lease Payment Date” has the meaning set in Section 4.3(a)(i) hereof.

“Rental Payments” means the Base Rental plus the Additional Rental payments.

“Term” or “Term of this Lease” has the meaning set forth in Section 4.2 of this Lease.

“Useful Life” means, with respect to any Equipment Component, the period of time, expressed in years, and fraction of years, for which the Lessee reasonably expects that such Equipment Component may be economically utilized for the purpose or purposes for which such Equipment Component is intended.

Section 1.2. Rules of Construction. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Lease, refer to this Lease as a whole, and all references herein to “Sections” and other subdivisions hereof are to the corresponding Sections or subdivisions of this Lease as originally

executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

Section 1.3. Exhibits. The following exhibits are attached to, and by this reference incorporated into and made part of, this Lease:

- Exhibit A: Base Rental Schedule
- Exhibit B: General Description of Equipment Components

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. General Representations and Warranties of the Lessee. The Lessee represents, covenants and warrants for the benefit of the Lessor as follows:

(a) Organization. The Lessee is a political subdivision of the State duly organized and existing pursuant to the Constitution and laws of the State.

(b) Authority, Validity and Enforceability. The Lessee has the authority to enter into this Lease, to consummate the transactions contemplated by this Lease and to perform all of its obligations under this Lease, and the Lessee has been duly authorized to execute and deliver this Lease under the terms and provisions of a resolution of the Board of Supervisors of the Lessee, adopted on [____], 2025, and this Lease constitutes the legally valid and binding obligation of the Lessee enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.

(c) Performance of Conditions. All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease; and the Lessee has complied with all public bidding requirements, if any, applicable to this Lease and the transactions contemplated by this Lease, including the acquisition, delivery and installation of the Equipment.

(d) No Conflict. The execution and delivery of this Lease and compliance with the provisions of this Lease by the Lessee will not conflict with, or constitute a breach or violation of or default under, the State Constitution or any existing State law, charter, ordinance, regulation, decree, order or resolution applicable to the Lessee, or any material agreement, indenture, mortgage, lease or other instrument to which the Lessee is subject or by which the Lessee is bound.

(e) No Violation. The Lessee is not in breach of or default under, and no event has occurred and is continuing which with the passage of time and/or the giving of notice would constitute a breach of or default under, any applicable State law, administrative regulation, judgment, decree or order, or any loan agreement, indenture, bond, note, resolution, agreement or any other instrument to which the Lessee is a party or is otherwise subject, which breach or default could reasonably be expected to materially adversely affect the Lessee's ability to enter into or perform its obligations under this Lease.

(f) No Litigation. To the best knowledge of the Lessee, there is no action, suit, proceeding, hearing or investigation of or by any court or governmental agency or body pending or threatened against the Lessee to restrain or enjoin the execution and delivery of this Lease and the issuance, sale and delivery of the Bonds, or the payments to be made pursuant to this Lease, or in any way contesting or affecting the validity of this Lease, the Indenture or the Bonds or contesting the powers of the Lessee to enter into or perform its obligations under this Lease or to consummate the transactions contemplated by this Lease, or in which a final adverse decision could reasonably be expected to materially adversely affect the consummation of the transactions contemplated by, or the performance of the Lessee's obligations under, this Lease.

(g) Consent. There is no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body, required for the execution, delivery or performance of this Lease or the consummation of the transactions contemplated by this Lease or the Indenture by the Lessee, except as shall have been previously obtained or accomplished prior to the consummation of the transactions contemplated by this Lease or the Indenture.

(h) Essentiality. The Lessee represents that the Equipment and its acquisition and use by the Lessee are essential to the Lessee's exercise of its governmental functions.

(i) Fair Market Value. The Lessee certifies that the fair market value of the Equipment, taken as a whole, is not less than the principal amount of the Bonds.

Section 2.2. General Covenants of the Lessee.

(a) Adequate Base Rental. The Lessee agrees that it will use best efforts to ensure the Base Rental payable under this Lease shall provide rental income to the Lessor which is sufficient to pay principal of and interest on the Bonds as the Bonds shall become due and payable.

(b) Financial Statements. During the Term of this Lease, at the request of the Lessor or its assignees, the Lessee will provide by April 1 of each year, beginning April 1, 2026, to the Lessor or its assignees with current audited financial statements and provide such other financial information at such times and in such manner as may be reasonably requested in writing by the Lessor or its assignees relating to the ability of the Lessee to continue this Lease.

(c) Access to Book and Records. The Trustee and the Lessor shall at all times have access to those books and records of the Lessee which may be reasonably required by the Trustee and the Lessor to protect their rights or to fulfill their duties and obligations under this Lease and the Indenture.

(d) Performance of this Lease by the Lessee.

(i) The Lessee shall faithfully observe all covenants and other provisions contained in this Lease. The Lessee 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 Lessee under the provisions of this Lease.

(ii) Anything in this Lease to the contrary notwithstanding, (A) the Lessee shall remain liable under any contracts or agreements for the acquisition, installation or delivery of any Equipment Component, to the extent set forth in such contracts or agreements, to perform all of its duties and obligations under such contracts or agreements to the same extent as if this Lease had not been executed, (B) the exercise by the Lessor or the Trustee of any of their respective rights under this Lease shall not release the Lessee from any of its duties or obligations under such contracts or agreements, and (C) neither the Lessor nor the Trustee shall have any obligation or liability under any of such contracts or agreements, nor shall they be obligated to perform any of the obligations or duties of the Lessee under such contracts or agreements.

(e) Prosecution and Defense of Suits. The Lessee shall, within a reasonable period of time, take such action as may be necessary to cure any defect in the title of the Equipment or any part thereof, whether now existing or hereafter occurring, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

(f) Indemnification of Lessor. To the extent permitted by law, the Lessee covenants to indemnify and hold harmless the Lessor and its directors, employees and assigns (each, an "Indemnified Party") against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise in connection with the transactions contemplated by this Lease and the Indenture, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of the transactions contemplated by this Lease and the Indenture.

(g) Further Assurances and Corrective Instruments. The Lessee agrees to make, execute and deliver any and all further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Lease, and for better assuring and confirming to the Owners the rights and benefits provided in this Lease. The Lessee also agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered such supplements to this Lease and such further instruments as may reasonably be required to correct any inadequate or incorrect description of any Equipment Component leased pursuant to this Lease.

Section 2.3. General Representations and Warranties of the Lessor. The Lessor represents, covenants and warrants to the Lessee as follows:

(a) Due Organization and Existence; Enforceability. The Lessor is a nonprofit public benefit corporation duly organized, existing and in good standing under and by virtue of the laws of the State, and has the power to enter into this Lease and the Indenture, and is possessed of full power to own and hold real and personal property, and to lease and sell the real and personal property; and has duly authorized the execution and delivery of all of the aforementioned agreements. This Lease and the Indenture constitute the legal, valid and binding obligations of the Lessor, enforceable in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.

(b) No Conflicts, No Liens. Neither the execution and delivery of this Lease or the Indenture, nor the fulfillment of or compliance with the terms and conditions of this Lease or the Indenture, nor the consummation of the transactions contemplated by this Lease or the Indenture, conflicts with or constitutes a breach of the terms, conditions or provisions of the Articles of Incorporation or Bylaws of the Lessor or any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor, or upon the Equipment, except as contemplated therein.

(c) Bond Anticipation Notes. The Lessor has issued and sold the BANs for the purpose of acquiring the Equipment Components described in Exhibit B to this Lease.

Section 2.4. General Covenants of the Lessor.

(a) Performance. The Lessor shall faithfully observe all covenants and other provisions contained in this Lease, and in any certificate executed and delivered under this Lease. The Lessor 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 Lessor under the provisions of this Lease.

(b) Further Assurances and Corrective Instruments. The Lessor agrees to make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Lease, and for better assuring and confirming to the Bondowners the rights and benefits provided in this Lease. The Lessor also agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered such supplements to this Lease and such further instruments as may reasonably be required to correct any inadequate or incorrect description of the Equipment leased pursuant to this Lease.

ARTICLE III

ACQUISITION OF THE EQUIPMENT; AGENCY

Section 3.1. Acquisition of the Equipment. The Lessor and the Lessee agree that all of the Equipment Components have been acquired, delivered and installed, and that the costs of acquiring, delivering and installing all such Equipment Components have been paid from proceeds of the BANs on or prior to the Closing Date.

Section 3.2. Agency. The Lessor acknowledges that the Lessee has acted as agent on behalf of the Lessor in acquiring, installing and delivering the Equipment Components prior to the Closing Date and the Lessor ratifies all actions taken by the Lessee, as agent, in connection with such acquisition, installation and delivery. The Lessor irrevocably appoints the Lessee as its agent for the purpose of executing and delivering any documents necessary to confirm the vesting of right or title to the Equipment or to the substituted Equipment pursuant to Section 4.7 of this Lease in the Lessee upon the expiration of the Term of this Lease as set forth in Section 4.5(b) of this Lease, and the Lessor further authorizes the Lessee to execute and deliver such documents.

The Lessee, for good and valuable consideration in hand received, accepts the foregoing appointment as agent of the Lessor for the purposes set forth in this Section 3.2.

ARTICLE IV

LEASE TERMS

Section 4.1. Lease. Subject to the conditions set forth in the following paragraph, the Lessor leases each Equipment Component (including, with respect to vehicles, as acknowledged in Section 4.5(a) herein) described in Exhibit B delivered under this Lease to the Lessee, and the Lessee leases each such Equipment Component from the Lessor, upon the terms and conditions set forth in this Lease.

The obligations of the Lessee contained in this Lease to lease any particular Equipment Component are subject to the following conditions precedent: (a) the Lessor shall have good and marketable title to that Equipment Component and, if necessary, shall have such interests in real property as may be necessary for the use of that Equipment Component, if applicable; (b) the Lessee shall have furnished to the Lessor, if required by the Lessor, a certificate or other evidence satisfactory to the Lessor that insurance coverage as required by Section 5.3 of this Lease is in effect as to that Equipment Component; and (c) all other instruments and legal and other proceedings in connection with the transactions contemplated by this Lease shall be satisfactory in form and substance to the Lessor.

Section 4.2. Term of Lease. The Term of this Lease (the "Term"), with respect to any Equipment Component, shall commence on the Closing Date hereof, and shall end on the earlier of (1) such time as the Bonds payable from Base Rental attributable to all the Equipment Components shall have been paid (including any abated Base Rental) and provided no default or event of default then exists and is continuing under this Lease, or (2) [Last Payment Date] unless such Term is otherwise terminated or extended as hereinafter provided. If on [Last Payment Date], the Indenture shall not have been discharged by its terms, or if the Base Rental payable hereunder shall have been abated at any time and for any reason, then the Term of this Lease shall be extended until the Indenture shall be discharged by its terms. If prior to [Last Payment Date], the Base Rental and Additional Rental shall have been fully paid in connection with the Bonds, the Term of this Lease shall end ten days thereafter or ten days after written notice by the Lessee to the Lessor to the effect that the Base Rental and Additional Rental payable hereunder shall be fully paid and all Bonds have been fully paid, and this Lease shall thereupon terminate.

Section 4.3. Base Rental.

(a) Obligation to Pay.

(i) Time and Amount. Subject to the provisions of Sections 4.8 and 6.1 of this Lease, the Lessee shall pay to the Lessor, its successors and assigns, as a portion of the rental for the use and possession of the Equipment, Base Rental payments, each comprised of components of principal and interest, equal to the aggregate Base Rental specified in Exhibit A to this Lease. Except as required by Section 6.1 of this Lease, in no event shall

the Base Rental on any date be less than the aggregate amount of principal and interest required to be paid or redeemed on such date with respect to the Bonds.

Base Rental payable by the Lessee shall be due before each Interest Payment Date (as defined in the Indenture) during the Term of this Lease, each such date being a "Lease Payment Date." The interest component of Base Rental payable on or before June 1 in any year shall be for the period of December 1 of the preceding year (or from the Closing Date in the case of the first year) to May 31 of such year and the interest component of Base Rental payable on or before December 1 in any year shall be for the period of June 1 of such year (or from the Closing Date in the case of the first year) to November 30 of such year. The principal component of Base Rental payable on or before June 1 in any year shall be for the period of December 1 of the preceding year (or from the Closing Date in the case of the first year) to May 31 of such year and the principal component of Base Rental payable on or before December 1 in any year shall be for the period of June 1 of such year (or from the Closing Date in the case of the first year) to November 30 of such year. To secure the performance of its obligation to pay Base Rental, the Lessee shall deposit the Base Rental payable on each Lease Payment Date with the Trustee in immediately available funds before that Lease Payment Date, in each case for application by the Trustee in accordance with the terms of Section 3.03 of the Indenture. The obligation of the Lessee to pay Base Rental shall commence on the Closing Date.

Set forth in Exhibit A hereto is a schedule of Base Rental required to be made by the Lessee with respect to the Equipment Components identified in Exhibit B of this Lease delivered by the Lessee on the Closing Date.

(ii) Lessee Budget and Appropriation; Nature of Obligations. Base Rental shall be paid from any source of legally available funds of the Lessee and, so long as any Equipment Component is available for the Lessee's use, the Lessee covenants to take such actions as may be necessary to include all Rental Payments due under this Lease in any Fiscal Year during the Term in its annual budget for the Fiscal Year and to make the necessary annual appropriations for all such Rental Payments, which covenants of the Lessee shall be deemed to be, and shall be, ministerial duties imposed by law, and it shall be the duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Lessee to carry out and perform the covenants made by the Lessee under this Lease. Subject to Section 6.1 of this Lease, the Lessee's obligation to make Rental Payments when due shall be absolute and unconditional without any right of set-off or counterclaim. The obligation of the Lessee to make Rental Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the Lessee to make Rental Payments under this Lease constitute indebtedness of the Lessee, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

(iii) No Withholding. Notwithstanding any dispute between the Lessor and the Lessee, including any dispute as to the failure of any Equipment Component to perform

the task for which it is leased, the Lessee shall make all Rental Payments when due and shall not withhold any Rental Payments pending the final resolution of such dispute.

(b) Rate on Overdue Payments. In the event the Lessee should fail to make any of the payments required in this Section, the payments in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable to the Lessor, its successors and assigns, at the rate equal to the net effective interest rate paid with the respect to the Bonds on the date such interest was due.

(c) Fair Rental Value. The Base Rental and the Additional Rental required by Section 4.6 of this Lease shall be paid by the Lessee in consideration of the right of possession of, and the continued use and possession of, the Equipment during each such period for which said rental is to be paid. The parties hereto have agreed and determined that the Base Rental for each of such period as set forth in Exhibit A hereto does not exceed the fair rental value of the Equipment. In making such determination, consideration has been given to the Acquisition Costs, other obligations of the parties under this Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Equipment and the benefits therefrom which will accrue to the Lessee and the general public.

(d) Assignment. The Lessee understands and agrees that, pursuant to the assignment provided for in the Indenture, the Lessor has assigned its right to receive and collect Base Rental and prepayments thereof and certain other rights to the Trustee in trust for the benefit of the Bondowners, and the Lessee consents to such assignment. The Lessor directs the Lessee, and the Lessee agrees to pay to the Trustee at the Trustee's principal corporate trust office in Los Angeles, California, or to the Trustee at such other place as the Trustee shall direct in writing, all payments payable by the Lessee pursuant to this Lease.

(e) Consideration for Payments. The total Base Rental due in any Fiscal Year shall be for the use and possession of the Equipment Components for such Fiscal Year.

(f) Abatement. Rental Payments shall be subject to abatement as provided in Section 6.1 of this Lease.

Section 4.4. Use and Possession. During the Term of this Lease, the Lessor shall provide the Lessee with quiet use and possession of the Equipment, and the Lessee shall during such Term peaceably and quietly have and use and possess the Equipment, without suit, trouble or hindrance from the Lessor or any person or entity claiming any right or interest under or through the Lessor except as expressly set forth in this Lease. The Lessor shall, at the request of the Lessee, join in any legal action in which the Lessee asserts its right to such quiet use and possession to the extent the Lessor may lawfully do so. Notwithstanding the foregoing, the Lessor shall have the right to inspect the Equipment as provided in Section 7.3 of this Lease.

Section 4.5. Title to the Equipment.

(a) Lessor Holds Title During Term. Notwithstanding any records on file with the State of California Department of Motor Vehicles to the contrary, including but not limited to the

Lessee's being listed as the registered owner on any certificates of title in connection with the Equipment, and except as provided in subsection (c) of this Section 4.5, during the Term of this Lease, the Lessor shall hold and shall be deemed to hold title to all Equipment Components and any and all additions which comprise repairs, replacements or modifications thereto.

(b) Title Transferred to Lessee at End of Term. If no Event of Default has occurred and is continuing hereunder, upon the expiration of the Term with respect to any Equipment Component, all right, title and interest of the Lessor in and to such Equipment Component hereunder shall be transferred to and vest in the Lessee, without the necessity of delivery of any additional document of transfer; provided, however, that, if necessary, the Lessor shall authorize, execute and deliver to the Lessee any documents reasonably requested by the Lessee in order to confirm such vesting of right or title in the Lessee. Upon the end of the Term of this Lease with respect to each Equipment Component, the Lessee may provide written request to the Trustee identifying the Equipment Components which are no longer subject to this Lease, and the Trustee shall execute such instruments to evidence the release of such Equipment Components as may be appropriate, as requested by the Lessee.

(c) Title Vested in Lessee at Exercise of Purchase Option. As long as no Event of Default shall have occurred and be continuing hereunder, on the date on which all Base Rental attributable to any Equipment Component are paid pursuant to Section 4.8 of this Lease, all right, title and interest of the Lessor in and to that Equipment Component shall vest in the Lessee without the necessity of delivery of any additional document of transfer; provided, however, that, if necessary, the Lessor shall authorize, execute and deliver to the Lessee any documents reasonably requested by Lessee to terminate this Lease with respect to any Equipment Component in order to confirm such vesting of right or title in the Lessee.

Section 4.6. Additional Rental. In addition to the Base Rental, the Lessee shall pay as Additional Rental such amounts as shall be required for the payment of all administrative costs of the Lessor, if any, relating to the Equipment or the issuance of the Bonds, including without limitation, taxes of any sort whatsoever payable by the Lessor as a result of its ownership of the Equipment or undertaking of the transactions contemplated in this Lease or in the Indenture, fees of auditors, accountants, attorneys or engineers, fees, expenses and indemnification costs of the Trustee and all other necessary administrative costs of the Lessor and Lessee or charges required to be paid by it in order to maintain its existence or to comply with the terms of this Lease, the Bonds or of the Indenture, including the insurance premiums required to maintain insurance as required under this Lease, or to defend the Lessor, its members and each Indemnified Party.

Additional Rental due under this Section shall be paid by the Lessee directly to the person or persons to whom such amounts shall be payable. The Lessee shall pay all such amounts when due or within thirty days after notice in writing from the Trustee to the Lessee stating the amount of additional payments then due and payable and the purpose thereof.

Section 4.7. Substitution of Equipment Components. The Lessee shall, at any time, have the right to substitute any item of personal property of comparable value to and a Useful Life not less than the remaining Useful Life of, the Equipment Component to be substituted, but only by providing the Trustee with (a) a written certificate (i) describing both the new Equipment

Component and the Equipment Component for which it is to be substituted, and stating that such new Equipment Component is of comparable value and has a Useful Life not less than the Useful Life of the Equipment Component for which it is being substituted and (ii) stating that such substitution will not result in an abatement of Rental Payments, and (b) a new Exhibit B to this Lease, which shall include the substitute Equipment Components and which shall supersede in its entirety the existing Exhibit B to this Lease. All costs and expenses incurred in connection with such substitution, including without limitation the cost of acquiring such property, shall be borne by the Lessee. In the event of such substitution, the Equipment Component substituted for the original Equipment Component shall become fully subject to the terms hereof. As a result of any substitution of Equipment Components pursuant to this Section, there shall be no reduction in the Base Rental due from the Lessee hereunder and there shall be no reduction in the aggregate fair rental value of the Equipment as a result of such substitution.

Section 4.8. Option to Purchase Equipment Components and Prepay Base Rental.

(a) Option to Purchase All Equipment. The Lessee shall have the exclusive right and option, which shall be irrevocable during the Term of this Lease, to purchase all but not less than all of the Lessor's right, title and interest in the Equipment on any Business Day, upon payment of the option price, but only if the Lessee is not in default under this Lease and only in the manner provided in this Section 4.8(a). The option price for the Equipment in any Fiscal Year shall be the amount necessary to pay or defease all of the Bonds then Outstanding.

The Lessee shall exercise its option to purchase the Equipment under this Section 4.8(a) by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Lessor's right, title and interest in the Equipment and the option price shall be payable in installments solely from amounts deposited with the Trustee as hereafter provided. Each such installment (i) shall be payable at each time at which a payment of Base Rental would have been payable had such option not been exercised, and (ii) shall be in an amount equal to the amount of Base Rental which would have been payable had such option not been exercised. In order to secure its obligations to pay the installments referred to above and to provide for the payment thereof, the Lessee, concurrently with the exercise of its option hereunder, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or Qualified Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to above at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rental due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the Lessee shall be remitted to the Lessee.

On any Business Day as to which the Lessee shall properly have exercised the option granted it pursuant to this Section 4.8(a), and shall have paid or made provision (as set forth in the preceding paragraph) for the payment of the required option price, the Lessor and the Trustee shall execute and deliver to the Lessee bills of sale or quitclaim deeds and releases, as appropriate, conveying to the Lessee or its nominee the Lessor's and Trustee's right, title and interest in each Equipment Component. If the Lessee shall properly exercise the option provided in this Section 4.8(a) prior to the expiration of the Term of this Lease, and the Lessor and the Trustee

shall execute and deliver the bills of sale or quitclaim deeds and releases, as appropriate, for each Equipment Component as aforesaid, then this Lease shall terminate, but such termination shall not affect the Lessee's obligation to pay the option price on the terms herein set forth.

(b) Option to Purchase Individual Equipment Components. The Lessee shall also have the exclusive right and option, which shall be irrevocable during the Term of this Lease, to purchase the Lessor's right, title and interest in any Equipment Component on any Business Day, upon payment of the option price therefor, but only if the Lessee is not in default under this Lease and only in the manner provided in this Section 4.8(b). The option price in any Fiscal Year for each Equipment Component shall be as specified by the Lessee; provided, however, that the remaining annual fair rental value of the remaining Equipment Components, in the aggregate, shall be at least equal to the principal and interest remaining due in each year on all Outstanding Bonds.

The Lessee shall exercise its option to purchase under this Section 4.8(b) by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Lessor's right, title and interest in any Equipment Component and the option price shall be payable in installments solely from amounts deposited with the Trustee as hereafter provided. Each such installment (i) shall be payable at each time at which a payment of Base Rental would have been payable for the use and possession of such Equipment Component had such option not been exercised until the due date of the final installment referred to in the proviso set forth below in this paragraph, and (ii) shall equal the amount of each Base Rental attributable to that Equipment Component; provided, however, that the final installment shall be payable on or prior to the end of the Term of this Lease. In order to secure its obligations to pay the installments referred to above and to provide for the payment thereof, the Lessee, concurrently with the exercise of its option hereunder, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or investments of the type described in clause (a) of the definition of Qualified Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to above at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rental due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the Lessee shall be remitted to the Lessee.

On any Business Day as to which the Lessee shall properly have exercised its option to purchase any Equipment Component pursuant to this Section 4.8(b), and shall have paid the option price therefor, the Lessor and the Trustee shall execute and deliver to the Lessee a bill of sale or quitclaim deed and release (prepared by or on behalf of the Lessee or Lessor), as appropriate, conveying to the Lessee or its nominee the Lessor's and Trustee's right, title and interest in that Equipment Component. If the Lessee shall properly exercise the option provided in this Section 4.8(b) as to any Equipment Component prior to the expiration of the Term of this Lease, then the lease for that Component shall terminate and thereafter the Lessee shall be obligated to pay Base Rental only on the remaining Equipment Components.

(c) Effect of Exercise of Purchase Option.

(i) In Whole. In the event that the Lessee exercises its option to purchase all of the Equipment and in connection therewith performs all of its obligations and satisfies all of the requirements specified in Section 4.8(a) of this Lease and pays all Additional Rental required by Section 4.6 of this Lease, the Lessee's obligations under this Lease shall thereupon cease and terminate, including but not limited to the Lessee's obligations to continue to pay Base Rental under Section 4.3.

(ii) In Part. In the event the Lessee exercises its option to purchase any Equipment Component and in connection therewith performs all of its obligations and satisfies all of the requirements specified in Section 4.8(b) of this Lease with respect to such Equipment Component, the principal component of each Base Rental due on each Lease Payment Date after such date of purchase shall be reduced by an amount equal to the principal amount of Bonds payable on that Lease Payment Date which were defeased (as a result of such purchase) and the interest component of each Base Rental due on each Lease Payment Date after such date of purchase shall be reduced by an amount equal to the interest which would have been payable on that Lease Payment Date on the prepaid principal components (as a result of such purchase) had such amounts not been prepaid. If any such reductions in Base Rental shall occur, Exhibit A to this Lease shall be amended by the Lessee to reflect such reductions. The Lessee shall give notice of the exercise of the purchase of any Equipment Component to the Rating Agencies.

ARTICLE V

MAINTENANCE; TAXES AND INSURANCE

Section 5.1. Maintenance, Utilities, Taxes and Assessments.

(a) Maintenance. The Lessee shall, at its own expense, maintain the Equipment, or cause the same to be maintained, in good order, condition and repair and furnish all parts, mechanisms, devices and servicing required therefor so that the value and condition of the Equipment will at all times be maintained, ordinary wear and tear excepted. All such parts, mechanisms and devices shall immediately, without further act, become part of the Equipment, without cost to the Lessor. The Lessee shall provide or cause to be provided all maintenance service, security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Equipment. The Lessee shall cause all Equipment Components which constitute equipment to be operated in accordance with the manufacturer's or supplier's instructions or manuals, by duly qualified personnel only and in compliance with all laws and regulations applicable to such Equipment Components and with all insurance which the Lessee is required to maintain under this Lease. It is understood and agreed that in consideration of the payment by the Lessee of the Rental Payments provided for in this Lease, the Lessee is entitled to use and possession of the Equipment and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Equipment during the Term of this Lease. The Lessor shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of

any nature whatsoever to the Equipment. The Lessee expressly waives the right to make repairs or to perform maintenance of the Equipment at the expense of the Lessor and (to the extent applicable and to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the Civil Code of the State relating to repairs and maintenance. The Lessee shall keep the Equipment free and clear of all liens, charges and encumbrances, other than those existing on the Closing Date, and any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed on or materials furnished in connection with the Equipment which are not due and payable or the amount, validity or application of which is being contested in accordance with Section 5.5 of this Lease.

(b) Taxes, Other Governmental Charges and Utility Charges. The Lessor and the Lessee contemplate that the Equipment will be used for governmental or proprietary purposes of the Lessee and, therefore, that the Equipment will be exempt from all taxes which might otherwise be presently assessed and levied with respect to the Equipment, except for sales tax chargeable to the Lessor or the Lessee in connection with the acquisition of the Equipment. Nevertheless, the Lessee agrees to pay during the Term of this Lease, as the same respectively become due, all taxes, utility charges and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Equipment; provided, however, that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect; and provided, further, that the Lessee may contest in good faith the validity or application of any tax, utility charge or governmental charges in any reasonable manner which does not, in the opinion of Bond Counsel, adversely affect the right, title and interest of the Lessor in and to any portion of the Equipment or its rights or interests under this Lease or subject any portion of the Equipment to loss or forfeiture. Any such taxes or charges shall constitute Additional Rental under Section 4.6 of this Lease and shall be payable directly to the entity assessing such taxes or charges.

Section 5.2. Modification of the Equipment. The Lessee shall, at its own expense, have the right to make additions, modifications, and improvements to any Equipment Component if such improvements are necessary or beneficial for the use of such Equipment Component. Such additions, modifications and improvements (a) shall not in any way damage any Equipment Component or cause it to be used for purposes other than those authorized under the provisions of State and federal law, (b) shall not impair the tax-exempt status of the interest components of the Base Rental attributable to such Equipment Component, and (c) shall not cause the Equipment Component, upon completion of any additions, modifications and improvements made pursuant to this Section, to be of a value that is less than the value of the Equipment Component immediately prior to the making of such additions, modifications and improvements. All such additions, modifications and improvements shall thereafter comprise part of the Equipment Component and be subject to the provisions of this Lease.

Section 5.3. Insurance. The Lessee shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in this Section 5.3, all coverage on the Equipment required by this Section 5.3. *[County to update, as applicable.]*

Such insurance shall consist of:

(a) All Risk. A policy or policies of insurance against loss or damage to the Equipment known as “all risk,” including theft, earthquake and flood. Such insurance shall be maintained at all times in an amount not less than the greater of the full replacement value of the Equipment or the aggregate principal amount of Bonds at such time Outstanding. The “full replacement value” as used in this Lease with respect to any Equipment Component shall mean the cost to repair or replace that Equipment Component with an Equipment Component of like kind and quality, without deduction for depreciation, but shall in no event be less than the cost of said original Equipment Component as reflected in this Lease. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$1,000,000 from all losses in any year. If such policies are not available or if such policies are not obtainable with such deductibles from reputable insurers at a reasonable cost on the open market, the Lessee shall self-insure to the extent it cannot obtain such insurance policies.

(b) Comprehensive General Liability. Comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Equipment. Such insurance shall afford protection with a combined single limit of not less than \$100,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the Lessee’s risk management officer or an independent insurance consultant retained by the Lessee for that purpose; provided, however, that the Lessee’s obligations under this clause (b) may be satisfied by self-insurance.

(c) Rental Interruption. Rental interruption insurance to cover loss, total or partial, of the use of any part of the Equipment as a result of any of the hazards covered by the insurance required pursuant to clause (a) above, in an amount sufficient at all times to pay the Base Rental payable under this Lease for a period of not less than two years. The Lessee may not self-insure for rental interruption insurance.

(d) Workers’ Compensation. Workers’ compensation insurance issued by a responsible carrier authorized under the laws of the State or by qualified self-insurance programs, to insure against liability for compensation under the Workers’ Compensation Insurance and Safety Act in force in the State, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof.

Section 5.4. Other Insurance Provisions.

(a) Insured Parties. All policies or certificates of insurance provided for in this Lease shall name the Lessee as a named insured, and the Lessor and the Trustee as additional insureds. All policies or certificates of insurance maintained under Section 5.3(a) and (c) hereof shall name the Trustee as an additional insured, and the proceeds of such insurance shall be deposited with the Trustee for application pursuant to Section 6.2 hereof. All proceeds of insurance maintained under Section 5.3(b) hereof shall be deposited with the Lessee.

(b) Notice Prior to Cancellation. All policies or certificates issued by the respective insurers for the insurance shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Trustee.

(c) Compliance Certificate. The Lessee shall deliver to the Trustee on the Closing Date evidence of insurance or a certificate of a Lessee Representative stating that the insurance policies (or evidence of self-insurance, if applicable) required by this Lease; including but not limited to "all risk" insurance, comprehensive general liability insurance, rental interruption insurance and workers' compensation insurance, are in full force and effect and that the premiums for all such insurance policies have been paid when due.

(d) Protection of Trustee. The Trustee shall not be responsible for the sufficiency of any insurance required under this Lease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(e) Cooperation. The Lessor shall cooperate fully with the Lessee at the expense of the Lessee in filing any proof of loss with respect to any insurance policy maintained pursuant to this Section 5.4.

Section 5.5. Liens. Except as provided in this Article V, the Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgages, pledges, liens, charges, encumbrances or claims, as applicable, on or with respect to the Equipment, other than the respective rights of the Lessor and the Lessee as provided in this Lease. Except as expressly provided in this Article V, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time; provided, however, that the Lessee (a) may contest any such mortgage, pledge, lien, charge, encumbrance or claim without payment thereof so long as such non-payment and contest stays execution or enforcement of such mortgage, pledge, lien, charge, encumbrance or claim, but if such mortgage, pledge, lien, charge, encumbrance or claim is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the Lessee shall forthwith pay and discharge such judgment or such mortgage, pledge lien, charge, encumbrance or claim, or (b) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture. The Lessee shall reimburse the Lessor for any expense incurred by the Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.6. Use of the Equipment, Tax-Exempt Status. The Lessee represents and warrants that it has an immediate need for, and expects to make immediate use of, all of the Equipment Components, which need is not temporary or expected to diminish in the foreseeable future. The Lessee and the Lessor covenant to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and covenant to comply with the covenants contained in, and the instructions given pursuant to the Tax Certificate as such Tax Certificate may be amended from time to time. The Lessee further represents that it will take all steps necessary to facilitate compliance by the Lessor with its covenants under Section 7.06 of the Indenture.

Section 5.7. Laws and Ordinances. The Lessee agrees to observe and comply with all rules, regulations and laws applicable to the Lessee with respect to each Equipment Component and the operation thereof. The cost, if any, of such observance and compliance shall be borne by the Lessee, and the Lessor shall not be liable therefor. The Lessee agrees further to place, keep, use, maintain and operate the Equipment in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

ARTICLE VI

CONDEMNATION, DAMAGE AND DESTRUCTION; USE OF INSURANCE PROCEEDS

Section 6.1. Abatement of Rental Payments in Event of Loss of Use. A proportionate amount of Base Rental shall be abated during any period in which, by reason of condemnation, damage, destruction, theft or otherwise, there is substantial interference with the use and possession of any Equipment Component by the Lessee and the Base Rental due hereunder shall exceed the fair rental value of the Equipment. There shall be no abatement of Base Rental to the extent that moneys are (a) on deposit in the Base Rental Account, Interest Account or Principal Account of the Bond Fund and (b) otherwise legally available to the Lessee and transferred to the Trustee for the purpose of making Base Rental, and are available to pay the amount which would otherwise be abated. The amount of any abatement shall be such that the resulting Base Rental in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a) and (b) above, does not exceed the fair rental value for the use and possession of the Equipment Components not condemned, taken, damaged or destroyed. Such abatement shall commence on the date of condemnation, theft, damage or destruction and shall end with the substantial completion of the work of repair of the Equipment Component or the delivery of a replacement Equipment Component. Additional Rental shall not be abated so long as a significant portion of the Equipment Components remains available for the use and possession of the Lessee. Except as provided in this Lease, in the event of any such condemnation, theft, damage or destruction, this Lease shall continue in full force and effect and the Lessee waives any right to terminate this Lease by virtue of any such condemnation, theft, damage or destruction.

Section 6.2. Application of Insurance Proceeds. If the Lessee shall receive insurance proceeds as a result of any Equipment Component being condemned, stolen, damaged or destroyed and the fair rental value of the remaining Equipment exceeds the Base Rental due hereunder, such insurance proceeds may be retained by the Lessee without any obligation to repair or replace the condemned, stolen, damaged or destroyed Equipment Component. If the Lessee shall receive insurance proceeds as a result of any Equipment Component being condemned, stolen, damaged or destroyed and the fair rental value of the remaining Equipment is less than the Base Rental due hereunder, the Lessee shall either promptly repair or replace the condemned, stolen, damaged or destroyed Equipment Component so long as such repair or replacement can be completed within the period during which rental interruption insurance proceeds will be available if Base Rental is to be abated as a result of any such condemnation, theft, damage or destruction, or apply any insurance proceeds received as a result of such condemnation, theft, damage or destruction to the extraordinary redemption of the Bonds as provided in the Indenture so that the remaining Base Rental due hereunder shall be at least equal to the fair rental value of the remaining Equipment.

If the Lessee exercises its option to repair or replace any condemned, stolen, damaged or destroyed Equipment Component as set forth in the preceding paragraph, the Lessee shall deposit with the Trustee the amount of any insurance deductible with respect to such affected Equipment Component and such amount together with any insurance proceeds received as a result of such condemnation, theft, damage or destruction shall be applied to the repair or replacement of the affected Equipment Component in accordance with this Section 6.2 and Section 3.09 of the Indenture.

If the Lessee exercises its option to repair or replace any condemned, stolen, damaged or destroyed Equipment Component, the Lessee agrees to diligently and expeditiously pursue the repair or replacement of such condemned, stolen, damaged or destroyed Equipment Component. In connection with the repair or replacement of the affected Equipment Component, insurance proceeds (together with any insurance deductible required to be deposited with the Trustee) shall be made available to the Lessee from time to time upon receipt of a requisition signed by the Lessee Representative stating with respect to each payment to be made pursuant to such requisition (a) the requisition number, (b) the name and address of the person, firm or corporation to whom payment is due, (c) the amount to be paid, (d) that each obligation mentioned in the requisition has been properly incurred, is a proper charge against the Insurance Proceeds Fund, and (e) that such payment has not been the basis of any previous withdrawal. Each such requisition shall specify in reasonable detail the nature of the obligation and shall be accompanied by a bill or a statement of account for such obligation. Upon completion of such repair or replacement as evidenced by a certificate of a Lessee Representative delivered to the Trustee any remaining moneys in the Insurance Proceeds Fund shall be applied as set forth in Section 3.09 of the Indenture.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS

Section 7.1. Disclaimer of Warranties. NEITHER THE LESSOR NOR ITS ASSIGNEES (INCLUDING THE TRUSTEE) MAKES ANY EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER WITH RESPECT TO ANY EQUIPMENT COMPONENT TO THE LESSEE OR ANY OTHER CIRCUMSTANCE WHATSOEVER WITH RESPECT THERETO, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OR REPRESENTATION WITH RESPECT TO: THE MERCHANTABILITY OR THE FITNESS OR SUITABILITY THEREOF FOR ANY PURPOSE; THE DESIGN OR CONDITION THEREOF; THE SAFETY, WORKMANSHIP, QUALITY OR CAPACITY THEREOF; COMPLIANCE THEREOF WITH THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; ANY LATENT DEFECT; THE TITLE TO OR INTEREST OF THE LESSOR THEREOF BEYOND THAT TITLE OR INTEREST WHICH THE LESSEE OBTAINS FROM THE LESSOR PURSUANT HERETO; THE ABILITY THEREOF TO PERFORM ANY FUNCTION; THAT THE PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT (TOGETHER WITH OTHER AVAILABLE FUNDS OF THE LESSEE) TO PAY THE COSTS OF ACQUIRING, DELIVERING AND INSTALLING ANY EQUIPMENT COMPONENT; OR ANY OTHER CHARACTERISTIC OF ANY EQUIPMENT COMPONENT; IT BEING AGREED THAT ALL RISKS RELATING TO ANY EQUIPMENT COMPONENT OR THE TRANSACTIONS

CONTEMPLATED HEREBY OR BY THE INDENTURE ARE TO BE BORNE BY THE LESSEE, AND THE BENEFITS OF ANY AND ALL IMPLIED WARRANTIES AND REPRESENTATIONS OF THE LESSOR ARE WAIVED BY THE LESSEE. THE LESSEE ACKNOWLEDGES THAT THE LESSOR IS NOT A MANUFACTURER OF EQUIPMENT OR A DEALER THEREIN, AND THAT THE LESSEE IS LEASING THE EQUIPMENT COMPONENTS ON AN "AS IS" BASIS.

In no event shall the Lessor or the Trustee be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease, the Indenture or the Lessee's use and possession of the Equipment.

Notwithstanding anything to the contrary contained in this Lease, it is expressly understood and agreed that the Lessor shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Lessee (whether as agent for the Lessor or otherwise) for the acquisition, delivery or installation of the Equipment Components, except to the extent that such costs and expenses have been or shall be paid from the funds deposited in the General Account of the Acquisition Fund or the proceeds of the BANs.

Section 7.2. Lessee's Right to Enforce Warranties. The Lessor irrevocably appoints the Lessee its agent and attorney-in-fact during the Term of this Lease, which power of attorney is coupled with an interest, so long as the Lessee shall not be in default hereunder, to assert from time to time whatever claims and rights, including without limitation, warranty claims, claims for indemnification and claims for breach of any representations, respecting the Equipment Components which the Lessor may have against any vendor or contractor. The Lessee's sole remedy for the breach of any such warranty, indemnification or representation shall be against the vendor or contractor with respect thereto, and not against the Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of the Lessor with respect to this Lease, including the right to receive full and timely Rental Payments and all other payments due hereunder. The Lessee shall be entitled to retain any and all amounts recovered as a result of the assertion of any such claims and rights. The Lessor shall, upon the Lessee's request and at the Lessee's expense, do all things and take all such actions as the Lessee may request in connection with the assertion of any such claims and rights.

Section 7.3. Access to the Equipment. The Lessee agrees that the Lessor, any authorized representative of the Lessor and the Lessor's successors or assigns, shall have the right (but not the obligation) at all reasonable times to enter upon and to examine and inspect the Equipment and any other property necessary for the use of an Equipment Component. The Lessee further agrees that the Lessor, any such authorized representative, and the Lessor's successors or assigns shall have such rights of access to the Equipment as may be reasonably necessary to cause the proper maintenance of the Equipment in the event of failure by the Lessee to perform its obligations hereunder.

Section 7.4. Release and Indemnification Covenants. To the extent permitted by law, the Lessee shall and agrees to indemnify and save the Trustee and the Lessor harmless from and against all claims, losses or damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on any Equipment

Component by the Lessee, (b) any breach or default on the part of the Lessee in the performance of any of its obligations under this Lease, (c) any act or negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees with respect to any Equipment Component, (d) any act or negligence of any assignee or sublessee of the Lessee with respect to any Equipment Component, or (e) the acquisition of any Equipment Component or the authorization of payment of any Acquisition Costs by the Lessee. No indemnification is made under this Section 7.4 or elsewhere in this Lease for claims, losses or damages, including legal fees and expenses arising out of the willful misconduct, gross negligence, or willful breach of duty under this Lease by the Lessor, its officers, agents, employees, successors or assigns.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. Assignment by the Lessor. Except as provided in the Indenture, the Lessor will not assign this Lease, its right to receive Base Rental from the Lessee, or its duties and obligations hereunder to any other person, firm or corporation.

Section 8.2. Subleasing by the Lessee. The Lessee may sublease any Equipment Component, with the consent of the Lessor, subject to all of the following conditions:

(a) this Lease and the obligation of the Lessee to make Base Rental hereunder shall remain obligations of the Lessee;

(b) the Lessee shall, within sixty (60) days after the delivery thereof, furnish or cause to be furnished to the Lessor and the Trustee a true and complete copy of such sublease;

(c) no sublease by the Lessee shall cause the Equipment or any Equipment Component to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the laws of the State; and

(d) prior to entering into any sublease, the Lessee shall deliver to the Trustee an opinion of Bond Counsel to the effect that the interest component of the Base Rental due with respect to the Equipment Component subject to the sublease shall not be includable in gross income for federal income tax purposes as a result of such sublease.

Section 8.3. Amendment. The Lessee will not alter, modify or cancel or agree or consent to alter, modify or cancel this Lease except as permitted by Article VI of the Indenture.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be “events of default” under this Lease and the terms “events of default” and “defaults” shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Failure by the Lessee to pay any Base Rental required to be paid under this Lease when due on a Lease Payment Date.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Lease or otherwise with respect to this Lease or in the Indenture, other than as referred to in clause (a) of this Section 9.1, for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor, the Trustee, or the Bondowners of not less than a majority in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessor, the Trustee or such Owners, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under this Lease to any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

(d) The Lessor's failure to perform any of its obligations hereunder shall not be an event permitting the nonpayment of Base Rental by the Lessee or the termination of this Lease by the Lessee.

Section 9.2. Remedies on Default. The parties hereto agree that any remedies provided hereunder shall be exercised by the Trustee, as assignee of the Lessor's rights (subject to the Trustee's rights and protections under the Indenture). Upon the occurrence and continuance of any event of default the Trustee may proceed (and, upon written request of the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding and upon being indemnified to its satisfaction by the Bondowners, shall proceed) to exercise the remedies set forth in this Article IX.

Pursuant to California Civil Code Section 1951.4, notwithstanding that the Lessee has breached this Lease and abandoned the Equipment, this Lease shall continue in effect and the Lessor or the Trustee may enforce all of their rights and remedies under this Lease.

Without limiting any other remedies available to the Trustee under this Lease or at law, the Trustee shall have the right, at its option, without any further notice (a) to recover rent as it becomes due under this Lease, and (b) to exercise any other right or remedy which may be available to it under applicable law or to proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach of this Lease or to rescind this Lease. In addition, unless and until this Lease has been terminated pursuant to the terms of this Lease, the Lessee shall be liable for all unpaid rent and other amounts due under this Lease before or during the exercise of any of the foregoing remedies and for all legal fees, taxes, governmental charges

and other costs and expenses incurred by reason of the occurrence of any event of default or the exercise of the Trustee's remedies with respect thereto.

Neither the Lessor nor the Trustee shall exercise its remedies under this Lease so as to cause the portion of Base Rental designated as and comprising interest to be included in gross income for federal income tax purposes or to be subject to State personal income taxes. Notwithstanding any other provision of this Lease to the contrary, in no event shall the Lessor or the Trustee have the right to accelerate the payment of any Base Rental under this Lease.

Notwithstanding any provision of this Lease to the contrary, the Trustee does not have the right: (i) to demand that the Lessee return the Equipment; (ii) to enter upon the premises where the Equipment is located and take possession of or remove the same by summary proceedings or in any other manner; (iii) to terminate this Lease and sell the Equipment or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment; or (iv) to retake possession of the Equipment in any manner.

Section 9.3. No Remedy Exclusive. No remedy conferred in this Lease upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions of this Lease and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party contained in this Lease, the defaulting party agrees to the extent permitted by law that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

(a) No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(b) Application of the Proceeds from this Lease or Sublease of the Equipment. All amounts received by the Lessor under this Article IX shall be applied by the Trustee in accordance with the provisions of Section 8.07 of the Indenture.

(c) Trustee and Bondowners to Exercise Rights. Such rights and remedies as are given to the Lessor under this Article IX have been assigned by the Lessor to the Trustee under the Indenture, to which assignment the Lessee consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture. The Trustee is hereby designated a third party beneficiary hereunder for the purpose of enforcing any of the rights and remedies assigned to the Trustee hereunder.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices to be given under this Lease shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as such party may provide to the other party in writing from time to time. Notice shall be deemed to have been received upon the earlier of actual receipt or five business days after deposit in the United States mail, first class, postage prepaid, or in the case of personal delivery, upon delivery to the address set forth below:

If to the Lessee: County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 432
Los Angeles, California 90012
Attention: Assistant Treasurer and Tax Collector

If to the Lessor: Los Angeles County Capital Asset Leasing Corporation
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 432
Los Angeles, California 90012
Attention: Assistant Treasurer and Tax Collector

If to the Trustee: U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust Services

The Lessor, the Trustee and the Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.2. Binding Effect. This Lease shall inure to the benefit of all and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, such determination shall not invalidate or render unenforceable any other provisions hereof.

Section 10.4. Net-Net-Net Lease. This Lease shall be deemed and construed to be a “net-net-net lease” and the Lessee agrees that the Rental Payments shall be an absolute net return to the Lessor, free and clear of any expenses, charges or set-offs whatsoever, except as expressly provided in this Lease.

Section 10.5. Further Assurances and Corrective Instruments. The Lessor and the Lessee agree that they will, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may

reasonably be required for correcting any inadequate or incorrect description of the Equipment here leased or intended so to be for carrying out the expressed intention of this Lease.

Section 10.6. Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 10.8. Validity. If any one or more of the terms, provisions, promises, covenants or conditions of this Lease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Lease shall be held by a court of competent jurisdiction void, voidable, or unenforceable by the Lessee or the Lessor, or if for any reason it is held by such a court that any of the covenants and agreements of the Lessee hereunder, including the covenant to pay Base Rental and Additional Rental hereunder, is unenforceable for the full Term of this Lease, then and in such event for and in consideration of the right of the Lessee to possess and use the Equipment, which right in such event is hereby granted, this Lease shall thereupon become and shall be deemed to be a lease from year to year under which the annual Base Rental payments and Additional Rental payments herein specified will be paid by the Lessee for the remainder of the Term under this Lease.

Section 10.9. No Merger. If both the Lessee's and the Lessor's estate under this or any other lease relating to the Equipment or any portion thereof shall at any time or for any reason become vested in one owner, this Lease and the estate created hereby shall not be destroyed or terminated by the doctrine of merger unless the Lessee so elects as evidenced by recording a written declaration so stating, and unless and until the Lessee so elects, the Lessee shall continue to have and enjoy all of its rights and privileges as to the separate estates.

IN WITNESS WHEREOF, the Lessor has caused this Lease to be executed in its name by its duly authorized officers, and the Lessee has caused this Lease to be executed in its name by its duly authorized officers, both as of the date first above written.

COUNTY OF LOS ANGELES

[SEAL]

By: _____
Kathryn Barger
Chair, Board of Supervisors

Attest:

Edward Yen
Executive Officer-Clerk of the Board of Supervisors

By: _____
Deputy

Approved as to form:

Dawyn R. Harrison
County Counsel

By: _____
Senior Deputy County Counsel

**LOS ANGELES COUNTY CAPITAL ASSET
LEASING CORPORATION**

By: _____
Authorized Representative

Attest:

By: _____
Assistant Secretary

[Signature Page – Lease Agreement – Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program)]

EXHIBIT A

BASE RENTAL SCHEDULE

<u>Lease Payment Date⁽¹⁾</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Base Rental Payment</u>
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(1) Due before each of the following Interest Payment Dates.

EXHIBIT B

GENERAL DESCRIPTION OF EQUIPMENT COMPONENTS

Equipment, machinery, vehicles and other tangible personal property used by various departments of the County of Los Angeles, including the Department of Beaches and Harbors, the Internal Services Department and the Sheriff Department. Such property consists of many items and includes agriculture and landscape equipment, construction and heavy maintenance equipment, vehicles and transportation equipment, electronic equipment, telecommunications equipment, motor vehicles, medical equipment, and computer systems.

PRELIMINARY OFFICIAL STATEMENT DATED [_____] , 2025

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds, is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from State of California personal income. See “TAX MATTERS” herein.

NEW ISSUE - BOOK-ENTRY-ONLY**Ratings:**

Fitch: “[]”

Moody’s: “[]”

S&P: “[]”

(See “RATINGS” herein.)



\$[Par Amount]*
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)

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

The Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”), are being issued to finance the acquisition of certain equipment, machinery, vehicles and other tangible personal property to be leased to the County of Los Angeles, California (the “County”) pursuant to a Lease Agreement, dated as of [July] 1, 2025 (the “Lease”) by and between the County, as lessee, and the Los Angeles County Capital Asset Leasing Corporation, as lessor (the “Corporation”). Principal of and interest on the Bonds are payable from Base Rental payments to be made by the County pursuant to the Lease and from certain other sources, as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds will be issued in authorized denominations of \$5,000 and any integral multiple thereof. Interest on the Bonds will be payable semiannually each June 1 and December 1, commencing on December 1, 2025. The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS” herein and APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to extraordinary redemption prior to maturity, as described herein. See “THE BONDS—Redemption” herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE LEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL OR ADDITIONAL RENTAL UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA. UNDER CERTAIN CIRCUMSTANCES, BASE RENTAL MAY BE ABATED UNDER THE LEASE.

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED [____], 2025

Bids for the purchase of the Bonds will be received by the County, on behalf of the Corporation, at [8:45] a.m. Pacific Time on [Sale Date], as provided in the Notice Inviting Bids dated [____], 2025, unless postponed as set forth in the Notice Inviting Bids. See "SALE OF THE BONDS" herein.

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

The Bonds will be offered when, as and if issued subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation. Certain legal matters will be passed upon for the County and the Corporation by County Counsel. It is anticipated that the Bonds will be available for delivery to DTC on or about [July] __, 2025.

Dated: _____, 2025

MATURITY SCHEDULE

\$(Par Amount)*
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)

Maturity	Principal Amount	Interest Rate	Yield	CUSIP†
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* Preliminary, subject to change.

† Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Corporation and are included solely for the convenience of the registered owners of the Bonds. Neither the County nor the Corporation are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.



COUNTY OF LOS ANGELES

**LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)**

BOARD OF SUPERVISORS

Kathryn Barger
Fifth District, Chair

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Edward Yen
*Executive Officer-Clerk
Board of Supervisors*

COUNTY OFFICIALS

Fesia Davenport
Chief Executive Officer

Dawyn R. Harrison
County Counsel

Elizabeth Buenrostro Ginsberg
Treasurer and Tax Collector

Oscar Valdez
Auditor-Controller

Public Resources Advisory Group
Municipal Advisor

U.S. Bank Trust Company, National Association
Trustee

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. All estimates, projections, forecasts or matters of opinion are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future.

Certain of the information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation since the date hereof.

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

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

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[\$Par Amount]*
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a brief description of the entire Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to in this Official Statement do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings set forth in the Indenture and the Lease. See APPENDIX C—”SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions.”

General Description

This Official Statement, including the cover page and attached Appendices (the “Official Statement”), provides certain information concerning the issuance of the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”) in the aggregate principal amount of \$[Par Amount].* The Bonds will be issued pursuant to Chapter 10 (commencing with Section 5800) of Division 6 of Title 1 of the California Government Code and an Indenture of Trust, dated as of [July] 1, 2025 (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The proceeds of the Bonds will be used to (i) redeem certain bond anticipation notes of the County (the “BANs that financed the acquisition of certain equipment, machinery, vehicles, and other tangible personal property (as more fully described herein, the “Equipment”) and (ii) pay the costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Equipment will be leased pursuant to the Lease Agreement, dated as of [July] 1, 2025 (the “Lease”), by and between the Corporation and the County of Los Angeles (the “County”).

General Terms of the Bonds

The Bonds are dated and will mature on the dates and in the principal amounts and will bear interest at the respective rates per annum, all as set forth on the cover page of this Official Statement. Interest on the Bonds is payable on June 1 and December 1, commencing on December 1, 2025 (each, an “Interest Payment Date”). The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. The Bonds will be delivered in book-entry form only and when issued and authenticated, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. The Bonds are not subject to optional redemption prior to maturity, but are subject to extraordinary redemption as described herein. See “THE BONDS” herein.

Security and Sources of Payment for the Bonds

Under the Lease, in consideration for the use and possession of the Equipment, the County is required to make certain payments designated as Base Rental (“Base Rental”) in the amounts, at the times and in the manner set forth in the Lease. The County is also required to make certain payments designated

* Preliminary, subject to change.

as Additional Rental (“Additional Rental”) pursuant to the Lease. Pursuant to the Indenture, the Trustee will apply Base Rental payments received from the County to pay principal of and interest on the Bonds.

The County has covenanted in the Lease to pay the Base Rental due thereunder from any source of legally available funds, and to take such action as may be necessary to include all Base Rental and Additional Rental in its annual budget, and to make the necessary annual appropriations for all such Base Rental and Additional Rental (except to the extent such payments are abated as described herein). However, the County is not obligated to levy or pledge any form of taxation in order to pay such Base Rental and Additional Rental for the rental of the Equipment, nor has the County done so.

Payments under the Lease, except for certain moneys more particularly described in the Lease, will be abated in whole or in part during any period in which, by reason of damage, destruction or theft, there is substantial interference with the County’s right of use or possession of the Equipment or any portion thereof. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The County

The County is located in the southern coastal portion of the State of California (the “State”) and covers 4,083 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 41 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For additional economic and demographic information with respect to the County, see APPENDIX A—“COUNTY OF LOS ANGELES INFORMATION STATEMENT” and APPENDIX B—“COUNTY OF LOS ANGELES FINANCIAL STATEMENTS.”

Limited Liability

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE LEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL OR ADDITIONAL RENTAL UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA. UNDER CERTAIN CIRCUMSTANCES, BASE RENTAL MAY BE ABATED UNDER THE LEASE.

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate dated the date of issuance of the Bonds (the “Continuing Disclosure Certificate”), the County will covenant to provide certain financial information and operating data relating to the County by not later than April 1 of each year, commencing April 1, 2026, for the prior fiscal year, in the form of an annual report (the “Annual Report”), and, no later than ten (10) business days after their occurrence, notice of the occurrence of the certain listed events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Bonds. See “CONTINUING DISCLOSURE”

herein and APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

ESTIMATED SOURCES AND USES OF FUNDS

The Bond proceeds and other funds are expected to be applied approximately as set forth below:

SOURCES:

Principal Amount of Bonds	\$
Original Issue Premium	
County Contribution	
TOTAL SOURCES	\$ <u> </u>

USES:

Redemption of BANs	\$
Costs of Issuance Account ⁽¹⁾	
Underwriter’s Discount	
TOTAL USES	\$ <u> </u>

⁽¹⁾ Includes rating agency fees, certain legal fees, municipal advisory fees, trustee fees, electronic bid fees and printing costs.

THE BONDS

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

General Provisions

The Bonds will be dated, will mature on the dates in the respective principal amounts, and will bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed using a year of 360 days comprised of twelve 30-day months and is payable on each Interest Payment Date, commencing on December 1, 2025. The Bonds will be delivered in book-entry form only and when issued, authenticated and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive Bonds representing their ownership interests in the Bonds purchased. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

Redemption

No Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption prior to maturity in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from amounts deposited in the Redemption Account of the Bond Fund pursuant to the Indenture following an event of theft, damage or destruction of the Equipment or a portion thereof to the extent that Base Rental payments with respect to the remaining

Outstanding Bonds do not exceed the fair rental value for the use and possession of the portions of the Equipment not damaged or destroyed, as determined by the County.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be selected proportionately among maturities, and within a maturity, the Trustee shall select Bonds for redemption by lot. The portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption. When redemption is required pursuant to the Indenture, the Trustee shall give notice of the redemption of the Bonds to each owner of a Bond to be redeemed. The notice shall specify: (a) that the Bond or a designated portion thereof (in the case of redemption of a Bond in part but not in whole) is to be redeemed, identifying each such Bond by its Bond number unless all Outstanding Bonds or all Outstanding Bonds of the particular maturity or maturities are to be redeemed, in which case the notice need only indicate that all Outstanding Bonds, or all Outstanding Bonds of a particular maturity or maturities (specifying each such maturity) are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (g) the original date and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified redemption date, the redemption price, together with interest accrued to the redemption date, shall become due and payable and that, from and after such date, interest on the Bonds to be redeemed on the redemption date shall cease to accrue and be payable. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers set forth therein or on the Bonds. Such redemption notice may state that such redemption may be conditional upon the receipt by the Trustee of moneys sufficient to pay the principal of, and interest on such Bonds to be redeemed.

The Trustee shall give notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date to the owners of Bonds designated for redemption at their addresses appearing on the Bond Register as of the close of business on the day before such notice is given. Neither failure to receive any such notice nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of any Bond. Such redemption notice shall also be given at least 30 days before the redemption date, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, or (iii) overnight delivery service, to DTC and to one of the Information Services. Neither failure to give the notice described in the immediately preceding sentences nor any defect in the notices shall in any manner affect the redemption of any Bond.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Trustee shall execute and deliver to the owner thereof a new Bond or Bonds of authorized denominations equal in aggregate principal amount, maturity and interest rate to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment or provision of the payment of the amount required to be paid to such Bondowner, and the Lessor and the Trustee shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. Notice having been given as prescribed by the Indenture, and the money for the redemption (including the interest to the applicable date of redemption) having been set aside in the Redemption Account in the Bond Fund or otherwise segregated for such purpose, the Bonds or portions thereof to be redeemed shall become due and payable on the date of redemption.

If on the redemption date, money for the redemption of all Bonds to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor, and if notice of redemption thereof shall have been given as described in the Indenture, then, from and after the redemption date, no additional interest shall become due on the Bonds to be redeemed. All money held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Bondowners to be so redeemed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Base Rental and Additional Rental

The Lease requires the County to pay Base Rental for the use and possession of the Equipment and to pay, as Additional Rental, any taxes, assessments and insurance premiums with respect to the Equipment and to the extent not paid out of proceeds of the Bonds, the fees and expenses of the Trustee and any paying agent in connection with the authentication of the Bonds and the performance and enforcement of the Lease and the Indenture. The County has agreed to deposit the Base Rental payable under the Lease on each Lease Payment Date with the Trustee. “Lease Payment Date” under the Lease means a date before each Interest Payment Date. The County’s obligation to pay Base Rental under the Lease shall commence on the date of issuance of the Bonds. The County has covenanted in the Lease to pay Base Rental from any source of legally available funds, and to take such action as may be necessary to include all Base Rental and Additional Rental Payments for the Equipment in its annual budgets and to make the necessary annual appropriations therefor (except to the extent such payments are abated as permitted under the Lease). See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Abatement.”

Base Rental payments are scheduled to be paid as set forth below:

<u>Lease Payment Date⁽¹⁾</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Base Rental Payment</u>
	\$	\$	\$

⁽¹⁾ Due on or before each Interest Payment Date.

Pursuant to the Indenture, the Corporation has assigned to the Trustee, for the benefit of the Bondowners, all of its rights in and to the Lease, including the right to receive Base Rental payments and the right to enforce payment of Base Rental when due, but excluding the Corporation’s rights to the payment of its expenses, to indemnification and certain other rights set forth in the Indenture. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS— Indenture.”

The Bonds are special obligations of the Corporation payable solely from Base Rental payments received pursuant to the Lease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the County to pay Base Rental and Additional Rental under the Lease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental or Additional Rental under the Lease constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of the Constitution of the State of California. Under certain circumstances, Base Rental may be abated under the Lease.

Any component of the Equipment may be modified for the County's use after the execution and delivery of the Lease, provided that such modification is in compliance with the terms of the Lease, which requires, among other things, that any such modification will not cause the modified Equipment to have a value less than its value prior to the modification.

No Reserve Fund

There will not be a Reserve Fund established for the Bonds.

Substitution of Equipment Components

The County shall, at any time, have the right to substitute any item of personal property of comparable value to and a Useful Life not less than the remaining Useful Life of, the Equipment Component to be substituted, but only by providing the Trustee with (a) a written certificate (i) describing both the new Equipment Component and the Equipment Component for which it is to be substituted, and stating that such new Equipment Component is of comparable value and has a Useful Life not less than the Useful Life of the Equipment Component for which it is being substituted and (ii) stating that such substitution will not result in an abatement of Rental Payments, and (b) a new Equipment description for the Lease, which shall include the substitute Equipment Components and which shall supersede in its entirety the then existing description attached to Lease. As a result of any substitution of Equipment Components pursuant to the Lease, there shall be no reduction in the Base Rental due from the Lessee under the Lease and there shall be no reduction in the aggregate fair rental value of the Equipment as a result of such substitution. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Substitution of Equipment Components."

Abatement

A proportionate amount of Base Rental shall be abated during any period in which, by reason of damage, destruction, theft or otherwise, there is substantial interference with the use and possession of any component of the Equipment by the County. There shall be no abatement of Base Rental to the extent that moneys are (a) on deposit in the Base Rental Account, Interest Account or Principal Account of the Bond Fund and (b) otherwise legally available to the County and transferred to the Trustee for the purpose of making Base Rental, and are available to pay the amount which would otherwise be abated. The amount of any abatement shall be such that the resulting Base Rental in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a) and (b) above, does not exceed the fair rental value for the use and possession of the portions of the Equipment not damaged or destroyed. Such abatement shall commence on the date of theft, damage or destruction and shall end with the substantial completion of the work of repair of the Equipment or any affected portion of the Equipment, or the delivery of replacement Equipment or portions thereof. Additional Rental shall not be abated so long as a significant portion of the Equipment or portions thereof remains available for the use and possession of the County. Except as provided in the Lease, in the event of any such theft, damage or destruction, the Lease shall continue in full force and effect and the County waives any right to terminate the Lease by virtue of any such theft, damage or destruction. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Abatement" and "RISK FACTORS—Abatement."

Insurance

Pursuant to the Lease, the County has agreed to obtain certain types of insurance, including all-risk insurance which includes theft earthquake and flood insurance, from with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease. In addition, pursuant to the Lease, the County is required to maintain rental interruption insurance to cover

loss, total or partial, of the use of any part of the Equipment as a result of any of the hazards covered by the insurance required pursuant to the Lease in an amount sufficient at all times to pay the Base Rental payable under the Lease for a period of not less than two years. The County may not self-insure for rental interruption insurance. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Insurance.”

No Acceleration Upon an Event of Default

In the event of a default, there is no remedy of acceleration of the total Base Rental payments due over the term of the Lease and the Trustee is not empowered to sell the Equipment and use the proceeds of such sale to redeem the Bonds or pay debt service thereon or repossess the Equipment in any way. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Indenture—Events of Default and Remedies of Owners” and “RISK FACTORS—No Acceleration Upon an Event of Default; Limitations on Remedies.”

Investment of Funds and Accounts

County General Fund moneys are generally deposited into the County Treasury to the credit of the County and invested in accordance with County investment policies. Pursuant to the Indenture, moneys held by the Trustee in any fund or account under the Indenture shall be invested in Qualified Investments pending application as provided therein, which investment may include the County Treasury Pool. See APPENDIX A—“COUNTY OF LOS ANGELES INFORMATION STATEMENT—Los Angeles County Pooled Surplus Investments” and APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Description of the Equipment

The proceeds of the Bonds are to be used to refinance the acquisition of certain equipment, machinery, vehicles and other tangible personal property used by various departments of the County of Los Angeles, including the Department of Beaches and Harbors, the Internal Services Department and the Sheriff Department. Such property consists of many items and includes agriculture and landscape equipment, construction and heavy maintenance equipment, vehicles and transportation equipment, electronic equipment, telecommunications equipment, motor vehicles, medical equipment, and computer systems. The aggregate average useful life of such equipment will not be less than the weighted average maturity of the Bonds, and the individual useful life of such equipment ranges from three to five years.

THE CORPORATION

The Los Angeles County Capital Asset Leasing Corporation is a California nonprofit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California (constituting Title 1, Division 2, Part 2 of the California Corporations Code). The Corporation was formed in February 1983 to assist the County, among other things, in financing the purchase of necessary equipment.

The Corporation is a separate legal entity from the County. It is governed by a five-member Board of Directors (the “Board”) appointed by the Board of Supervisors of the County. The Board members receive no compensation. The Corporation has no employees. All staff work is performed by employees of the County.

RISK FACTORS

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

Not a Pledge of Taxes

The Bonds are special obligations of the Corporation payable solely from Base Rental payments received pursuant to the Lease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the County to pay Base Rental and Additional Rental under the Lease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental or Additional Rental under the Lease constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of the constitution of the State of California. Under certain circumstances, Base Rental may be abated under the Lease.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease to pay Base Rental from any source of legally available funds (subject to certain exceptions) and the County has covenanted in the Lease that, for as long as the Equipment is available for its use and possession, the County will take such action as may be necessary to include all Base Rental payments due under the Lease in any Fiscal Year during the term of the Lease in its annual budgets for the Fiscal Year and to make the necessary annual appropriations for all such Base Rental payments, except to the extent such payments are abated in accordance with the Lease. The County is currently liable on other obligations payable from general revenues, some of which may have priority over the Base Rental payments.

Additional Obligations of the County

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

The Base Rental payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Equipment, taxes and other governmental charges levied against the Equipment) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental payments, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay principal of and interest on the Bonds when due. The County's appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution.

No Acceleration Upon an Event of Default; Limitations on Remedies

In the event of a default, there is no remedy of acceleration of the total Base Rental payments due over the term of the Lease and the Trustee is not empowered to sell the Equipment and use the proceeds of

such sale to redeem the Bonds or pay debt service thereon or repossess the Equipment in any way. More specifically, the Trustee does not have the right: (i) to demand that the County return the Equipment; (ii) to enter upon the premises where the Equipment is located and take possession of or remove the same by summary proceedings or in any other manner; (iii) to terminate the Lease and sell the Equipment or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment; or (iv) to retake possession of the Equipment in any manner.

Under the terms of the Lease, the Trustee has the right to recover Base Rental payments as they become due under the Lease. The County will be liable only for Base Rental payments on an annual basis, and the Trustee would be required to seek a separate judgment each year for that year's defaulted Base Rental payments. Any such suit for money damages would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Base Rental payments were due and against funds needed to serve the public welfare and interest.

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

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Equipment. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. If the County's self-insurance reserves are inadequate or if the County receives insufficient commercial insurance proceeds to repair or replace any portion of the Equipment which is damaged or destroyed, the amount of Base Rental payable under the Lease could be abated. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Abatement" herein and "—Abatement" below.

Abatement

Except to the extent of amounts held in the Base Rental Account, Interest Account or Principal Account of the Bond Fund, amounts received from rental interruption insurance, and amounts which may otherwise be legally available to the County and transferred to the Trustee for the purpose of paying Base Rental payments under the Lease, Base Rental payments will be abated in whole or in part during any period in which, by reason of damage, destruction or theft, there is substantial interference with the County's right of use or possession of the Equipment or any portion thereof and the Base Rental due hereunder shall exceed the fair rental value of the Equipment. In the event of an abatement, the amount of rental abatement will be such that the resulting total Base Rental payments do not exceed the total fair rental value of the remaining portions of the Equipment not damaged, destroyed or taken. Abatement will continue for the

period commencing with the date of damage, destruction or theft and shall end with the substantial completion of the work of repair or the delivery of a replacement for the affected portion of the Equipment.

Such reduced or abated Base Rental, together with other moneys available to the Trustee, may not be sufficient, after expiration of rental interruption insurance with respect to the Equipment, if any, to pay principal of and interest on the Bonds in the amounts and at the rates set forth thereon. In such an event, all Bondowners would forfeit the right to receive a pro rata portion of interest attributable to abated Base Rental in any year of abatement and, to the extent Bonds matured during a period of abatement, such Bondowners would forfeit the right to receive a pro rata portion of principal attributable to such abated Base Rental. The failure to make such payments of principal and interest under such circumstances would not constitute a default under the Lease or the Indenture.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Lease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights.

The County and the Corporation are not subject to the involuntary procedures under the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County and the Corporation may seek voluntary protection from their respective creditors for purposes of adjusting their respective debts. In the event of such entities was to become a debtor under the Bankruptcy Code, the affected entity would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the affected entity, or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the affected entity, or otherwise enforcing the obligations of the affected entity, and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of the Bondowners; and (iv) the possibility of the adoption of a plan (a "Plan") for the adjustment of the affected entity's various obligations without the consent of the Trustee or all of the Bondowners, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Bondowners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interest of creditors. The provisions of the transaction documents that require the County to make payments directly to the Trustee rather than to the Corporation may no longer be enforceable, and all payments may be required to be made to the Corporation. In addition, in a bankruptcy of the Corporation, the assignment by the Corporation to the Trustee of the Lease could be characterized as a pledge rather than an absolute assignment. Such a characterization could result in delays or reductions in payments on the Bonds or other losses to the Bondowners.

In addition, if the Lease were determined to constitute a true lease by bankruptcy court (rather than a financing lease in connection with the extension of credit), the County or the Corporation, as the case may be, may be able to either reject the Lease, assume or assume and assign the Lease despite any provision of the Lease which makes the bankruptcy or insolvency of the affected entity an event of default thereunder. In the event the affected entity rejects the Lease, as applicable, the Trustee, on behalf of the Bondowners, would have a pre-petition unsecured claim that may be substantially limited in amount and this claim could be treated in a manner under a Plan over the objections of the Trustee or Bondowners. Moreover, such rejection may terminate the Lease and the obligations of the County to make payments under the Lease but

could result in the affected entity remaining in possession of the Equipment, notwithstanding its rejection of the Lease.

Public Health Emergencies

There can be no assurance that the spread of an epidemic or a pandemic, including a resurgence in COVID-19 cases, will not materially impact both local and national economies and, accordingly, have a materially adverse impact on the source of repayment for Base Rental under the Lease. No assurance can be given that the County would receive federal aid akin to the aid it received in 2020 and 2021 if another pandemic or similar public health emergency were to occur.

Seismic Events and Other Natural Disasters; Force Majeure; Climate Change

The County, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Known major faults running through the County include the Chatsworth, the Newport-Inglewood, the San Andreas, the Santa Monica, the Santa Susana, the Sierra Madre, and the Whittier faults. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the County could result in substantial damage within the County and affect the County's financial and economic condition.

The County is also at risk from other events of force majeure, such as wildfires, fires, explosions, damaging storms, floods, strikes, sabotage, and riots, among other events. If a natural disaster were to damage or destroy a substantial portion of taxable property within the County, the assessed valuation of the real property in the County could be reduced, which could result in a reduction of property tax revenues and other revenues in the County's General Fund that are used to pay Base Rental under the Lease. In addition, substantial financial and operational resources of the County could be required during a significant natural disaster or other event and thereafter to repair damage to County infrastructure which could also reduce amounts available in the County's General Fund. See "—Abatement" above.

[In January 2025, the County experienced multiple wildfires, including the Eaton Fire and the Palisades Fire. Then-existing drought conditions, low humidity, and hurricane-force Santa Ana winds contributed to the magnitude and extent of the fires. The fires destroyed more than 16,000 homes and structures and burned over 57,000 acres of land. Over 200,000 people were forced to evacuate. [The County continues to assess the overall impact of these fires to the County's financial and economic condition.]]

Climate change may also be a factor in the increased incidence of wildfires in the County. As greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raise sea levels along the coast.

The County cannot predict the timing, extent, or severity of climate change and its impact on the County's operations and finances, nor can the County predict what force majeure events may occur in the future. Over time, the costs of these events could be significant and could have a material adverse effect on the County's finances by requiring greater expenditures to respond to the effects of these natural disasters. Additional actions to address climate change may be necessary and the County can give no assurances regarding the impact of such actions on the County's operations and finances.

Financial Conditions in Local, State and National Economies

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

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 direction, privacy, security, and policies of the County that relate to personally identifiable and protected health information. The Office of Privacy works with other County offices and officials, including information security and law enforcement personnel and data experts, to protect confidential information from unauthorized disclosures and to comply with Federal and State privacy and information technology security regulations and best practices.

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

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

No Liability of Corporation to the Bondowners

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

[Other Risk Factors]

[Does the County have any material concerns with respect to its budget given State or federal actions/developments that are beyond routine (including any developments or changes arising from a change in the administration)? Does the County perceive any other material risks to add to this section?]

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds, is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Bonds, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Covenants

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix D hereto. Certain legal matters will be passed upon for the County and the Corporation by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and the County Counsel.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2024, 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 12, 2024.

RATINGS

Fitch, Inc. ("Fitch") has assigned the Bonds a rating of "[__]," Moody's Investors Service ("Moody's") has assigned the Bonds a rating of "[__]" and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") has assigned the Bonds a rating of "[__]." Such ratings reflect only the views of Fitch, Moody's and Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the Bonds. Explanation of the significance of such ratings may be obtained only from the respective rating agencies at: Fitch, Inc., One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that any of the ratings will be maintained for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. The County undertakes no responsibility to oppose any such revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of the ratings obtained or other actions by a rating agency relating to its rating may have an adverse effect on the market price of the Bonds.

LITIGATION

To the best knowledge of the County and the Corporation, no litigation is pending or threatened against the County or the Corporation concerning the validity of the Bonds. 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." 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 make Base Rental payments. Note 18 of "Notes to the Basic Financial Statements" included in appendix B set forth this liability as of June 30, 2024.

MUNICIPAL ADVISOR

Public Resources Advisory Group served as Municipal Advisor in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor have they undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County will covenant to provide certain financial information and operating data relating to the County by not later than April 1 of each year, commencing April 1, 2026, for the prior fiscal year, in the form of the Annual Report, and, no later than ten (10) business days after their occurrence, notice of the occurrence of the certain listed events set forth

in Rule 15c2-12 to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Bonds. See APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

SALE OF THE BONDS

The Bonds are scheduled to be sold at competitive bid on [____], 2025, as provided in the Notice Inviting Bids, dated [____], 2025 (the “Notice Inviting Bids”). The Notice Inviting Bids provides that the obligation to purchase the Bonds is subject to certain terms and conditions set forth in the Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser will represent to the County and the Corporation that the Bonds have been reoffered to the public at the prices or yields to be stated on the inside cover page hereof.

ADDITIONAL INFORMATION

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

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Bondowner may obtain a copy of any such report, as available, from the County at the address set forth below. Such reports are not incorporated by this reference.

This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County and the Board of Directors of the Corporation.

**COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 437
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

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 9.8 million in 2023, the County is the most populous of the 58 counties in California and the largest county in the nation, with a population greater than 40 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 Supervisors’ 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 2022, 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. Voters elected a new Supervisor for the Third District in the November 2022 election to replace the previous Supervisor who retired in December 2022 after serving two terms.

In the November 2022 election, County voters approved Measure A, which authorizes the Board of Supervisors, by a four-fifths vote, to remove the Sheriff from office for cause, which is defined to include: violation of laws related to the Sheriff’s duties; repeated neglect of the Sheriff’s duties; misuse of public funds or properties; willful falsification of documents; or obstruction of an investigation into the department’s conduct. In November 2022, voters also elected a new Sheriff to replace the previous Sheriff who served one term.

On July 30, 2024, the Board of Supervisors approved an ordinance and resolution authorizing a proposed amendment to the County Charter to reconstitute the County governance structure for placement on the November 5, 2024 ballot. The key provisions of the ballot measure include expanding the Board of Supervisors from five members to nine members following the 2030 redistricting process; establishing an office of the County Executive that would be elected directly by voters at the general election in 2028, and every four years thereafter, who would assume all executive and administrative powers and duties of the Board of Supervisors except for administrative oversight of the Clerk of the Board and the newly established position of County Legislative Analyst; and establishing an independent Ethics Commission by 2026 that would be charged with investigating allegations of misconduct by County officials and monitoring and enforcing laws in coordination with other agencies related to governmental ethics. If approved by a majority of voters, the ballot measure would result in a significant and historical change to the governance structure of the County.

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 countywide 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 countywide 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 13,242 inmates in 2023. This number includes 128 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 5.6 million registered voters and maintains approximately 5,544 voting precincts for countywide elections.

Culture and Recreation

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

The County manages over 183 parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 9 nature centers, 36 public swimming pools, over 200 miles of horse, biking and hiking trails, and 20 golf courses. The County also maintains four botanical centers, including the Los Angeles County Arboretum and Botanic Garden, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Gardens, which provide County residents with valuable environmental and educational resources.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

The County has a total of approximately 116,571 budgeted positions with 87.1% of the workforce represented by sixty-four (64) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union Local 721 ("SEIU"), which includes twenty-four (24) collective bargaining units that represent 57.1% of County employees; the Coalition of County Unions ("CCU"), which includes thirty-three (33) collective bargaining units representing 28.3% of County employees; and the Independent Unions (the "Independent Unions"), which encompass seven (7) 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-four (64) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU and the CCU. The Independent Unions generally receive benefits in line with those of non-represented employees.

All of the previous Memoranda of Understanding ("MOUs") with the various collective bargaining units covering wages, salaries and fringe benefits expired on dates ranging from December 31, 2020 to September 30, 2021. As the previous MOUs began to expire, the County successfully negotiated 0% Cost of Living Adjustments ("COLA") roll-over contract extensions with nearly all collective bargaining units. The 0% COLA extensions were of limited duration and designed to facilitate a new round of negotiations in early 2022.

The County previously had two MOUs with the CCU and the SEIU covering fringe benefits, which expired on June 30, 2021 and September 30, 2021, respectively. The County successfully reached agreement with the CCU and SEIU extending the fringe benefit contracts through March 31, 2022. The extended fringe benefit agreements resulted in the addition of a new "Juneteenth" County Holiday, a one-time \$1,000 payment in lieu of COLA, a \$500 COVID Appreciation Pay bonus with an additional "Hero Pay" bonus of up to \$650 for DHS employees, and a 2.5% increase in the healthcare benefit

allowance. The overall effect of these MOU extensions helped position the County to recover from the adverse financial impact of the COVID-19 pandemic without incurring additional labor-related expenditures for Fiscal Year 2021-22.

On March 31, 2020, the Board approved a hard hiring freeze that exempted critical health and safety positions as determined by the CEO. The Board also instructed the CEO to work with the Auditor-Controller to freeze non-essential purchases of services, equipment, travel and training. The Board of Supervisors also approved a temporary suspension of the County's matching contribution to the Deferred Compensation and Thrift Plan and the 401(k) Savings Plan for non-represented employees and certain represented employees covered by the Flex and MegaFlex benefit plans as of May 1, 2020. These measures were one of many strategies employed to manage the negative impact of the COVID-19 pandemic on the financial condition of the County.

As the local economy and financial outlook improved, the County rescinded the hard-hiring freeze in October 2021 for all departments except for the Sheriff's Department and a single budgetary unit within the Probation Department related to juvenile services. The County also rescinded the freeze on non-essential services, supplies and equipment purchases for all departments except for the Sheriff's Department. The suspension of the matching contributions to the Deferred Compensation and Thrift Plan and the 401(k) Savings Plan ended on June 30, 2021.

In December 2022, the Board of Supervisors approved agreements with the collective bargaining units in SEIU covering wages, salaries and fringe benefits. The agreements included salary increases of 5.5%, 3.25%, and 3.25% effective October 1, 2022, 2023 and 2024, respectively; and fringe benefit increases of 4.0%, 2.5%, and 2.0% effective January 1, 2023, 2024 and 2025, respectively. The foregoing, which establishes the COLA for all SEIU members, was used as the basis for negotiating the economic benefits for all remaining County unions. In addition, the County and bargaining units 311 (Registered Nurses) and 312 (Supervising Registered Nurses) of SEIU agreed to additional economic benefits that provide additional salary increases of 2.0% on October 1, 2023, 1.0% on October 1, 2024, and 0.25% on March 1, 2025. Based upon the above parameters, the County has closed negotiations with 23 of the 24 bargaining units represented by SEIU.

Negotiations with all 33 collective bargaining units participating in the CCU's fringe benefit agreement, and 6 of the 7 Independent Unions are complete, with settlement terms matching the 5.5%, 3.25% and 3.25% salary increases established with SEIU. Bargaining units 324 (Physicians and Veterinarians) and 325 (Mental Health Psychiatrists and Dental Professionals) ratified their successor MOUs in May 2024, and the MOUs were subsequently approved by the Board of Supervisors on June 25, 2024. One outstanding Independent Union remains which is newly formed and in the process of negotiating its first collective bargaining agreement. MOUs for most Independent Unions and a majority of the CCU units will expire September 30, 2025. A small number of public safety related bargaining units under the CCU will expire December 31, 2024 and January 31, 2025, respectively. The County and its collective bargaining units will commence negotiations for successor MOUs beginning in late summer of 2024.

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, 2023 was 190,327, consisting of 96,905 active members, 73,008 retired members and beneficiaries and 20,414 vested former members. Of the 96,905 active members, 84,295 are general members in General Plans A through G, and 12,610 are safety members in Safety Plans A through C.

Of the 73,008 retired members, 58,745 are general members in General Plans A through G, and 14,263 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, 2023, approximately 40% of the total active general members were enrolled in General Plan D, and 60% 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 of 2013 ("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 Retirement Law, 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. As of June 30, 2023, approximately 44% of the total active general members were enrolled in General Plan G, and 40% of all active safety members were enrolled in Safety Plan C. Based on the June 30, 2023 Actuarial Valuation (the "2023 Actuarial Valuation"), the total employer contribution rate for Fiscal Year 2024-25 for new employees hired on and after January 1, 2013 is 24.15% for General Plan G and 29.84% for Public Safety Plan C. The new employer contribution rates are lower than comparative rates of 24.23% for General Plan D participants and 33.23% 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 January 2023, Milliman released the 2022 Investigation of Experience for Retirement Benefit Assumptions (the "2022 Investigation of Experience"). The 2022 Investigation of Experience provided the basis for Milliman's recommended actuarial assumptions for the June 30, 2022 Actuarial Valuation (the "2022 Actuarial Valuation") and the 2023 Actuarial Valuation. The key economic assumptions proposed by Milliman

remain unchanged from the 2019 Investigation of Experience, which include maintaining the assumed investment rate of return at 7.00%, no changes in the assumed rates for wage growth, payroll growth and price inflation (currently at 3.25%, 3.25% and 2.75%, respectively), and no changes to the base mortality tables. However, Milliman recommended an update to the most recent mortality improvement scale (MP-2021) published by the Society of Actuaries, which will result in higher mortality rate assumptions (shorter life expectancy) for most retired members.

The key changes to other actuarial assumptions and methods recommended by Milliman include updating the rates of assumed merit salary increases; updating the assumed rates of service retirement to reflect a member's length of service in addition to their age; a modification to the actuarial asset smoothing method, which is expected to result in more stable employer contribution rates in future actuarial valuations; and designating the Supplemental Targeted Adjustment for Retirees Program Reserve (the "STAR Program Reserve") as a non-valuation asset.

For the 2022 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 0.1%, 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 \$3.802 billion or 5.9% from \$64.909 billion to \$68.712 billion as of June 30, 2022. The 2022 Actuarial Valuation reported that the AAL increased by \$4.422 billion to \$86.320 billion, and the UAAL increased by \$620 million to \$17.609 billion from June 30, 2021 to June 30, 2022. As a result, the Funded Ratio as of June 30, 2022 increased to 79.6% from the prior year Funded Ratio of 79.3%.

The 2022 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2023. The County's required contribution rate will increase from 24.46% to 25.84% of covered payroll in Fiscal Year 2023-24. The components of the 1.38% increase in the employer contribution rate include a 1.88% cost decrease from the actuarial recognition of prior year investment gains, a 1.08% cost increase from the recognition of current year investment losses, and a 2.18% cost increase from actuarial assumptions and methodology changes implemented based on the 2022 Investigation of Experience.

The 2022 Actuarial Valuation does not include \$261 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 79.9% as of June 30, 2022, and the required County contribution rate would be 25.63% for Fiscal Year 2023-24.

For the 2023 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 6.4%, 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 \$3.703 billion or 5.4% from \$68.712 billion to \$72.415 billion as of June 30, 2023. The 2023 Actuarial Valuation reported that the AAL increased by \$4.331 billion to \$90.651 billion, and the UAAL increased by \$628 million to \$18.236 billion from June 30, 2022 to June 30, 2023. As a result, the Funded Ratio as of June 30, 2023 increased to 79.9% from the prior year Funded Ratio of 79.6%.

The 2023 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2024. The County's required contribution rate will increase from 25.84% to 25.88% of covered payroll in Fiscal Year 2024-25. The components of the 0.04% net increase in the employer contribution rate include

a 0.55% cost decrease from the actuarial recognition of investment gains, a greater than assumed payroll increase and various other factors, which were offset by a 0.59% cost increase from greater than assumed salary increases.

The 2023 Actuarial Valuation does not include \$86.887 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 80.0% as of June 30, 2023, and the required County contribution rate would be 25.82% for Fiscal Year 2024-25.

For the nine months ended March 31, 2024, LACERA reported a net gain on Retirement Fund assets of 7.4%, 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 2020-21, 2021-22 and 2022-23, the County's total contributions to the Retirement Fund were \$1.971 billion, \$2.150 billion and \$2.243 billion, respectively. In Fiscal Year 2023-24, the County's retirement contribution payments to LACERA are estimated to be \$2.440 billion, which would represent an 8.8% or \$197.375 million increase from Fiscal Year 2022-23. For Fiscal Year 2024-25, the County is projecting retirement contribution payments to LACERA of \$2.651 billion.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2025 is presented in Table 3 ("County Pension and OPEB Payments") at the end of this Information Statement section.

STAR Program

The 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, 2022, \$614 million is available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve is included in the Retirement Fund's valuation assets. However, there was no corresponding liability for any STAR Program benefits in the annual Actuarial Valuations that may be granted in the future. Based on the 2022 Investigation of Experience, Milliman recommended excluding the STAR Program Reserve from valuation assets commencing with the 2022 Actuarial Valuation. As of June 30, 2023, the balance of the STAR Program Reserve was \$611.5 million.

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, replaced 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 did 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 included additional reporting requirements, which 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, 2023 the County reported a Net Pension Liability of \$13.161 billion, which represents a \$6.131 billion increase from the \$7.030 billion Net Pension Liability reported as of June 30, 2022. The June 30, 2023 Net Pension Liability was calculated based on the 2022 Actuarial Valuation.

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 began 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 actuarial determined contribution ("ADC") 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 accordance with the OPEB Pre-funding Plan, the County contributed \$309.4 million, \$372.2 million and \$441.5 million to the OPEB Trust in Fiscal Years 2020-21, 2021-22 and 2022-23, respectively. For Fiscal Years 2023-24 and 2024-25, the County is projecting contributions to the OPEB Trust in the amounts of \$503.4 million and \$570.3 million, respectively. Based on current actuarial assumptions for the OPEB Pre-funding Plan, the OPEB ADC will be fully funded by Fiscal Year 2027-28.

As of May 31, 2024, the balance of the OPEB Trust was \$3.795 billion. For the eleven months ended May 31, LACERA reported a net gain on OPEB Trust Fund assets of 9.7%.

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 used to calculate 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, 2023, the County reported a Net OPEB Liability of \$23.451 billion, which represented a \$2.073 billion or 8.1% decrease from the \$25.524 billion OPEB liability reported as of June 30, 2022. The June 30, 2023 Net OPEB Liability was calculated based on the July 1, 2021 OPEB Actuarial Valuation. 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 2020-21, 2021-22 and 2022-23, the total pay as you go payments from the County to LACERA for retiree health care benefits were \$668.6 million, \$692.6 million and \$713.0 million, respectively. In Fiscal Year 2023-24, pay as you go contributions to LACERA for OPEB are estimated to be \$760.0 million, which would represent a 6.6% or \$46.9 million increase from Fiscal Year 2022-23. For Fiscal Year 2024-25, the County is projecting pay as you go payments to LACERA of \$838.6 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 Annual Comprehensive Financial Report. In Fiscal Years 2020-21, 2021-22 and 2022-23, the County made total DBP payments of \$38.7 million, \$39.9 million and \$40.6, respectively. In Fiscal Year 2023-24, the County is estimating total DBP payments in the amount of \$41.7 million. For Fiscal Year 2024-25, the County is projecting total DBP payments of \$46.9 million. As of June 30, 2023, the County's total net OPEB liability of \$24.741 billion included \$23.451 billion for retiree healthcare and \$1.289 billion for long-term disability benefits. The OPEB liability for long-term disability benefits was determined based on an actuarial valuation as of July 1, 2021.

LITIGATION

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.

AB 218 Cases

The Child Victims Act (AB 218), which became effective January 1, 2020, extended the statute of limitations for commencing an action for recovery of damages suffered as a result of childhood sexual assault to 22 years from the date the plaintiff attains the age of majority (i.e., until age 40) or within five years of the date the plaintiff discovers or reasonably should have discovered that the psychological injury or illness occurring after the age of majority was caused by sexual assault, whichever is later. AB 218 also revived a three year-window to file certain claims that were previously barred and excluded certain claims from the Government Claims Act's procedural requirements. As of July 19, 2024, the County has been served with approximately 2,342 lawsuits related to childhood sexual assault involving approximately 5,527 plaintiffs (whose age ranges from 22 to 70 years old). The majority of the plaintiffs allege they were sexually assaulted while in Department of Children and Family Services (DCFS) and/or Probation Department (Probation) placements from 1959 to 2019. The alleged perpetrators include foster parents, family members of foster parents, County employees, staff, or residents from group home facilities, including MacLaren Children's Center, which was a temporary housing facility that closed in 2003, and various probation camps and halls. The County believes that all claims revived by AB 218's three-year revival window have been filed but all claims may not have been served on the County. Most of the

pending lawsuits are in the early stages of litigation and the County cannot predict the extent of its liability in such cases, especially due to the volume of cases, the length of time since the alleged conduct may have occurred, the availability of records, whether the claimants will prevail, and if so, how final court decisions or settlement agreements with respect to such lawsuits may affect the financial status, policies or operations of the County. Nonetheless, based on existing cases that have been served, the County preliminarily estimates that liability and settlement costs relating to AB 218 could exceed \$3 billion. The County does not have insurance coverage that would cover losses stemming from AB 218 claims. The County expects it may pay for resulting liabilities from these claims through existing budget resources and is considering various options for payment of potential AB 218-related costs. Further, the County may determine to finance or refinance certain liabilities arising from AB 218 claims, which may include a phased funding process involving a combination of interim funding vehicles and long-term financing structured to complement existing debt and cash on hand. As indicated above, under AB 218, individuals who were over 26 and under 40 as of December 31, 2022, or who are within five years of discovering the psychological injury or illness occurring after the age of majority, may still timely file a lawsuit until they turn 40. The County is unable to estimate the potential liability associated with this group of potential claimants.

Additionally, Assembly Bill 452 was enacted in October 2023, and removed all time limits to file lawsuits for childhood sexual assault for conduct occurring on or after January 1, 2024. The State Assembly is considering Assembly Bill 2693, which as currently drafted, proposes to revive time barred claims for damages suffered because of childhood sexual assault by an employee of a county owned and operated juvenile probation camp or detention facility and would allow such lawsuits to be filed by December 31, 2025, regardless of when the alleged abuse occurred. The County cannot predict how many additional claims could arise against the County as a result of AB 218, Assembly Bill 452 or other enacted legislation, or whether, when, or the extent to which any liability could be imposed against the County in any particular year with respect to any such claims.

Child abuse reporting laws have evolved significantly over the past several decades. The Child Abuse and Neglect Reporting Act was enacted in California in 1980 to provide definitions and procedures for mandated reporting of child abuse. The County's policies have continued to evolve since then consistent with laws and best practices. DCFS currently maintains policies including mandatory training regarding child abuse and neglect reporting, and sexual harassment, as well as protocols and procedures for reporting and investigating allegations of employee misconduct. Probation has issued directives consistent with the Prison Rape Elimination Act, a federal law enacted in 2003 to address sexual abuse in detention facilities, as well as changes to California law. County departments including DCFS and Probation offer employees a variety of online and in-person training courses and other relevant resources, and regularly review their policies, procedures, and protocols. The County offers training and resources to all County employees to ensure consistent awareness of standards for reporting child abuse and neglect, such as mandated training on commercial sexual exploitation of children. Additionally, all County employees are subject to fingerprint-based background checks prior to employment. The County continues to explore and evolve its training and education practices to minimize child abuse.

Labor and Employment Cases

In March 2019, the Service Employees International Union, Local 721 filed a lawsuit seeking to enforce an October 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. Legal arguments have been submitted and, after a mutual agreement to continue the prior hearing date of December 5, 2023, the court will hear plaintiffs' motion to confirm the arbitration award on August 14, 2024. Based on preliminary estimates, the County may face a potential liability of \$15 million.

In March 2024, a class action lawsuit was filed (*Raul Gutierrez v. Los Angeles County Probation Department*) on behalf of disabled deputy probation officers alleging that they have been intentionally denied reasonable accommodation for their injuries and work restrictions in violation of the California Fair Employment and Housing Act when they were ordered to work in the Probation Department's juvenile detention facilities to address staffing shortages. The case is in the early stages and the County is unable to determine the potential liability at this time.

On May 15, 2024, former County Sheriff Alex Villanueva filed a tort claim with the Board of Supervisors indicating his intent to sue the County for \$25 million for putting a "do not rehire" notation in his personnel file after a County oversight panel found he had violated several policies against discrimination and harassment while he was in office from 2018 to 2022. Villanueva alleges that his career was "dealt a lethal blow" when County authorities allegedly held secret, closed session meetings in the fall of 2023 without notice or due process. On June 13, 2024, Villanueva filed a lawsuit in district court claiming violation of his due process and First Amendment rights. The County has not yet had a chance to fully evaluate this lawsuit.

Public Safety Cases

In September 2019, a lawsuit was filed (*Art 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" subgroup. The claims include California Fair Employment and Housing Act ("FEHA") retaliation, harassment, and hostile work environment; Labor Code retaliation; assault and battery; intentional infliction of emotional distress; and negligent hiring, training, supervision, and retention. Individual 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." The plaintiffs brought in the American Civil Liberties Union Foundation of Southern California ("ACLU") in March 2021. The ACLU has one claim and seeks only injunctive relief. On May 3, 2023, the court granted in part and denied in part the County's motion for summary judgment. Although the potential liability is unknown at this time, the plaintiffs' settlement demand at the last mediation session in September 2022 was approximately \$40 million. The matter is currently set for trial in July 2024. Other lawsuits have been filed based on similar allegations of misconduct related to deputy subgroup activity. Several of these cases have gone to trial and reached judgment or tentative settlement in amounts ranging from \$250,000 to \$400,000. The potential liability for the remaining cases 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 protests against police violence that took place in 2020. Plaintiffs

allege civil rights violations based on excessive force/false arrest and improper use of "less-lethal force" by Sheriff's Department deputies. Plaintiffs initially sought injunctive relief prohibiting use of "less-lethal" force on protestors as well as damages. On July 30, 2021, the plaintiffs filed a second amended complaint seeking a permanent injunction against the Sheriff's Department as well as damages. On April 3, 2024, the court granted the plaintiffs' motion for class certification and issued an order certifying three classes: (1) injunctive relief, (2) arrest, and (3) direct force. The court also ordered the parties to meet and confer regarding a plan for the provision of class notice to class members. On April 17, 2024, the County filed a petition with the Ninth Circuit Court of Appeals for permission to appeal the order granting certification of plaintiffs' classes on the grounds that the certification order illustrates the unsettled and fundamental issue of law relating to mass protest-damages class actions, and similar issues are on appeal to the Ninth Circuit and under submission in another lawsuit (*Black Lives Matter Los Angeles, et al. v. City of Los Angeles*) that involves a similar certification order relating to 2020 mass protests in the City of Los Angeles. The resolution of those legal issues in the *Black Lives Matter Los Angeles* lawsuit will likewise impact this case. On June 21, 2024, the Ninth Circuit granted the petition for permission to appeal and the County's appeal opening brief is due September 16, 2024. In light of the appeal, the proceedings have been stayed until November 15, 2024.

In February 2022, a potential Federal class action lawsuit was filed (*Agustin Herrera v. County of Los Angeles, et al.*) alleging unsafe and uninhabitable conditions for the youth housed at the County's juvenile hall facilities. The proposed class included all current and former youth detainees born on or after February 15, 2002. The plaintiff amended his complaint to allege the same conditions for youth housed at the County's juvenile camp facilities. The plaintiff contended the class allegations extend back to approximately 2014. If the class was certified, the County estimated it would consist of approximately 7,000+ members. However, before any class was certified, this matter was settled through mediation in March 2024 for \$30 million, subject to Board of Supervisors' approval. The County projects initial payments to be made in Fiscal Year 2024-25.

On April 3, 2024, the City of Lancaster filed a putative class action lawsuit (*City of Lancaster v. Los Angeles County Sheriff's Department, et al.*) against the County on behalf of all 42 contract cities ("Contract Cities") that contract with the Sheriff's Department for general law enforcement services. The lawsuit alleges that the County has made an illegal profit of more than \$10 million by overcharging the Contract Cities in violation of California Government Code section 51350, which permits the County to charge a city only those costs that are actually incurred in providing contracted services. The lawsuit alleges that due to staffing issues, the Sheriff's Department has not been able to assign as many deputies to the City of Lancaster as the city has paid for, and instead has utilized existing deputies working overtime to make up for it. The plaintiff claims that the County profits by charging the Contract Cities the full cost of services even though the County incurs less costs by utilizing existing personnel working overtime rather than filling the vacant deputy sheriff positions. An initial status conference is scheduled for July 26, 2024.

On October 13, 2022, a lawsuit was filed (*Alexander Torres v. County of Los Angeles*) alleging that Sheriff's Department detectives failed to disclose exculpatory and impeachment evidence resulting in the plaintiff's wrongful conviction for homicide and being incarcerated for over 20 years. The plaintiff's conviction was set aside in October 2021 due to evidence of a third party's culpability for the crime, and the

plaintiff was subsequently found to be factually innocent in April 2022. Plaintiff seeks damages for alleged violations of his civil rights, intentional infliction of emotional distress, and for malicious prosecution. The case is in the discovery phase and has been referred to private mediation. Plaintiff's last demand for settlement was \$27 million. The matter is currently set for trial on September 24, 2024.

On March 1, 2024, Juan Marshall Rayford and Dupree Antoine Glass filed a lawsuit (*Juan Rayford, et al. v. County of Los Angeles, et al.*) alleging that Sheriff's Department detectives falsified evidence and failed to disclose exculpatory and impeachment evidence resulting in their wrongful conviction and 17-year incarceration. On June 16, 2020, the Court of Appeal granted plaintiffs' writ of habeas corpus and vacated their conviction of 11 counts of attempted murder. The plaintiffs were found factually innocent in April 2023. The plaintiffs seek damages for alleged violations of their civil rights, negligence, and for malicious prosecution. The case is in the very early stages and discovery has not yet commenced. Given these uncertainties, the potential liability for the County is unknown at this time.

Social Services Cases

In July 2020, *Evangelina Hernandez et. al. v. County of Los Angeles, et al.* 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) have sued two named defendants and allege that DCFS failed to follow court orders, adequately investigate alleged abuse, and take the child into protective custody. The County participated in early mediation efforts in January 2021 but did not reach a resolution. In January 2022, the court sustained the non-County defendant's demurrer without leave to amend, thereby dismissing that defendant; however, the plaintiffs successfully appealed the ruling. The case is currently set for trial in February 2025. The County anticipates plaintiffs will seek \$40-50 million in damages, however the County expects its apportionment of liability, if any, to be less.

In December 2022, *A.F., a minor, et al. v. Gabriela Casarez et al.* was filed, arising out of the child-abuse related near fatality of a four-year-old boy in October 2021 while in foster care. The plaintiffs (the child, his siblings, and both parents) have sued the child's former foster parents, the County, and four DCFS social workers, alleging that the four-year-old suffered repeated physical and emotional abuse at the hands of his foster mother during the five months he and his younger brother were placed in the home. Plaintiffs allege that this abuse ultimately resulted in the child suffering a seizure due to severe head trauma that required life-saving surgery and caused permanent injury. Plaintiffs allege, *inter alia*, that DCFS failed to vet and train the foster parents adequately, and that DCFS social workers failed to follow up appropriately on prior reports of suspicious injuries to the child. This incident attracted significant media attention, and in January 2022 the Office of Child Protection issued the first of two reports noting deficiencies in DCFS's handling of the case. The County defendants have filed a demurrer, which is set for hearing in late October 2024. No trial date has been set. The case is in the early stages of discovery, settlement discussions have not yet occurred, and potential liability is unknown at this time.

In July 2023, a wrongful death lawsuit (*Sogui Godinez v. County of Los Angeles, et al.*) was filed arising out of the child-abuse related death of a five-year old child. The plaintiff is the child's mother, who alleges negligence and negligent hiring, supervision, and/or retention of employees against the County

and one DCFS social worker, claiming that the child died at the hands of his father due to the County's failure to abide by its mandatory duty to appropriately investigate reports made by the Plaintiff to the DCFS Child Protection Hotline. The child's death attracted media attention from various news outlets. Trial is currently set for January 2025 and discovery is in the early phases. The potential liability is unknown at this time.

In June 2024, a notice of claims was filed with the County indicating intent to file a wrongful death lawsuit against DCFS for damages of \$65 million, arising out of the death of one-year old Justin Bulley from an accidental fentanyl overdose on February 18, 2024. The toddler had been in the custody of DCFS but was on an approved visit with his mother. The claim was filed on behalf of the child's father and two of the child's siblings. The County has not yet had a chance to fully evaluate this claim.

Other Cases

A lawsuit was filed in March 2020 by LA Alliance for Human Rights ("LA Alliance") 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 crisis in Los Angeles. Initially, the parties agreed to stay formal litigation in an effort to negotiate a settlement. In June 2020, the court approved an agreement between the City and the County to fund housing/shelter and services for a segment of the homeless population in the City. The City agreed to provide 6,700 beds within 18 months to house or shelter people experiencing homelessness within 500 feet of freeway overpasses, underpasses and ramps. To assist in funding services for 6,000 new beds, the County agreed to pay the City \$53 million for Fiscal Year 2020-21 and up to \$60 million per year for the following four years, for a total cost of \$293 million. To date, the County has paid the City \$293 million, and no additional payments are due. The County agreed to pay the City a one-time bonus of \$8 million if the City provided 5,300 new beds by April 16, 2021. However, an audit conducted by the Auditor-Controller's Office concluded the City did not meet the bonus threshold by that date.

In April 2021, the district court issued a preliminary injunction ordering the City and County to house all people experiencing homelessness in Skid Row within 180 days and to provide funding for additional supportive services and operations countywide. The City, County, and intervenors filed appeals and in September 2021, the Ninth Circuit vacated the district court's preliminary injunction and remanded the case. In November 2021, the plaintiffs filed an amended complaint and the County and City filed motions to dismiss. While the ruling on the motions was pending, the City and the plaintiffs reached a settlement. In July 2022, the plaintiffs filed a second amended complaint against the County only. In September 2022, the County reached an agreement with the plaintiffs to resolve the lawsuit and the parties notified the court of the settlement and requested a dismissal. At the settlement hearing in January 2023, the parties indicated their interest in reviewing and potentially increasing resources for people experiencing homelessness as part of the settlement. In April 2023, the parties filed an addendum to the settlement pursuant to which the County would commit up to an estimated \$850.5 million in additional resources over five years through Fiscal Year 2026-27. On April 20, 2023, the court denied the parties' request to dismiss the lawsuit and placed the matter back on the litigation track with a trial date of November 6, 2023. On September 25, 2023, the parties filed a second addendum to the County settlement agreement with the court, which increased the number of mental health and substance use disorder beds in the

settlement and added a provision that the parties agreed to the court's recommendation of a monitor and increased the prior attorneys' fees and costs from \$2 million to \$2.4 million. On September 28, 2023, the court approved the settlement with two additional terms – all future provider bills and invoices are to be public documents and the County's monitor must work under the court's Special Master for the first year with their compensation being equal. On September 29, 2023, the court issued an order dismissing the plaintiffs' claims against the County. The settlement agreement became effective September 29, 2023, and terminates on June 30, 2027. In addition, on September 19, 2023, the court granted the County's motion for an order to show cause regarding the dismissal of the claims filed by one plaintiff. The plaintiff did not respond to the court's order, and his time to do so has ended.

In August 2021, a lawsuit was filed (*GHP Management Corp., et al. v. County of Los Angeles, et al.*) by eleven lessors/landlords of residential rental housing against the County and the State of California, alleging that the defendants' eviction moratoria, including the County's eviction moratorium, are an unlawful regulatory and per se taking of property, claiming violations of the Fifth Amendment of the United States Constitution under 42 U.S.C. § 1983. The plaintiffs seek monetary compensation for the allegedly unlawful taking. In April 2022, the court overruled the defendants' demurrers, and after denial of an interlocutory appeal, discovery in the matter is proceeding. A similar ruling was made by the same court in the related case of *Casa Greene, Inc. v. State of California, et al.*, in which the County is also a party. The plaintiffs' complaint alleges rent losses in excess of \$11 million and asserts they are entitled to compensation exceeding \$50 million. However, the County expects its apportionment of liability, if any, to be substantially less.

In October 2021, the first of what is now over 60 related mass tort actions, involving more than 21,000 plaintiffs, was filed against numerous public and private defendants, including the County of Los Angeles and the Los Angeles County Flood Control District ("Flood Control District"). These lawsuits are collectively known as *Monique Alvarez, et al. v. Prologic, Inc., et al.* These lawsuits arose from a three-day fire in the City of Carson ("Carson") in late September 2021 at an industrial warehouse, which stored large amounts of "hand sanitizer" containing toxic chemicals. The water and fire retardant used to put out the fire washed the chemicals into the storm drain system, causing them to be conveyed into the Dominguez Channel, an estuary owned and operated by the Flood Control District. The toxic chemicals resulted in the Dominguez Channel experiencing a condition known as "anaerobic digestion," which caused odor-producing hydrogen sulfide gas to be released into the air over Carson and its surrounding communities. In early October 2021, a substantial number of residents began complaining of pervasive, foul-smelling odors and of associated short-term adverse effects, including sore throats and headaches. Responding to the conditions in the Dominguez Channel and the resultant odors, the Los Angeles County Department of Public Works initiated aggressive mitigation efforts, which involved applying odor neutralizer to the water and oxygenating it through the use of nano-bubblers. The "odor incident" (a declared public nuisance) lasted for roughly six to eight weeks. The various plaintiffs' lawsuits (which were deemed related by the Los Angeles Superior Court) allege that the Flood Control District and the County are liable for personal injury damages (based on dangerous condition on public property theory), as well as for property damage (based on inverse condemnation). The Flood Control District, Fire District, and the County have, to date, sued the company that stored the hand sanitizer and its landlord (the "industrial defendants"), to recover

over \$52 million expended in mitigating the impacts of the incident, including providing air purifiers (over 47,000) and hotel rooms to affected residents. Regarding the tort claims, given the tens of thousands of plaintiffs, even if each class member obtains a relatively small recovery, the potential exposure in the aggregate could still be substantial. Regarding the inverse condemnation claims, if liability were established at trial, the plaintiffs could recover damages for the "diminution in value" of their residential properties, plus attorneys' fees and costs. This could, similarly, result in a potentially large liability exposure for the Flood Control District, as the operator of the Dominguez Channel. However, the Flood Control District and the County are asserting numerous statutory immunities and are asserting that the industrial defendants are solely responsible for causing the fire and the ensuing public nuisance, as well as for any resultant damages, such that any liability should be allocated to those entities alone. The case is in a very early discovery stage, and no detailed information is yet known about either the circumstances of the over 21,000 plaintiffs or of their claims. Given these uncertainties, the preliminary estimate is that the County may face a potential liability of \$90 million.

In May 2022, two lawsuits were filed (*Southern California Edison v. State Board of Equalization, et al.*) by Southern California Edison ("SCE") alleging the State Board of Equalization ("BOE") overvalued SCE's statewide unitary property in tax years 2020 and 2021, due to factors including climate change and the risk of wildfires. A third lawsuit was filed in 2023 based on the same allegations, applicable to the 2022 tax year. SCE is seeking a reduction of approximately \$6 billion in valuation per tax year. Unitary property is assessed by the BOE but counties levy and collect local property taxes on unitary property and distribute the tax revenue among local taxing entities within each county. If granted by the court, SCE's requested valuation reduction would result in estimated refunds from taxing entities within Los Angeles County of approximately \$71 million, of which the County and County-controlled taxing entities would be responsible for refunding approximately \$27 million.

The County currently operates two juvenile detention facilities, Los Padrinos Juvenile Hall ("Los Padrinos") and Barry J. Nidorf Secured Youth Treatment Facility ("SYTF"). Los Padrinos houses predisposition and post-disposition youth waiting to transfer to placement, camp, or SYTF, which houses post-disposition youth charged with certain types of statutory crimes. On February 15, 2024, the Board of State and Community Corrections ("BSCC") determined that Los Padrinos and SYTF were unsuitable for the confinement of youth. Subsequently, on April 11, 2024, the BSCC determined that Los Padrinos and SYTF had addressed the areas of noncompliance and found them suitable. The BSCC conditioned their approval on no less than monthly targeted inspections at both facilities to audit staffing, room confinement, and other areas to be determined by BSCC field staff. Further, Los Padrinos will be subject to a comprehensive inspection auditing every Title 15 regulation within six months. The current inspections have only been "targeted" by the BSCC. The suitability of the juvenile facilities has garnered significant media attention. Any suitability finding for Los Padrinos or SYTF will have significant legal implications on the current California Department of Justice settlement agreement with the Probation Department.

In March 2023, four lawsuits were filed challenging the County's adoption of an ordinance on January 24, 2023 (the "Oil Well Ordinance"), prohibiting new oil wells and production facilities, and phasing out existing oil wells and production facilities subject to an amortization schedule. Among other things, the lawsuits allege the Oil Well Ordinance is preempted by State and federal law and is inconsistent with the County's General

Plan, that the County abused its discretion in adopting the Oil Well Ordinance and amortization schedule, and that the County adopted the Oil Well Ordinance in violation of the California Environmental Quality Act ("CEQA"). The County resolved one of the lawsuits, but the remainder of the CEQA and preemption claims, which will determine solely legal issues without monetary exposure, will proceed to writ trial on October 25, 2024. Depending on the outcome of the CEQA and preemption claims, the County will determine whether to litigate the remaining claims, which include inverse condemnation, interference with vested rights, and breach of contract. If the lawsuits advance to a determination of monetary damages on a regulatory taking, it will be difficult to estimate the potential liability. The plaintiffs claim their property is worth \$1.3 billion. However, it is unlikely the County would be liable for the full value of the property, as the plaintiffs have already financially benefitted from the property and mineral rights for decades. Additionally, the court would likely order the County to rescind the Oil Well Ordinance, or the County may have the option to settle by rescinding the Oil Well Ordinance and stipulating to attorneys' fees.

On May 13, 2024, a lawsuit was filed by the Kizh Nation – Gabrieleño Band of Mission Indians against the County, the Archdiocese of Los Angeles, and the nonprofit museum LA Plaza de Cultura y Artes ("Museum"), alleging that the remains of the plaintiff's ancestors were mishandled when such remains were relocated in connection with the construction of the Museum in downtown Los Angeles. The plaintiffs allege that more than 100 graves were desecrated when the remains from those graves were placed in an illegal mass grave on the site of the First Cemetery of Los Angeles rather than placed in individual graves in accordance with Catholic rituals. The plaintiffs allege this was in violation of express promises from the defendants. The Museum opened in 2011, and the County holds title to the land on which the First Cemetery is located. The case is in the very early stages and discovery has not yet commenced. Given these uncertainties, the potential liability for the County is unknown at this time.

Pending Litigation

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

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

<u>Actuarial Valuation Date</u>	<u>Market Value of Plan Assets</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>UAAL</u>	<u>Funded Ratio</u>
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%
06/30/2021	73,012,026	64,909,377	81,898,044	16,988,667	79.26%
06/30/2022	70,289,612	68,711,610	86,320,151	17,608,541	79.60%
06/30/2023	73,851,886	72,414,936	90,651,092	18,236,156	79.88%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2023.

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

<u>Fiscal Year</u>	<u>Market Value of Plan Assets</u>	<u>Market Rate of Return</u>	<u>Funded Ratio Based on Market Value</u>
2015-16	47,846,694	0.8%	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%	74.0%
2020-21	73,012,026	25.2%	88.3%
2021-22	70,289,612	0.1%	79.9%
2022-23	73,851,886	6.4%	80.0%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2023.

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

<u>Fiscal Year</u>	<u>Retirement Fund</u>	<u>Payments to LACERA OPEB (PAYGO)</u>	<u>OPEB (Prefund)</u>	<u>OPEB Disability</u>	<u>Total Retirement & OPEB Payments</u>
2017-18	1,499,212	559,233	120,796	41,141	2,220,382
2018-19	1,635,719	604,515	182,851	41,626	2,464,711
2019-20	1,766,735	634,753	246,197	42,567	2,690,252
2020-21	1,971,006	668,582	309,394	38,715	2,987,697
2021-22	2,150,155	692,616	372,243	39,902	3,254,916
2022-23	2,242,925	713,034	441,452	40,607	3,438,018
2023-24	2,440,300 *	759,937 *	503,393 *	41,683 *	3,745,313 *
2024-25	2,650,935 *	838,564 *	570,280 *	46,929 *	4,106,708 *

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County Annual Comprehensive 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 Fiduciary Fund.

The General County Budget accounts for 77.6% of the Fiscal Year 2024-25 Adopted Budget (the "2024-25 Adopted Budget") and appropriates funding for programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Revenue Funds represent 10.9% of the 2024-25 Adopted Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County Plan to prevent and combat homelessness.

Capital Project Special Funds account for 1.1% of the 2024-25 Adopted Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for 7.2% of the 2024-25 Adopted Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Fiduciary Funds account for 3.2% of the 2024-25 Adopted 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 2024-25 is \$36,347,018,630. The 2024-25 Adopted Budget includes proceeds from taxes of \$18,929,425,000, 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 prerequisite to the filing of a lawsuit against a public entity in California.

Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIIC 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" at the end of this Budgetary Information section of Appendix A, \$5.471 billion of the \$35.410 billion 2024-25 Adopted Budget is received from the Federal government and \$9.714 billion is funded by the State. The remaining \$20.225 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 43% of General County Budget funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

On March 8, 2024, President Joseph R. Biden, Jr. signed into law the Consolidated Appropriations Act, 2024 ("H.R. 4366"), which contains \$467.5 billion for six of the 12 Federal Fiscal Year (FFY) 2024 appropriations bills, a \$1.5 billion increase over FFY 2023 enacted levels. This first tranche of bills funds several agencies, including the departments of Transportation, Veterans Affairs, Energy, Agriculture, Interior, and Housing and Urban Development, as well as the Environmental Protection Agency and the Food and Drug Administration. Funding for agencies included in this bill will last through FFY 2024, which ends on September 30, 2024.

H.R. 4366 included funding for eight Los Angeles County Community Project Funding and Congressional Directed Spending allocations, \$23.4 million in Civil Works funding for the Los Angeles County Drainage Area's (LACDA) operations and maintenance, \$300,000 for the LACDA Divestiture Study, and \$8,000 for Marina del Rey's operations and maintenance.

H.R. 4366 also included health-related extenders including: the elimination of the Medicaid Disproportionate Share Hospital (DSH) Payments cuts through December 31, 2024; a permanent state option to provide Medicaid covered services to individuals who have substance use disorders and reside in Institutions for Mental Diseases; and a requirement that state Medicaid programs suspend rather than terminate Medicaid eligibility for persons in custody.

On March 23, 2024, President Biden signed into law the Further Consolidated Appropriations Act, 2024 ("H.R. 2882"), which contains \$1.2 trillion for the remaining six of the 12 FFY 2024 appropriations bills and averted a partial government shutdown. This second tranche of bills funds all remaining federal agencies, including the departments of Defense, Homeland Security and Health and Human Services (HHS). The Joint Explanatory Statements accompanying H.R. 2882 include Community Project Funding and Congressional Directed Spending (also known as earmarks).

Funding for most programs of interest to the County was maintained or increased from the previous fiscal year. H.R. 2882 also included increased funding for border security, childcare, and the Head Start early education grants. H.R. 2882 did not include additional funding to extend the Affordable Connectivity Program, which had been funded through April 2024.

President Biden released his \$7.3 trillion budget blueprint for FFY 2025 on March 11, 2024. The budget request proposes approximately \$734 billion in non-defense discretionary funding in FFY 2025 and defense spending of approximately \$895 billion. Mandatory (entitlement) spending and interest on the national debt continues to represent the fastest growing components of the budget. Among other provisions, the President's budget request includes restoring the expanded Child Tax Credit, extending mandatory Medicare drug pricing negotiations to additional drugs, instituting national paid family leave programs, increasing affordable housing assistance, and funding environmental initiatives, among other proposals. The proposal also seeks to reduce the federal deficit by nearly \$3 trillion over the next ten years, primarily through increases in taxes.

STATE BUDGET PROCESS

Over the last 30+ years since the early 1990's, 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 financial challenges 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 strong position to manage the fiscal impact of a potential recession given the current economic conditions that have resulted in a reduction in State revenues in Fiscal Year 2022-23 and Fiscal Year 2023-24.

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 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23, the County General Fund received \$201.9 million, \$243.2 million, \$232.5 million, \$352.4 million, \$315.4 million, and \$390.5 million of residual taxes,

respectively. The budgeted and estimated residual tax revenue for 2023-24 is \$394.7 million. The 2024-25 Adopted Budget includes a projected \$404.4 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.

2023-24 State Budget

On June 27, 2023, Governor Newsom signed the primary budget bill (SB 101) for the final Fiscal Year 2023-24 State Budget. The Governor also signed two additional budget bills, including AB 102 and AB 103 on July 10, 2023 and June 30, 2023, respectively. AB 102 made technical and substantive changes to SB 101 to reflect the budget agreement reached between the Governor and the Legislature, while AB 103 made budget bill amendments to the 2021 and 2022 State Budget Acts. The three measures (SB 101, AB 103 and AB 102), along with 20 trailer bills signed by the Governor encompass the Fiscal Year 2023-24 State Budget Act (the "2023-24 State Budget Act").

The 2023-24 State Budget Act projected a beginning fund balance from Fiscal Year 2022-23 of \$26.352 billion, total revenues and transfers of \$208.688 billion, total expenditures of \$225.928 billion, and a year-end fund balance of \$9.112 billion for Fiscal Year 2023-24. Of the projected year-end fund balance, \$5.272 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$3.840 billion would be deposited to the Special Fund for Economic Uncertainties. The 2023-24 State Budget Act also allocated \$10.831 billion to the Public School System Stabilization Account and \$900.0 million to the Safety Net Reserve. The State Budget Act included a balance of \$22.252 billion in the State's Budget Stabilization Account (Rainy Day Fund).

The 2023-24 State Budget Act reflects the State's values and priorities related to implementing transitional kindergarten; child care availability and affordability; universal school meals; reproductive health care; investments in housing and infrastructure; workforce development; combatting organized retail theft and other crimes; increasing access to health care and protecting the State's most vulnerable residents; and addressing homelessness, behavioral health challenges and the impacts of climate change.

The items in the 2023-24 State Budget Act that were of major interest to the County include the following:

Carryover of Unspent SB 129 Pretrial Funding – Provided authority for the County to carryover up to \$28.2 million of unspent SB 129 pretrial funding allocated to the County for Fiscal Year 2021-22 and Fiscal Year 2022-23 to spend or encumber in Fiscal Year 2023-24.

Community Assistance, Recovery & Empowerment (CARE) Act – Provided \$128.9 million in State funding in Fiscal Year 2023-24, \$234 million in State funding in Fiscal Year 2024-25, \$290.6 million in State funding in Fiscal Year 2025-26, and nearly \$291 million in Fiscal Year 2026-27 and annually thereafter to support estimated county behavioral health department costs for the CARE Act. The Fiscal Year 2023-24 State funding consists of \$67.3 million for

behavioral health department activities, which includes \$15 million in one-time State funding for the County's planning activities to implement on an accelerated schedule by December 1, 2023, \$29.4 million to the trial courts for program administration and coordination of self-help centers, \$22.9 million to support public defender and legal services organizations that will provide legal counsel to CARE participants, \$6.1 million to the Department of Health Care Services to support implementation activities, and \$3.2 million to the Judicial Council to support implementation activities.

Opioid and Fentanyl Response – Provided \$14 million in one-time Opioid Settlements Fund over four years for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement AB 2365, and to support innovative approaches to make fentanyl test strips and naloxone more widely available.

Reproductive Health Services 1115 Waiver – Provided \$200 million (\$15 million in State funding) in Fiscal Year 2024-25 for a one-time grant program through an 1115 Federal demonstration waiver focused on supporting access to family planning and related services, system transformation, capacity, and sustainability of California's safety net.

General Fund Loan for Hospitals – Provided a State loan of up to \$150 million for the County supported Distressed Hospital Loan Program (DHLP) and requires repayment by June 30, 2024.

Electronic Benefit Transfer (EBT) Fraud Mitigation – Provided \$50 million (\$15.5 in State funding) to improve EBT technology.

CalWORKs Grant Increase – Provided \$111.2 million in Fiscal Year 2023-24 for an ongoing MAP increase of 3.6 percent, effective October 2023, funded with revenues in the Child Poverty and Family Supplemental Support Subaccount. These increases were expected to bring the non-exempt MAP level from \$1,130 to \$1,171 per month for an assistance unit of three family members residing in a high-cost county.

Medi-Cal County Administration Funding – Provided a \$93.2 million statewide increase for the Medi-Cal County Administration Allocation for Fiscal Year 2023-24 due to the California Department of Health Care Services increasing the total allocation by 4.11 percent for the projected California Consumer Price Index (CPI).

In-Home Supportive Services (IHSS) County Administration Funding – Provided \$13.4 million of state funding for the IHSS County Administration Allocation for Fiscal Year 2023-24 to reflect growth in the projected monthly caseload.

Stage One Child Care – Provided a \$71.2 million (\$17.7 million in State funding) to fund statewide increase to the CalWORKS Stage One Child Care allocation.

CalFresh State Administration Funding – Provided an additional \$406.5 million (\$159.5 in State funding) in Fiscal Year 2023-24 to reflect a revised budgeting methodology for counties CalFresh administration activities, which is an 18.6 percent increase compared to the previous methodology.

Local Child Support Agency (LCSA) Administrative Allocation – Provided \$35.8 million ongoing (\$12.2 million in State funding) for

LCSAs to help mitigate increased staffing costs, caseload, and call volumes, to maintain current service levels.

California Motion Picture and Television Production Credit Extension – Extends authority of the California Film Commission to allocate the California Motion Picture and Television Production Credit for an additional five years, starting in Fiscal Year 2025-26, at \$330 million per year.

Exide Parkways Cleanup Funding – Provided \$67.3 million in Fiscal Year 2023-24 to cleanup parkways surrounding the former Exide Technologies facility identified with high levels of lead and/or other metals.

Foreclosure Intervention Housing Prevention Program (FIHPP) – Maintained \$82.5 million in one-time State funding for the FIHPP in Fiscal Year 2023-24 and deferred funding previously allocated to the program in the 2021 State Budget Act as follows: \$70 million in Fiscal Year 2024-25, \$100 million in Fiscal Year 2025-26, and \$62.5 million in Fiscal Year 2026-27.

Dam Safety and Flood Management Grant Program – Approved the Dam Safety and Flood Management Grant Program which provides funding repairs, rehabilitation, enhancements, and other dam safety projects at State jurisdictional dams and associated facilities.

Behavioral Health Bridge Housing (BHBH) Program – Provided a one-time \$265 million to the Mental Health Services Fund in Fiscal Year 2023-24 in lieu of State funding for the BHBH, and delays \$235 million in State funding to Fiscal Year 2024-25.

Behavioral Health Continuum Infrastructure Program (BHCIP) – Delayed \$480.7 million in State funding appropriated in the 2022 State Budget Act for Fiscal Year 2023-24 for the final round of behavioral health continuum capacity funding to \$240.4 million in Fiscal Year 2024-25 and \$240.3 million in Fiscal Year 2025-26.

Community Health Workers (CHW) Program – Reallocated \$115 million in State funding from Fiscal Year 2023-24 to Fiscal Year 2024-25 and Fiscal Year 2025-26 by \$57.5 million for each year.

Public Defender Pilot – Reinstated \$40 million of the \$50 million for the Board of State and Community Corrections' (BSCC) Public Defender Pilot Program to help fund counties indigent defense providers, including public defenders and alternate defenders.

CalWORKs Single Allocation (CWSA) Decrease – Included a \$72.2 million statewide reduction to the eligibility component of the CWSA to reflect a lower projected final caseload relative to the appropriation.

Public Health Workforce Reductions – Maintained \$97.5 million in State funding over four years beginning in Fiscal Year 2022-23, for various public health workforce training and development programs.

2024-25 State Budget

On January 10, 2024, Governor Newsom released his Fiscal Year 2024-25 Proposed State Budget (the "Proposed State Budget"). The Proposed State Budget projected a beginning fund balance from Fiscal Year 2023-24 of \$8.029 billion, total revenues and transfers of \$214.699 billion, total expenditures of \$208.718 billion, and a year-end fund balance of \$14.010 billion for Fiscal Year

2024-25. Of the projected year-end fund balance, \$10.569 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$3.441 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also allocates \$3.852 billion to the Public School System Stabilization Account. The Proposed State Budget includes a balance of \$11.106 billion in the State's Budget Stabilization Account (Rainy Day Fund).

On May 10, 2024, Governor Newsom released his Fiscal Year 2024-25 May Budget Revision (the "May Budget Revision"). The May Budget Revision projects a beginning fund balance from Fiscal Year 2023-24 of \$9.726 billion, total revenues and transfers of \$205.249 billion, total expenditures of \$200.974 billion, and a year-end fund balance of \$14.001 billion for Fiscal Year 2024-25. Of the projected year-end fund balance, \$10.569 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$3.432 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget includes a balance of \$19.429 billion in the State's Budget Stabilization Account (Rainy Day Fund).

On June 29, 2024, Governor Newsom signed the primary budget bill for the final Fiscal Year 2024-25 State Budget, along with various budget-related trailer bills that encompass the Fiscal Year 2024-25 State Budget Act (the "2024-25 State Budget Act"). The 2024-25 State Budget Act projects a beginning fund balance from Fiscal Year 2023-24 of \$13.443 billion, total revenues and transfers of \$212.139 billion, total expenditures of \$211.504 billion, and a year-end fund balance of \$14.078 billion for Fiscal Year 2024-25. Of the projected year-end fund balance, \$10.569 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$3.509 billion would be deposited to the Special Fund for Economic Uncertainties. The 2024-25 State Budget Act also allocates \$1.054 billion to the Public School System Stabilization Account and includes a balance of \$17.633 billion in the State's Budget Stabilization Account (Rainy Day Fund).

The 2024-25 State Budget Act maintains the multi-year fiscal structure proposed by Governor Newsom in the May Budget Revision to balance both the Fiscal Year 2024-25 and 2025-26 State budgets. The 2024-25 State Budget Act utilizes a combination of expenditure reductions, new revenues, budget reserves, fund shifts and expenditure delays and deferrals to close a \$46.8 billion budget deficit, which is intended to provide a stronger fiscal footing for the State, while continuing to maintain vital programs and services for its residents. The County's extensive advocacy efforts to oppose budget cuts and the elimination of State funding that supports critical County safety net services resulted in the complete or partial restoration of funding for various behavioral health, child welfare, public safety and other State programs.

The items in the 2024-25 State Budget Act that are of major interest to the County include the following:

Future of Public Health – Reduces State operational expenditures by \$8 million and eliminates \$15.9 million in State funding for assistance and support to local health jurisdictions.

Behavioral Health Continuum Infrastructure Program (BHCIP) – Reverts State funding expenditure authority of \$450.7 million for the final round of BHCIP expenditures, with additional rounds to be supported by Proposition 1 bond funding.

Behavioral Health Bridge Housing (BHBH) – Provides \$132.5 million in State funding to implement the BHBH Program to award competitive grants to qualified counties and tribal entities.

Health Care Enrollment Navigators – Eliminates \$18 million in Fiscal Year 2024-25 expenditures for health enrollment navigators.

Bringing Families Home Program (BFHP) – Modifies the Governor's revised proposal for the BFHP by accepting an \$80 million funding delay to Fiscal Year 2025-26, reducing the funding amount by \$40 million in Fiscal Year 2025-26 and then delaying this \$40 million expenditure until Fiscal Year 2026-27.

Foster Care Caregiver Approvals Program (FCCAP) – Rejects the Governor's May Budget Revision proposal for an ongoing reduction of \$50 million in State funding to the FCCAP starting in Fiscal Year 2024-25.

Emergency Child Care Bridge Program (ECCBP) – Rejects the Governor's May Budget Revision proposal for a \$34.8 million reduction in State funding for the ECCBP starting in Fiscal Year 2024-25 and reappropriating \$47 million in State funding from Fiscal Year 2023-24 to Fiscal Year 2024-25.

Family Urgent Response System (FURS) – Rejects the Governor's January Budget proposal to eliminate \$30 million in State funding in Fiscal Year 2024-25 and future fiscal years.

Housing Supplements for Foster Youth in Supervised Independent Living Placements (SILPs) – Approves the Governor's January Budget proposal to eliminate \$195,000 in State funding for Fiscal Year 2024-25 and \$25.5 million in Fiscal Year 2025-26 and future fiscal years.

Housing Navigation and Maintenance Program (HNMP) – Rejects the Governor's January Budget proposal to eliminate \$13.7 million for the HNMP in Fiscal Year 2024-25 and future fiscal years.

Los Angeles County Child Welfare Services Public Health Nursing Early Intervention Program (PHNEI) – Approves the Governor's January Budget proposal to eliminate the PHNEI with a reduction of \$8.3 million in State funding in Fiscal Year 2024-25 and future fiscal years.

CalWORKs Single Allocation – Rejects the Governor's January Budget proposal for an ongoing annual reduction in State funding of \$40.8 million and the May Budget Revision proposal to cut an additional \$272 million in one-time funding from the Single Allocation in Fiscal Year 2024-25.

CalWORKs Family Stabilization – Rejects the Governor's January Budget proposal to eliminate the program, with a proposed cut of \$71.2 million in State funding beginning in Fiscal Year 2024-25 and future fiscal years.

CalWORKs Expanded Subsidized Employment (ESE) – Rejects the Governor's January Budget proposal to eliminate the program with a reduction of \$134.1 million in State funding in Fiscal Year 2024-25 and future fiscal years. Modifies the ESE to reduce funding on a short-term basis by up to \$30 million in State funding in Fiscal Year 2023-24 and up to \$37 million in Fiscal Year 2024-25.

CalWORKs Employment Services Intensive Case Management – Approves the Governor's January Budget proposal to eliminate the program, with a reduction of \$47 million in State funding beginning in Fiscal Year 2024-25.

CalWORKs Home Visiting Program (HVP) – Rejects the Governor's May Budget Revision proposal for an ongoing reduction of \$47.1 million in State funding starting in Fiscal Year 2024-25 for the CalWORKs HVP, but reduces funding by up to \$30 million in Fiscal Year 2023-24, and temporarily reduces funding by up to \$25 million in Fiscal Year 2024-25 and Fiscal Year 2025-26.

CalWORKs Mental Health and Substance Abuse Services – Rejects the Governor's May Budget Revision proposal for an ongoing reduction of \$126 million starting in Fiscal Year 2024-25, but reduces funding by \$30 million in Fiscal Year 2023-24, \$37 million in Fiscal Year 2024-25, and \$26 million in Fiscal Year 2025-26.

In-Home Supportive Services (IHSS) Budget Methodology – Approves updating of the budgeting methodology used to determine the annual funding for county administration for the IHSS program, beginning with Fiscal Year 2025-26 and every third fiscal year thereafter.

Homeless Housing, Assistance and Prevention (HHAP) Program – Provides \$1 billion for Round 6 of HHAP with statutory language to strengthen oversight, transparency, and program accountability.

Regional Early Action Planning 2.0 (REAP 2.0) Grants – Rejects the Governor's January Budget proposal to reduce REAP 2.0 grants by \$300 million, but approves a \$40 million reduction in grant funding.

Public Defender Pilot Program – Rejects the Governor's January Budget proposal to reduce the program by \$40 million and preserves the third and final year of this pilot program.

Victims Services/Backfill of federal Victims of Crime Act (VOCA) – Allocates \$103 million in Fiscal Year 2024-25 for supplemental funding under the VOCA.

Los Angeles County Fire Camp Contract – Rejects the Governor's May Budget Revision proposal to reduce the fire suppression services contract by \$2.4 million in Fiscal Year 2024-25, but approves a reduction of \$4.8 million starting in Fiscal Year 2025-26 and future fiscal years.

Lunch at the Library Program – Modifies the May Budget Revision proposal to eliminate funding for the Lunch at the Library Program by providing \$3 million in State funding in Fiscal Year 2024-25 and future fiscal years.

Library Services Act – Approves the May Budget Revision proposal to reduce State funding by \$1.8 million for the California Library Services Act in Fiscal Year 2024-25 and future fiscal years.

California State University Immigration Legal Services – Rejects the Governor's January Budget proposal to reduce State funding by \$5.2 million in Fiscal Year 2024-25 and future fiscal years to maintain an annual ongoing funding amount of \$7 million.

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. 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.

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 fourteen 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%, 5.97%, 3.70%, 6.95%, 5.91% and 4.85% in Fiscal Years 2011-12 through 2024-25, respectively.

On July 24, 2024, the Assessor released the Fiscal Year 2024-25 Assessment Roll. For Fiscal Year 2024-25, the Assessor reported a Net Local Roll of \$2.094 trillion, which represents an increase of 4.85% or \$97.0 billion from Fiscal Year 2023-24. The Fiscal Year 2024-25 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the fourteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership (\$53.5 billion) and an increase in the consumer price index (\$39.0 billion).

Although real estate sales declined significantly in 2023 primarily due to higher mortgage interest rates, the increase in the Net Local Roll reflects the ongoing price strength of the single-family housing market, with the median single-family home value reaching a

record high of \$900,000 in September 2023. The decrease in real estate sales and increasing home prices were the direct result of rising mortgage interest rates and the limited number of homes available for sale in the residential market. A California Consumer Price Index that exceeded the allowable limit of 2% was also a contributing factor to the increased growth of the Net Local Roll for Fiscal Year 2024-25.

For the Fiscal Year 2023-24 tax roll, the Assessor estimates that approximately 8.0% of all single-family residential parcels, 8.6% of all residential income parcels, and 11.4% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values. For Fiscal Year 2024-25, the County anticipates a 4.75% growth in assessed valuation primarily due to a full 2% consumer price index adjustment and expected sales activity.

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 535,000 parcels to their Proposition 13 base year value, with 17,000 parcels still eligible for potential restorations in value.

FISCAL YEAR 2023-24 FINAL ADOPTED BUDGET

The Fiscal Year 2023-24 Final Adopted Budget (the "2023-24 Final Adopted Budget") was approved by the Board of Supervisors on October 3, 2023. The 2023-24 Final Adopted Budget appropriated \$46.743 billion, which reflects a \$2.101 billion or 4.7% increase in total funding requirements from the 2022-23 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated \$35.934 billion, which represents a \$2.601 billion or 7.8% increase from the 2022-23 Final Adopted Budget. The 2023-24 Final Adopted Budget appropriated \$10.809 billion for Special Funds/Districts, reflecting a \$0.500 billion or 4.4% decrease from the Fiscal Year 2022-23 Final Adopted Budget.

The primary year-over-year changes to the ongoing NCC component of the 2023-24 Final Adopted Budget are outlined in the following table.

Public Assistance Changes	\$120,420,000
Unavoidable Cost Increases	
Employee Salaries	201,120,000
Health Insurance Subsidies	961,000
Retiree Healthcare Benefits	43,556,000
Various MOE Requirements	6,954,000
Program Changes	
Debt Service	(18,530,000)
Care First & Community Investment	88,304,000
Legal Settlements/Consent Decree	73,195,000
All Other Program Changes	77,680,000
Fiscal Policies	
Appropriations for Contingencies	(9,953,000)
Deferred Maintenance	5,000,000
Total Net County Cost Increases	588,707,000
Revenue Changes	
Property Taxes	380,475,000
Property Taxes - CRA Dissolution Residual	59,690,000
Public Safety Sales Tax	6,888,000
1991 Realignment - Sales Tax	8,741,000
1991 Realignment - Vehicle License Fee	1,739,000
Interest Earnings	101,542,000
Various Other Revenue Changes	29,632,000
Total Locally Generated Revenue	588,707,000
Total NCC Budget Gap	\$0

discretionary revenues. As part of the 2023-24 Final Adopted Budget, \$77.4 million was set aside in Appropriations for Contingencies, which reflected 17% of new ongoing discretionary revenues. The 2023-24 Final Adopted Budget also included a \$5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2023-24 Final Adopted Budget included a \$380.5 million increase in property tax revenues based on the Assessor's 2023 Assessment Roll, which reflected an increase of 5.91% in the Net Local Roll for Fiscal Year 2023-24. The 2023-24 Final Adopted Budget also included a \$59.7 million increase in property tax residual from the dissolution of redevelopment agencies. The 2023-24 Final Adopted Budget included projected increases in Proposition 172 Public Safety sales tax revenue, 1991 Realignment sales tax revenue, and 1991 Realignment - Vehicle License Fee revenue. The 2023-24 Final Adopted Budget also included a projected increase in interest earnings as a result of action by the Federal Reserve to raise interest rates.

FISCAL YEAR 2024-25 ADOPTED BUDGET

The Fiscal Year 2024-25 Adopted Budget (the "2024-25 Adopted Budget") was approved by the Board of Supervisors on June 24, 2024. The 2024-25 Adopted Budget appropriates \$45.628 billion, which reflects a \$1.115 billion or 2.4% decrease in total funding requirements from the 2023-24 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates \$35.410 billion, which represents a \$0.524 billion or 1.5% decrease from the 2023-24 Final Adopted Budget. The 2024-25 Adopted Budget appropriates \$10.218 billion for Special Funds/Districts, reflecting a \$0.591 billion or 5.5% decrease from the Fiscal Year 2023-24 Final Adopted Budget.

Public Assistance Change

The increase in funding for Public Assistance in the 2023-24 Final Adopted Budget is primarily due to funding increases for In-Home Supportive Services, General Relief, and Kinship Guardianship Assistance Payment Programs, as well as Foster Care and Adoptions Assistance programs.

Unavoidable Cost Increases

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

Prefund Retiree Healthcare Benefits - The 2023-24 Final Adopted Budget appropriated \$502.5 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of \$200.0 million in NCC and \$302.5 million in projected subvention revenue received from Federal, State, and other local government entities.

Program Changes

The 2023-24 Final Adopted Budget included \$220.6 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 County's Rainy Day Fund for Fiscal Year 2023-24 is \$971.1 million, which represents 11.5% of ongoing

The primary changes to the ongoing NCC component of the 2024-25 Adopted Budget are outlined in the following table.

Public Assistance Changes	\$56,621,000
Unavoidable Cost Increases	
Health Insurance Subsidies	14,761,000
Pension Costs	(7,668,000)
Employee Salaries	206,113,000
Retiree Healthcare Benefits	48,654,000
Various MOE Requirements	8,399,000
Program Changes	
Care First & Community Investment	12,340,000
Debt Service	(11,019,000)
Legal Settlements/Consent Decree	18,143,000
All Other Program Changes	56,066,000
Fiscal Policies	
Appropriations for Contingencies	(10,496,000)
Deferred Maintenance	5,000,000
Total Net County Cost Increases	396,914,000
Revenue Changes	
Property Taxes	318,707,000
Property Taxes - CRA Dissolution Residual	9,772,000
Public Safety Sales Tax	(15,276,000)
1991 Realignment - Sales Tax	25,914,000
Interest Earnings	53,091,000
Various Other Revenue Changes	4,706,000
Total Locally Generated Revenue	396,914,000
Total NCC Budget Gap	\$0

Public Assistance Change

The increase in funding for Public Assistance in the 2024-25 Adopted Budget is primarily due to funding increases for In-Home Supportive Services, General Relief, and Kinship Guardianship Assistance Payment programs, as well as Foster Care, Adoptions, and Emergency Assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits – The 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 2024-25 employer contribution retirement rates based upon the 2023 Actuarial Valuation

Prefund Retiree Healthcare Benefits – The 2024-25 Adopted Budget appropriates \$570.3 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of \$225.0 million in NCC and \$345.3 million in projected subvention revenue received from Federal, State and other local government entities.

Program Changes

The 2024-25 Adopted Budget includes \$75.5 million of adjustments to various County programs, including increases for public safety, social services, and health and mental services.

Fiscal Policies

As of the 2024-25 Adopted Budget, the balance of the County's Rainy Day Fund is \$978.6 million, which represents approximately 11.2% of ongoing discretionary revenues. The 2024-25 Adopted Budget includes \$56.7 million in Appropriations for Contingencies, which reflects 17% of new ongoing discretionary revenues in Fiscal Year 2024-25. The 2024-25 Adopted Budget also includes a \$5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2024-25 Adopted Budget includes a \$318.7 million increase in property tax revenues based on a preliminary projected growth rate of 4.75% in assessed valuation. The 2024-25 Adopted Budget also includes a \$9.8 million increase in the property tax residual from the dissolution of redevelopment agencies. The 2024-25 Adopted Budget includes projected increases in Realignment sales tax revenue, interest earnings, and various other revenue sources, offset by Proposition 172 Public Safety sales tax revenue.

Assembly Bill 218

Liability and settlement costs associated with the Child Victims Act (AB 218) are expected to have a significant long-term effect on the financial condition of the County. The County preliminarily estimates that liability and settlement costs relating to AB 218 could exceed \$3.0 billion. The County is assessing the potential impact of AB 218 on its future programmatic funding needs, and expects that addressing the related claims may require funding through a multi-year, long-term financing approach.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: Los Angeles General Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, Los Angeles General 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 at multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, fifteen 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 1,800 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 to DHS. 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

On December 29, 2021, the Federal Centers for Medicare and Medicaid Services (“CMS”) approved a renewed 5-year Section 1115 Waiver (the “Waiver”) submitted by the California Department of Health Care Services (“DHCS”) effective through December 31, 2026. The renewed Waiver includes full funding for the Global Payment Program (“GPP”). The GPP includes both Disproportionate Share Hospital and Safety Net Care Pool funding. An agreement for distributing the GPP funding has been negotiated for the 5-year Waiver term among all of the public county hospitals, including DHS hospitals.

Through a combination of 1915(b) and 1115 waiver authorities, CMS also approved the California Advancing & Innovating Medi-Cal (“CalAIM”) initiative effective January 1, 2022. Under CalAIM, expanded services to some of DHS’ most vulnerable populations, such as persons experiencing homelessness, are reimbursable under the Enhanced Care Management (“ECM”) and the Community Supports program. ECM is a care coordination benefit for the highest need cases that launched for most eligible populations on January 1, 2022, with additional populations related to nursing home use eligible as of January 2023. The Community Supports program provides 14 different services that Medi-Cal managed care plans may offer that will provide social supports such as housing navigation, tenancy sustaining services, housing deposits, recuperative care, sobering centers, and components of enhanced residential care for persons with disabilities who have support needs related to their daily living activities, and others. DHS offers, and has contracted with, local managed care plans for many of these services, which were previously covered under the Whole Person Care and Health Homes programs. Under CalAIM, expanded services to some of DHS’ most vulnerable populations, such as persons experiencing homelessness, are reimbursable under the ECM and Community Supports programs.

Also, under CalAIM, the Providing Access and Transforming Health Program (the “PATH Program”) will provide \$1.44 billion in gross statewide funding over five years. The PATH Program will provide: a) support for sustaining existing Whole Person Care pilot services that will continue under CalAIM as Community Supports; b) support to maintain justice involved services currently provided through Whole Person Care pilot programs that do not transition to managed care or Medi-Cal coverage until January 1, 2023, or later; c) funding for technical assistance support to help expand ECM and Community Supports; d) support for collaborative planning and implementation for ECM and Community Supports; e) support for expanding access to ECM and Community Supports services beyond what was offered under Whole Person Care; and f) support for Medi-Cal pre-release application planning and purchase of certified electronic health record technology to support Medi-Cal pre-release applications. An additional \$410.0 million in statewide funding was approved by CMS in January 2023 to support expanded coordination for justice involved populations, including coverage of certain services in jails to support reentry into the community.

Through a separate approval on January 4, 2022, CMS granted authority for the Home and Community-Based Services Spending Plan, which includes two major initiatives related to CalAIM that could benefit DHS through March 31, 2024: a) \$1.3 billion gross statewide one-time funding for Medi-Cal managed care plans to earn incentives for making investments that address homelessness; and b) \$298.0 million gross statewide one-time

funding for “Community Based Residential Continuum Pilots” to provide medical and supportive services in various non-hospital settings that are designed to avoid unnecessary healthcare costs, including emergency services and future long-term care placement in a nursing home.

In addition, reductions to Disproportionate Share Hospital (“DSH”) payments are scheduled to be implemented on January 1, 2025. Without action from Congress to delay the DSH cuts, DHS estimates a potential annual revenue loss of \$150 million in its GPP. Congress has delayed these cuts on multiple occasions in the past, as they could have a significant impact on the nation’s hospital system. DHS is tracking this issue closely and will update their forecasts to reflect the additional use of fund balance if the DSH reductions are implemented.

Medi-Cal Capitation Revenue

In response to the COVID-19 pandemic, the U.S. Department of Health & Human Services (“HHS”) issued a PHE order on January 31, 2020. In March 2020, Governor Gavin Newsom issued an executive order suspending the normal annual redetermination requirement for Medi-Cal eligibility while the PHE order remained in effect. Over the next several years, the redetermination moratorium has allowed many more Medi-Cal beneficiaries in California to retain their Medi-Cal eligibility. The moratorium resulted in a significant increase in the number of Medi-Cal beneficiaries assigned to DHS and considerable increases in Medi-Cal capitation revenues.

On March 31, 2023, Congress passed the Federal Consolidated Appropriations Act of 2023 which terminated the continuous coverage requirement. Accordingly, the redetermination process resumed in July 2023 and is expected to be fully phased in by June 2024. Since the majority of the increase in Medi-Cal beneficiaries during the pandemic period belonged to the Medi-Cal Coverage Expansion (“MCE”) category of aid, MCE beneficiaries are more likely to be infrequent or “one-time only” users of DHS services. Based on this usage trend, DHS anticipates that the MCE population will be less likely to complete the redetermination process and will lose their Medi-Cal eligibility. This is expected to result in significant reductions in managed care assignments and associated capitation revenues to DHS. Once the redetermination process fully returns to normal, DHS is estimating the number of its currently assigned members will be reduced to pre-pandemic levels, with an estimated loss of 89,000 members and a decrease of approximately \$140 million annually in net capitation revenue.

COVID-19 Funding

Beginning in April 2020, HHS distributed multiple phases of Provider Relief Funds (“PRF”) to cover increased expenditures and lost revenues related to COVID-19. To date, DHS has received \$325.3 million in PRF funding. Due to uncertainties and pending HHS directions regarding PRF reporting and claiming guidelines, DHS reserved \$325.3 million of its fund balance, which will be released upon completion of required financial audits.

In September 2022, the Office of Inspector General (“OIG”) initiated an audit of DHS’ compliance with the PRF requirements. The audit’s scope of review was on the PRF expenditure reports submitted as of April 2022. Over a 12-month period, the auditors requested and reviewed detailed supporting documentation on

the reported eligible health care related expenses, calculation of lost revenues attributable to COVID-19, and a number of internal protocols, policies, and procedures. In June 2023, OIG also conducted an on-site meeting with DHS management to discuss DHS' use and reporting of PRF payments. Although OIG has completed the PRF audit, DHS has not received any formal notification or report regarding their audit findings.

Assembly Bill 85

Assembly Bill 85 ("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 amount for Fiscal Year 2021-22 and forward is \$0. 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 1% each subsequent fiscal year. The initial MOE funding requirement for Fiscal Year 2013-14 was \$326.2 million. The MOE funding requirement for Fiscal Year 2024-25 is \$364.0 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2024-25 NCC contribution to DHS is \$1.251 billion, 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 2024-25 Adopted Budget (\$ in millions)	
	Amount
County General Fund - AB 85 MOE	\$ 364.0
County General Fund - Correctional Health ^(A)	486.1
County General Fund - Specific Programs ^(B)	84.6
Vehicle License Fees Realignment	292.5
Tobacco Settlement Revenue	55.0
Transfers to Other Budget Units ^(C)	(31.6)
Total	\$ 1,250.6
^(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, 2024, the balance of General Fund cash advances to the Hospital Funds was \$0.

However, going forward, due to changes made by DHCS in certain Medi-Cal programs, it is expected that the level of cash advances to the Hospital Funds will be impacted. The most significant change is the transition of Rate Years for Medi-Cal managed care from a fiscal year to a calendar year basis. This transition results in a 6-month delay in payments for certain managed care programs so that only one-half of the payments earned in a current fiscal year will be collected by the end of the following fiscal year. The other half of the payment will be recorded as a long-term receivable which cannot be used for DHS' operating expenses, in accordance with County policy. DHS is continuing its discussions with DHCS about accelerating these payments, but the outcome is uncertain. As of June 2023, long term receivables for the affected DHS Medi-Cal managed care programs are estimated to be \$812.8 million.

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, 2023, the total estimated receivable balance is \$36.2 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 2023-24 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. DHS currently estimates the net revenue for EPP to be approximately \$644.2 million for Fiscal Year 2021-22, \$648.4 million for Fiscal Year 2022-23, \$737.8 million for Fiscal Year 2023-24, and \$840.8 million for Fiscal Year 2024-25.

The QIP 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 \$340.0 million for Fiscal Year 2021-22, \$358.5 million for Fiscal Year 2022-23, \$338.8 million for Fiscal Year 2023-24, and \$337.8 million for Fiscal Year 2024-25.

Effective May 1, 2022, DHCS implemented the Older Adult Expansion ("OAE") Medi-Cal program. The OAE program is a state-only funded (no federal funds) program that expands eligibility for full-scope Medi-Cal benefits to individuals who are 50 years of age or older, regardless of their citizenship or immigration status. Previously, these individuals were only eligible to receive limited scope benefits. Under the OAE program, those individuals with limited benefits are automatically transitioned into full scope Medi-Cal managed care. DHS estimates approximately 43,000 of its assignments are in the OAE program.

Beginning in January 2024, the State is expanding full Medi-Cal eligibility to the remaining group of income-eligible Californians, aged 26-49, regardless of their citizenship or immigration status. These coverage expansions may result in increased DHS member assignments, although there will likely be some offset depending on the number of potentially eligible individuals who fail to comply with the redetermination process.

On April 22, 2024, CMS finalized rules governing managed care delivery systems related to access to care requirements, States use of in lieu of services or settings, directed payments, quality rating systems, and other policy and reporting changes to ensure the efficient operation of state managed care programs. DHS will be reviewing the final rules to determine the financial impact to the department, if any.

DHS Reserve Funds

In Fiscal Year 2022-23, DHS closed with a Fund Balance of \$2.641 billion. Of this amount, approximately \$849.0 million with respect to the CBRC, EPP, QIP, and managed care rate supplement payments for Fiscal Years 2020-21 through 2022-23 was established as a long-term receivable and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of \$1.792 billion is available to fund DHS operations and balance its budget in the future, as needed.

As mentioned previously, the Fund Balance includes restricted fund for the PRF in the amount of \$325.3 million. DHS recognized the PRF amount based on preliminary estimates of allowable expenditure claims, pending final claiming instructions and guidance from HHS.

Harbor-UCLA Medical Center Replacement Project

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 \$1.755 billion, will be shared between DHS (89.4%) and the Department of Mental Health (10.6%), 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 February 2022, the Board of Supervisors approved the design-build contract with Hensel-Phelps for the construction of the Harbor-UCLA Replacement Project.

In order to fund the equipment needed for the new hospital facility, DHS previously reserved \$175.0 million from its Fund Balance during the Fiscal Year 2020-21 closing process and used those funds to set up the Accumulated Capital Outlay (ACO) fund of \$175.0 million in Fiscal Year 2021-22. In addition, DHS is paying the planning, design, and construction costs for the Harbor-UCLA Replacement Project and other projects as they occur. In Fiscal Year 2022-23 and Fiscal Year 2023-24, DHS covered approximately \$220.0 million and \$203.0 million of DHS project costs, respectively, using Fund Balance.

The County is planning to issue long-term lease revenue bonds in the third quarter of 2024 in the approximate amount of \$500 million to finance the remaining costs for Phase I of the Harbor-UCLA Replacement Project, the components of which include the Support Services Building, Parking Structure 2, Outpatient Clinic Building, Laboratory Building and Central Plant Building. The total project costs for Phase I of the Harbor-UCLA Replacement Project are estimated to be \$796.0 million.

Construction of the Support Services Building, which houses the Facilities Management, Information Technology, and Safety programs, was completed in May 2024, with construction of the 1,500 space Parking Structure 2 completed in June 2024. Construction of the Outpatient Clinic Building is expected to be completed by June 2026. Construction of the Laboratory Building is expected to begin in August 2024 and be completed by December 2025. Construction of the Central Plant Building is expected to begin in October 2024 and be completed by May 2027.

Martin Luther King Jr. Community Hospital

Separate from the County-operated hospitals described above, the County also provides financial assistance from time to time to MLK Community Hospital ("MLKCH"), a safety-net community hospital that provides services to Medi-Cal and uninsured patients from the surrounding community. MLKCH is operated by Martin Luther King, Jr. Los Angeles Healthcare Corporation ("MLK-LA"), a 501(c)(3) entity, which is governed by a board of directors with members appointed by the County and the University of California. The financial assistance provided by the County currently includes a loan with an outstanding balance of \$37.5 million and a \$20 million advance on a line of credit that MLK-LA established with the County in 2014. Since 2014, DHS has committed to make ongoing annual payments of \$18.0 million for indigent care support, and up to \$50.0 million of intergovernmental transfers for the benefit of MLKCH.

MLKCH has recently experienced some revenue and cash flow challenges primarily due to increased uncompensated

emergency department use, and a payer mix dominated by lower-reimbursement programs. To address this challenge, MLKCH is exploring a multitude of options including, pursuing new revenue sources and operating cost reductions. In January 2024, the County authorized a three-year pause on interest accrual for both the loan and line of credit mentioned above, along with a deferral of payment obligations and extension of the maturity dates for the same period, to allow MLKCH additional time to explore all increased revenue and cost reduction options. Furthermore, the County also authorized \$20.0 million in existing one-time Measure B funding for MLKCH, to be distributed incrementally through Fiscal Year 2026-27.

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 2006 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 2006 Tobacco Bonds. The proceeds from the sale of the 2006 Tobacco Bonds were used to finance a portion of the construction costs related to the Los Angeles General 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. 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 2023-24, the County received \$64.6 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 2020 Tobacco Settlement Bonds, which have been deposited with a trustee to pay the annual debt service.

BUDGET TABLES

The 2024-25 Adopted Budget is supported by \$7.936 billion in property tax revenue, \$5.471 billion in Federal funding, \$9.714 billion in State funding, \$430 million in cancelled obligated fund balance, \$2.776 billion in Fund Balance and \$9.083 billion from other funding sources.

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

Fund	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Recommended 2024-25	Adopted 2024-25
General Fund	\$ 25,468,803	\$ 25,413,850	\$ 28,583,600	\$ 30,966,118	\$ 29,856,295	\$ 30,155,948
Hospital Enterprise Fund	3,803,498	4,468,193	4,749,724	4,967,704	5,427,438	5,254,444
Total General County Budget	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 35,283,733	\$ 35,410,392

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

	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Recommended 2024-25	Adopted 2024-25
Requirements						
Social Services	\$ 8,298,441	\$ 8,186,912	\$ 9,295,250	\$ 9,884,885	\$ 9,866,299	\$ 9,878,517
Health	10,438,420	10,893,123	11,731,196	12,928,360	12,945,694	12,993,315
Justice	6,308,501	6,450,531	7,138,202	7,523,508	7,410,572	7,461,159
Other	4,226,939	4,351,477	5,168,676	5,597,069	5,061,168	5,077,401
Total	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 35,283,733	\$ 35,410,392
Revenue Sources						
Property Taxes	\$ 6,371,071	\$ 6,586,439	\$ 7,163,808	\$ 7,607,483	\$ 7,935,874	\$ 7,935,874
State Assistance	7,146,855	7,669,963	8,811,781	9,565,638	9,702,993	9,713,600
Federal Assistance	5,633,127	5,148,436	5,489,983	6,001,402	5,449,837	5,471,385
Other	10,121,248	10,477,205	11,867,752	12,759,299	12,195,029	12,289,533
Total	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 35,283,733	\$ 35,410,392

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

	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Recommended 2024-25	Adopted 2024-25
Financing Requirements						
Salaries & Employee Benefits	\$ 14,252,672	\$ 15,027,355	\$ 16,044,329	\$ 16,984,661	\$ 17,647,906	\$ 17,848,749
Services & Supplies	10,457,231	10,840,813	12,410,538	13,659,081	12,796,015	12,818,401
Other Charges	6,178,632	5,794,476	6,543,900	7,146,058	7,275,802	7,296,803
Capital Assets	1,432,583	1,346,599	1,486,108	1,847,405	1,710,797	1,753,061
Other Financing Uses	1,186,455	877,986	942,102	1,084,815	1,115,388	1,014,506
Appropriations for Contingencies	22,113	25,119	77,191	77,376	56,742	56,742
Interbudget Transfers ¹	(2,581,864)	(2,363,930)	(2,413,443)	(3,059,977)	(3,299,370)	(3,272,816)
Gross Appropriation	\$ 30,947,822	\$ 31,548,418	\$ 35,090,725	\$ 37,739,419	\$ 37,303,280	\$ 37,515,446
Less: Intrafund Transfers	1,883,836	1,894,352	1,985,472	1,972,104	2,043,003	2,124,820
Net Appropriation	\$ 29,063,986	\$ 29,654,066	\$ 33,105,253	\$ 35,767,315	\$ 35,260,277	\$ 35,390,626
Provision for Obligated Fund Balance						
General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	3,400	-	-	-	-	-
Assigned for Rainy Day Funds	53,450	13,929	96,490	116,135	-	-
Committed Fund Balance	151,465	214,048	131,581	50,372	23,456	19,766
Total Financing Requirements	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 35,283,733	\$ 35,410,392
Available Financing						
Fund Balance	\$ 2,196,874	\$ 2,437,598	\$ 3,177,971	\$ 3,764,489	\$ 2,725,095	\$ 2,776,005
Cancel Provision for Obligated Fund Balance	482,861	359,685	222,647	395,690	378,645	429,883
Property Taxes: Regular Roll	6,316,080	6,531,284	7,104,477	7,547,149	7,875,078	7,875,078
Supplemental Roll	54,991	55,155	59,331	60,334	60,796	60,796
Revenue	20,221,495	20,498,321	22,768,898	24,166,160	24,244,119	24,268,630
Total Available Financing	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 35,283,733	\$ 35,410,392

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 \$3.3 billion in 2024-25, from the above table would give the impression that there are more resources than are actually available and

Source: Chief Executive Office

**COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2023-24 FINAL ADOPTED BUDGET TO 2024-25 ADOPTED BUDGET
Net Appropriation: By Function
(In thousands)**

Function	2023-24 Final ⁽¹⁾	2024-25 Adopted ⁽²⁾	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	\$ 1,826,384.0	\$ 1,721,159.0	\$ (105,225.0)	-5.76%
General Services	1,468,073.0	1,376,269.0	(91,804.0)	-6.25%
Public Buildings	1,747,549.0	1,612,754.0	(134,795.0)	-7.71%
Total General	\$ 5,042,006.0	\$ 4,710,182.0	\$ (331,824.0)	-6.58%
Public Protection				
Justice	\$ 6,487,241.0	\$ 6,618,309.0	\$ 131,068.0	2.02%
Other Public Protection	540,511.0	351,785.0	(188,726.0)	-34.92%
Total Public Protection	\$ 7,027,752.0	\$ 6,970,094.0	\$ (57,658.0)	-0.82%
Health and Sanitation	12,643,239.0	12,693,908.0	50,669.0	0.40%
Public Assistance	9,860,696.0	9,820,333.0	(40,363.0)	-0.41%
Recreation and Cultural Services	497,398.0	485,968.0	(11,430.0)	-2.30%
Education	50,726.0	43,986.0	(6,740.0)	-13.29%
Other	474,612.0	527,053.0	52,441.0	11.05%
Insurance and Loss Reserve	93,510.0	82,360.0	(11,150.0)	-11.92%
Provision for Obligated Fund Balance	166,507.0	19,766.0	(146,741.0)	-88.13%
Appropriations for Contingencies	77,376.0	56,742.0	(20,634.0)	-26.67%
Total Requirements	\$ 35,933,822.0	\$ 35,410,392.0	\$ (523,430.0)	-1.46%
AVAILABLE FUNDS				
Property Taxes	\$ 7,607,483.0	\$ 7,935,874.0	\$ 328,391.0	4.32%
Fund Balance	3,764,489.0	2,776,005.0	(988,484.0)	-26.26%
Cancelled Prior-Year Reserves	395,690.0	429,883.0	34,193.0	8.64%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	\$ 447,088.0	\$ 447,088.0	\$ -	0.00%
Homeowners' Exemption	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	1,895,433.0	2,011,866.0	116,433.0	6.14%
Other Public Assistance	2,875,930.0	2,937,992.0	62,062.0	2.16%
Public Protection	1,804,679.0	1,750,478.0	(54,201.0)	-3.00%
Health and Mental Health	2,311,715.0	2,309,392.0	(2,323.0)	-0.10%
Capital Projects	163,896.0	172,904.0	9,008.0	5.50%
Other State Revenues	47,897.0	64,880.0	16,983.0	35.46%
Total State Revenues	\$ 9,565,638.0	\$ 9,713,600.0	\$ 147,962.0	1.55%
Federal Revenues				
Public Assistance Subventions	\$ 3,084,976.0	\$ 3,224,404.0	\$ 139,428.0	4.52%
Other Public Assistance	228,490.0	209,154.0	(19,336.0)	-8.46%
Public Protection	178,658.0	84,573.0	(94,085.0)	-52.66%
Health and Mental Health	1,978,080.0	1,749,354.0	(228,726.0)	-11.56%
Capital Projects	277,080.0	44,495.0	(232,585.0)	-83.94%
Other Federal Revenues	254,118.0	159,405.0	(94,713.0)	-37.27%
Total Federal Revenues	\$ 6,001,402.0	\$ 5,471,385.0	\$ (530,017.0)	-8.83%
Other Governmental Agencies	52,778.0	53,244.0	466.0	0.88%
Total Intergovernmental Revenues	\$ 15,619,818.0	\$ 15,238,229.0	\$ (381,589.0)	-2.44%
Fines, Forfeitures and Penalties	138,706.0	143,279.0	4,573.0	3.30%
Licenses, Permits and Franchises	70,958.0	72,387.0	1,429.0	2.01%
Charges for Services	6,358,694.0	6,845,699.0	487,005.0	7.66%
Other Taxes	246,195.0	228,001.0	(18,194.0)	-7.39%
Use of Money and Property	377,084.0	442,360.0	65,276.0	17.31%
Miscellaneous Revenues	703,311.0	789,780.0	86,469.0	12.29%
Operating Contribution from General Fund	651,394.0	508,895.0	(142,499.0)	-21.88%
Total Available Funds	\$ 35,933,822.0	\$ 35,410,392.0	\$ (523,430.0)	-1.46%

(1) Reflects the 2023-24 Final Adopted General County Budget approved by the Board of Supervisors on October 3, 2023

(2) Reflects the 2024-25 Adopted General County Budget approved by the Board of Supervisors on June 24, 2024

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2023-24 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	\$ 1,826,384.0	\$ -	\$ 1,826,384.0
General Services	1,468,073.0	-	1,468,073.0
Public Buildings	1,747,549.0	-	1,747,549.0
Total General	\$ 5,042,006.0	\$ -	\$ 5,042,006.0
Public Protection			
Justice	\$ 6,487,241.0	\$ -	\$ 6,487,241.0
Other Public Protection	540,511.0	-	540,511.0
Total Public Protection	\$ 7,027,752.0	\$ -	\$ 7,027,752.0
Health and Sanitation	\$ 7,675,535.0	\$ 4,967,704.0	\$ 12,643,239.0
Public Assistance	9,860,696.0	-	9,860,696.0
Recreation and Cultural Services	497,398.0	-	497,398.0
Education	50,726.0	-	50,726.0
Other	474,612.0	-	474,612.0
Insurance and Loss Reserve	93,510.0	-	93,510.0
Provision for Obligated Fund Balance	166,507.0	-	166,507.0
Appropriation for Contingency	77,376.0	-	77,376.0
Total Requirements	\$ 30,966,118.0	\$ 4,967,704.0	\$ 35,933,822.0
AVAILABLE FUNDS			
Property Taxes	\$ 7,607,483.0	\$ -	\$ 7,607,483.0
Fund Balance	3,764,489.0	-	3,764,489.0
Cancel Provision for Obligated Fund Balance	80,645.0	315,045.0	395,690.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	\$ 447,088.0	\$ -	\$ 447,088.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,895,433.0	-	1,895,433.0
Other Public Assistance	2,875,930.0	-	2,875,930.0
Public Protection	1,804,679.0	-	1,804,679.0
Health and Mental Health	2,267,555.0	44,160.0	2,311,715.0
Capital Projects	163,896.0	-	163,896.0
Other State Revenues	47,897.0	-	47,897.0
Total State Revenues	9,521,478.0	44,160.0	9,565,638.0
Federal Revenues			
Public Assistance Subventions	\$ 3,084,976.0	\$ -	\$ 3,084,976.0
Other Public Assistance	228,490.0	-	228,490.0
Public Protection	178,658.0	-	178,658.0
Health and Mental Health	1,977,108.0	972.0	1,978,080.0
Capital Projects	277,080.0	-	277,080.0
Other Federal Revenues	254,118.0	-	254,118.0
Total Federal Revenues	\$ 6,000,430.0	\$ 972.0	\$ 6,001,402.0
Other Governmental Agencies	52,778.0	-	52,778.0
Total Intergovernmental Revenues	\$ 15,574,686.0	\$ 45,132.0	\$ 15,619,818.0
Fines, Forfeitures and Penalties	138,706.0	-	138,706.0
Licenses, Permits and Franchises	70,832.0	126.0	70,958.0
Charges for Services	2,962,561.0	3,396,133.0	6,358,694.0
Other Taxes	246,195.0	-	246,195.0
Use of Money and Property	367,104.0	9,980.0	377,084.0
Miscellaneous Revenues	153,417.0	549,894.0	703,311.0
Operating Contribution from General Fund	-	651,394.0	651,394.0
Total Available Funds	\$ 30,966,118.0	\$ 4,967,704.0	\$ 35,933,822.0

(1) Reflects the 2023-24 Final Adopted General County Budget approved by the Board of Supervisors on October 3, 2023

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2024-25 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	\$ 1,669,383.0	\$ -	\$ 1,669,383.0
General Services	1,405,291.0	-	1,405,291.0
Public Buildings	1,628,159.0	-	1,628,159.0
Total General	\$ 4,702,833.0	\$ -	\$ 4,702,833.0
Public Protection			
Justice	\$ 6,578,890.0	\$ -	\$ 6,578,890.0
Other Public Protection	341,117.0	-	341,117.0
Total Public Protection	\$ 6,920,007.0	\$ -	\$ 6,920,007.0
Health and Sanitation	\$ 7,218,849.0	\$ 5,427,438.0	\$ 12,646,287.0
Public Assistance	9,808,115.0	-	9,808,115.0
Recreation and Cultural Services	472,373.0	-	472,373.0
Education	44,507.0	-	44,507.0
Other	527,053.0	-	527,053.0
Insurance and Loss Reserve	82,360.0	-	82,360.0
Provision for Obligated Fund Balance	23,456.0	-	23,456.0
Appropriation for Contingency	56,742.0	-	56,742.0
Total Requirements	\$ 29,856,295.0	\$ 5,427,438.0	\$ 35,283,733.0
AVAILABLE FUNDS			
Property Taxes	\$ 7,935,874.0	\$ -	\$ 7,935,874.0
Fund Balance	2,725,095.0	-	2,725,095.0
Cancel Provision for Obligated Fund Balance	31,477.0	347,168.0	378,645.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	\$ 447,088.0	\$ -	\$ 447,088.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,984,318.0	-	1,984,318.0
Other Public Assistance	2,930,960.0	-	2,930,960.0
Public Protection	1,744,960.0	-	1,744,960.0
Health and Mental Health	2,235,600.0	105,308.0	2,340,908.0
Capital Projects	171,573.0	-	171,573.0
Other State Revenues	64,186.0	-	64,186.0
Total State Revenues	9,597,685.0	105,308.0	9,702,993.0
Federal Revenues			
Public Assistance Subventions	\$ 3,211,717.0	\$ -	\$ 3,211,717.0
Other Public Assistance	209,154.0	-	209,154.0
Public Protection	81,979.0	-	81,979.0
Health and Mental Health	1,730,477.0	972.0	1,731,449.0
Capital Projects	63,695.0	-	63,695.0
Other Federal Revenues	151,843.0	-	151,843.0
Total Federal Revenues	\$ 5,448,865.0	\$ 972.0	\$ 5,449,837.0
Other Governmental Agencies	51,116.0	-	51,116.0
Total Intergovernmental Revenues	\$ 15,097,666.0	\$ 106,280.0	\$ 15,203,946.0
Fines, Forfeitures and Penalties	140,606.0	20.0	140,626.0
Licenses, Permits and Franchises	72,074.0	126.0	72,200.0
Charges for Services	3,049,425.0	3,700,610.0	6,750,035.0
Other Taxes	228,001.0	-	228,001.0
Use of Money and Property	419,764.0	19,468.0	439,232.0
Miscellaneous Revenues	156,313.0	583,028.0	739,341.0
Operating Contribution from General Fund	-	670,738.0	670,738.0
Total Available Funds	\$ 29,856,295.0	\$ 5,427,438.0	\$ 35,283,733.0

(1) Reflects the 2024-25 Recommended General County Budget approved by the Board of Supervisors on April 16, 2024

COUNTY OF LOS ANGELES
ADOPTED BUDGET 2024-25 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	\$ 1,721,159.0	\$ -	\$ 1,721,159.0
General Services	1,376,269.0	-	1,376,269.0
Public Buildings	1,612,754.0	-	1,612,754.0
Total General	\$ 4,710,182.0	\$ -	\$ 4,710,182.0
Public Protection			
Justice	\$ 6,618,309.0	\$ -	\$ 6,618,309.0
Other Public Protection	351,785.0	-	351,785.0
Total Public Protection	\$ 6,970,094.0	\$ -	\$ 6,970,094.0
Health and Sanitation	\$ 7,439,464.0	\$ 5,254,444.0	\$ 12,693,908.0
Public Assistance	9,820,333.0	-	9,820,333.0
Recreation and Cultural Services	485,968.0	-	485,968.0
Education	43,986.0	-	43,986.0
Other	527,053.0	-	527,053.0
Insurance and Loss Reserve	82,360.0	-	82,360.0
Provision for Obligated Fund Balance	19,766.0	-	19,766.0
Appropriation for Contingency	56,742.0	-	56,742.0
Total Requirements	\$ 30,155,948.0	\$ 5,254,444.0	\$ 35,410,392.0
AVAILABLE FUNDS			
Property Taxes	\$ 7,935,874.0	\$ -	\$ 7,935,874.0
Fund Balance	2,776,005.0	-	2,776,005.0
Cancel Provision for Obligated Fund Balance	31,477.0	398,406.0	429,883.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	\$ 447,088.0	\$ -	\$ 447,088.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	2,011,866.0	-	2,011,866.0
Other Public Assistance	2,937,992.0	-	2,937,992.0
Public Protection	1,750,478.0	-	1,750,478.0
Health and Mental Health	2,219,440.0	89,952.0	2,309,392.0
Capital Projects	172,904.0	-	172,904.0
Other State Revenues	64,880.0	-	64,880.0
Total State Revenues	9,623,648.0	89,952.0	9,713,600.0
Federal Revenues			
Public Assistance Subventions	\$ 3,224,404.0	\$ -	\$ 3,224,404.0
Other Public Assistance	209,154.0	-	209,154.0
Public Protection	84,573.0	-	84,573.0
Health and Mental Health	1,748,382.0	972.0	1,749,354.0
Capital Projects	44,495.0	-	44,495.0
Other Federal Revenues	159,405.0	-	159,405.0
Total Federal Revenues	\$ 5,470,413.0	\$ 972.0	\$ 5,471,385.0
Other Governmental Agencies	53,244.0	-	53,244.0
Total Intergovernmental Revenues	\$ 15,147,305.0	\$ 90,924.0	\$ 15,238,229.0
Fines, Forfeitures and Penalties	143,259.0	20.0	143,279.0
Licenses, Permits and Franchises	72,261.0	126.0	72,387.0
Charges for Services	3,243,193.0	3,602,506.0	6,845,699.0
Other Taxes	228,001.0	-	228,001.0
Use of Money and Property	422,892.0	19,468.0	442,360.0
Miscellaneous Revenues	155,681.0	634,099.0	789,780.0
Operating Contribution from General Fund	-	508,895.0	508,895.0
Total Available Funds	\$ 30,155,948.0	\$ 5,254,444.0	\$ 35,410,392.0

(1) Reflects the 2024-25 Adopted General County Budget approved by the Board of Supervisors on June 24, 2024

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 citywide special districts.

PAYMENT DATES AND LIENS

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

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

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2023-24 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 \$57,430,748,091, which constitutes only 2.97% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2023-24
SOUTHERN CALIFORNIA EDISON CO	\$ 159,211,341
SOUTHERN CALIFORNIA GAS COMPANY	61,364,978
REXFORD INDUSTRIAL	60,959,590
TESORO REFINING AND MARKETING CO	56,496,094
DOUGLAS EMMETT RESIDENTIAL	45,374,362
PINCAY RE LLC LESSOR	39,418,623
EQR / ERP LIMITED	35,261,077
CHEVRON USA INC	32,066,302
MAGUIRE PROPERTIES	29,628,247
AMB/MAR CARSON LLC	28,452,723
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	25,423,243
AT&T MOBILITY LLC	21,649,021
ESSEX PORTFOLIO LP	19,781,847
PHILLIPS 66 PIPE LINE LLC	19,038,627
CENTURY CITY MALL LLC	13,848,316
FSP SOUTH FLOWER STREET	12,547,145
DE PACIFIC 9665 LLC	12,070,194
CJDB LLC LESSOR AND	11,718,986
DUKE REALTY WILMINGTON LP	11,671,662
DEL AMO FASHION CENTER OPERATING	11,272,536
	\$ 707,254,913

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 2019-20 through 2023-24.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2019-20 THROUGH 2023-24

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 %
2019-20	\$1,549,271,724,044	\$3,748,846,036	\$3,664,667,048	97.75%
2020-21	1,643,560,494,991	3,959,536,042	3,893,270,771	98.33%
2021-22	1,708,149,256,743	4,123,258,603	4,059,314,940	98.45%
2022-23	1,826,210,292,243	4,404,079,935	4,333,441,881	98.40%
2023-24	1,931,399,894,780	4,674,105,893	4,593,626,211	98.28%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by successor redevelopment agencies are excluded. See "Successor Redevelopment Agencies".

(2) Reflects collection within the fiscal year originally levied.

SUCCESSOR REDEVELOPMENT AGENCIES

Pursuant to ABX1 26, 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 2019-20 through 2023-24.

PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2019-20 THROUGH 2023-24

Fiscal Year	Full Cash Value Increments ⁽¹⁾	Total Tax Allocations ⁽²⁾
2019-20	\$220,959,568,982	\$2,006,676,731
2020-21	238,966,302,250	2,240,003,569
2021-22	250,158,784,812	2,272,777,323
2022-23	265,699,780,678	2,377,926,942
2023-24	282,248,200,705	2,523,841,524 ⁽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 2023 through July 2024.

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.

2024-25 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 21, 2024, the County issued the 2024-25 TRAns with an aggregate principal amount of \$700,000,000 on July 1, 2024. The 2024-25 TRAns, which will mature on June 30, 2025, are general obligations of the County attributable to Fiscal Year 2024-25 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 2024-25, 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 2024-25 for the purpose of repaying the 2024-25 TRAns on the June 30, 2025 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES

2024-25 TAX AND REVENUE ANTICIPATION NOTES

SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	Deposit Amount
December, 2024	\$315,000,000
January, 2025	315,000,000
April, 2025	104,902,778
Total	\$734,902,778

* Includes \$700,000,000 of 2024-25 TRAns principal and 5.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRAns program. The following table illustrates the unrestricted General Fund receipts collected on a cash flow basis from Fiscal Year 2019-20 to Fiscal Year 2023-24.

COUNTY OF LOS ANGELES

GENERAL FUND

UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
Property Taxes	\$ 6,114,188	\$ 6,632,057	\$ 6,757,307	\$ 7,488,759	\$ 7,793,678
Other Taxes	217,568	227,840	293,548	271,809	250,207
Licenses, Permits and Franchises	69,060	65,989	71,281	73,784	86,508
Fines, Forfeitures and Penalties	195,093	147,618	166,194	175,622	193,565
Investment and Rental Income	247,094	143,986	149,077	362,993	616,392
State In-Lieu Taxes	339,802	(101,848)	407,236	364,801	381,298
State Homeowner Exemptions	18,536	18,382	18,419	18,299	17,718
Charges for Current Services	2,301,629	3,042,996	2,606,320	2,832,406	2,873,769
Other Revenue*	1,106,808	1,525,749	1,264,482	1,504,348	1,603,064
TOTAL UNRESTRICTED RECEIPTS	\$ 10,609,778	\$ 11,702,769	\$ 11,733,864	\$ 13,092,821	\$ 13,816,199

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 2022-23 and Fiscal Year 2023-24.

General Fund Cash Flow Statements

The Fiscal Year 2022-23 and Fiscal Year 2023-24 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2022-23, the County had an ending General Fund cash balance of \$4.709 billion. For Fiscal Year 2023-24, the County had an ending General Fund cash balance of \$4.937 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 June 30, 2024, 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	\$ 23.065
Schools and Community Colleges	32.156
Discretionary Participants	3.777
Total	\$ 58.998

Of these entities, the discretionary participants accounted for 6.4% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2024, 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 July 31, 2024, the June 30, 2024 book value of the Treasury Pool was approximately \$58.998 billion and the corresponding market value was approximately \$56.738 billion.

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

accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of June 30, 2024:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	3.56
U.S. Government and Agency Obligations	68.45
Bankers Acceptances	0.00
Commercial Paper	27.93
Municipal Obligations	0.06
Corporate Notes & Deposit Notes	0.00
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	<u>100.00</u>

The Treasury Pool is highly liquid. As of June 30, 2024, approximately 39.69% of the investments mature within 60 days, with an average of 668 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, 2023, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County's Annual Comprehensive 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 2023-24 Final Adopted Budget included an available General Fund balance of \$3,764,489,000 as of June 30, 2023.

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 the 2006 Tobacco Bonds in Fiscal Year 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 2022-23 Annual Comprehensive 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 Custodial 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 Custodial assets as of June 30, 2023.

The tables below provide a reconciliation of the General Fund's June 30, 2023 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 2018-19 to Fiscal Year 2022-23.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2023 (in thousands of \$)

Unassigned Fund Balance - Budgetary Basis	\$3,764,489
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	328,909
Change in receivables for health insurers rebates held in LACERA OPEB Custodial Fund	231,550
Accrual of liabilities for accrued compensated absences not required by GAAP	105,873
Change in revenue accruals	(214,251)
Deferral of property tax receivables	(104,264)
Deferral of sale of tobacco settlement revenue	(183,207)
Change in fair value of Investments	(503,629)
Nonspendable long-term receivable	109
Reserve for "Rainy Day" Fund	<u>854,920</u>
Unassigned Fund Balance - GAAP Basis	<u>\$4,280,499</u>

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COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2019, 2020, 2021, 2022, and 2023
GENERAL FUND-GAAP BASIS (in thousands of \$)

ASSETS

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Pooled Cash and Investments	\$ 4,234,098	\$ 5,027,623	\$ 7,656,800	\$ 9,550,790	\$ 9,934,126
Other Investments	3,973	3,678	3,351	2,988	2,588
Taxes Receivable	190,819	260,740	243,220	262,404	273,191
Lease Receivable*				1,864,647	1,833,620
Other Receivables	2,466,846	3,579,508	3,415,900	3,469,989	3,829,493
Due from Other Funds	757,525	872,764	600,132	875,872	836,933
Advances to Other Funds	634,848	77,748	18,084	18,221	17,738
Inventories	58,050	66,482	117,370	163,736	137,240
Total Assets	<u>\$ 8,346,159</u>	<u>\$ 9,888,543</u>	<u>\$ 12,054,857</u>	<u>\$ 16,208,647</u>	<u>\$ 16,864,929</u>

LIABILITIES

Accounts Payable	\$ 636,560	\$ 790,780	\$ 684,009	\$ 627,573	\$ 712,573
Accrued Payroll	445,506	457,444	481,556	489,407	523,652
Other Payables	165,114	91,569	94,890	31,838	163,099
Due to Other Funds	212,300	246,092	489,473	346,213	345,155
Advances Payable	1,812,610	3,073,192	4,500,312	6,225,152	5,979,531
Third-Party Payor Liability	56,297	92,105	181,002	289,706	195,652
Total Liabilities	<u>\$ 3,328,387</u>	<u>\$ 4,751,182</u>	<u>\$ 6,431,242</u>	<u>\$ 8,009,889</u>	<u>\$ 7,919,662</u>

DEFERRED INFLOWS OF RESOURCES	<u>\$ 583,763</u>	<u>\$ 618,557</u>	<u>\$ 689,891</u>	<u>\$ 2,581,104</u>	<u>\$ 2,462,210</u>
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FUND BALANCES

Nonspendable	\$ 311,958	\$ 126,630	\$ 225,233	\$ 284,841	\$ 263,367
Restricted	79,210	83,372	55,061	64,516	77,629
Committed	780,517	594,193	597,337	759,944	832,792
Assigned	620,773	696,775	790,573	774,267	1,028,770
Unassigned	2,641,551	3,017,834	3,265,520	3,734,086	4,280,499
Total Fund Balances	<u>\$ 4,434,009</u>	<u>\$ 4,518,804</u>	<u>\$ 4,933,724</u>	<u>\$ 5,617,654</u>	<u>\$ 6,483,057</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,346,159</u>	<u>\$ 9,888,543</u>	<u>\$ 12,054,857</u>	<u>\$ 16,208,647</u>	<u>\$ 16,864,929</u>

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2019, 2020, 2021, 2022, and 2023.

*The County implemented GASB Statement 87 "Leases" in FY 2021-22. As of June 30, 2022, Lease Receivable is reported in the new required GASB 87 format.

COUNTY OF LOS ANGELES
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2018-19 THROUGH 2022-23 (in thousands of \$)

	2018-19	2019-20	2020-21	2021-22	2022-23
REVENUES:					
Taxes	\$ 6,034,742	\$ 6,321,404	\$ 6,894,825	\$ 7,161,038	\$ 7,643,986
Licenses, Permits & Franchises	63,538	70,299	63,193	70,654	72,609
Fines, Forfeitures and Penalties	187,979	184,798	163,163	173,404	176,923
Use of Money and Property	366,116	256,737	77,633	(176,046)	369,173
Aid from Other Government	10,224,347	10,932,846	12,957,099	12,664,511	13,804,835
Charges for Services	2,505,049	2,964,007	2,909,960	2,728,979	2,908,286
Miscellaneous Revenues	169,320	248,008	217,269	240,128	245,625
TOTAL	\$ 19,551,091	\$ 20,978,099	\$ 23,283,142	\$ 22,862,668	\$ 25,221,437
EXPENDITURES					
General	\$ 1,284,824	\$ 1,504,452	\$ 1,807,937	\$ 1,193,470	\$ 1,870,449
Public Protection	5,893,865	6,130,313	6,149,194	6,330,770	6,720,622
Health and Sanitation	5,065,138	5,727,283	5,968,030	6,380,309	6,468,543
Public Assistance	6,501,712	6,893,502	7,898,985	7,555,772	8,549,336
Recreation and Cultural Services	386,217	407,052	398,537	427,224	477,197
Debt Service	37,519	35,596	31,172	143,214	186,397
Capital Outlay	1,586	1,052	1,134	58,841	341,816
Total	\$ 19,170,861	\$ 20,699,250	\$ 22,254,989	\$ 22,089,600	\$ 24,614,360
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 380,230	\$ 278,849	\$ 1,028,153	\$ 773,068	\$ 607,077
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to)					
Other Funds-Net	\$ 155,233	\$ (196,378)	\$ (616,679)	\$ (149,735)	\$ (84,670)
Sales of Capital Assets	1,769	1,272	2,312	1,756	1,180
Leases*	1,586	1,052	1,134	58,841	280,778
Subscriptions**					61,038
OTHER FINANCING SOURCES (USES)-Net	\$ 158,588	\$ (194,054)	\$ (613,233)	\$ (89,138)	\$ 258,326
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	538,818	84,795	414,920	683,930	865,403
Beginning Fund Balance	3,895,191	4,434,009	4,518,804	4,933,724	5,617,654
Ending Fund Balance	\$ 4,434,009	\$ 4,518,804	\$ 4,933,724	\$ 5,617,654	\$ 6,483,057

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2019, 2020, 2021, 2022, and 2023.

* The County implemented GASB 87-Leases in FY 2021-22. As of June 30, 2022, Leases Other Financing Uses is reported in the new GASB 87 format.

** The County implemented GASB Statement 96 "Subscription Based IT Arrangements" in FY 2022-23. As of June 30, 2023, Subscriptions Other Financing Uses is reported in the new required GASB 96 format.

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

2022-23: 12 MONTHS ACTUAL

2023-24: 12 MONTHS ACTUAL

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COUNTY OF LOS ANGELES BORROWABLE RESOURCES

AVERAGE DAILY BALANCES: Fiscal Year 2022-23

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

	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022
PROPERTY TAX GROUP						
Tax Collector Trust Fund	\$ 123,881	\$ 57,792	\$ 65,183	\$ 654,873	\$ 2,487,412	\$ 3,198,666
Auditor Unapportioned Property Tax	754,818	158,243	88,057	134,026	1,168,825	3,991,430
Unsecured Property Tax	209,706	189,491	197,994	237,215	179,575	110,323
Miscellaneous Fees & Taxes	386	418	395	397	391	340
State Redemption Fund	31,588	54,951	71,304	101,246	53,529	39,669
Education Revenue Augmentation	80,885	73,388	122,252	122,252	145,017	611,854
State Reimbursement Fund	0	0	0	0	399	9,233
Vehicle License Fee Replacement Fund	0	119,500	137,204	137,204	137,204	241,843
Property Tax Rebate Fund	4,045	17,875	18,579	21,164	21,389	13,405
Utility User Tax Trust Fund	1,230	1,073	3,787	8,185	12,984	10,192
Subtotal	\$ 1,206,539	\$ 672,731	\$ 704,755	\$ 1,416,562	\$ 4,206,725	\$ 8,226,955
VARIOUS TRUST GROUP						
Departmental Trust Fund	\$ 565,690	\$ 461,420	\$ 444,169	\$ 465,091	\$ 505,035	\$ 482,621
Non-County Entities Trust Fund	51,276	72,098	88,470	90,838	92,280	91,006
Payroll Revolving Fund	70,019	68,251	71,297	87,811	72,971	74,975
Asset Development Fund	53,056	52,781	52,757	53,054	53,099	50,002
Productivity Investment Fund	7,198	7,046	6,828	6,343	6,113	6,054
Motor Vehicle Capital Outlays	749	749	749	749	4,037	7,039
Civic Center Parking	181	230	254	351	218	260
Reporters Salary Fund	354	313	472	460	434	322
Cable TV Franchise Fund	16,437	15,969	16,299	16,383	15,896	16,146
Megaflex Long-Term Disability	10,238	10,140	10,052	10,136	9,989	9,994
Megaflex Long-Term Disability & Health	15,260	15,348	15,442	15,521	15,614	15,703
Megaflex Short-Term Disability	80,911	81,696	82,219	82,775	83,367	83,958
Subtotal	\$ 871,369	\$ 786,041	\$ 789,008	\$ 829,512	\$ 859,053	\$ 838,080
HOSPITAL GROUP						
Harbor-UCLA Medical Center	\$ 188,583	\$ 84,118	\$ 90,427	\$ 162,013	\$ 146,075	\$ 74,676
Olive View-UCLA Medical Center	105,968	73,818	15,706	60,935	43,230	7,721
LAC+USC Medical Center	184,319	103,770	18,077	102,648	75,852	3,112
Rancho Los Amigos Rehab Center	142,307	94,986	114,837	119,731	111,411	92,205
Health Services - Harbor-UCLA Medical Center	175,000	175,000	175,069	175,211	175,441	175,721
Subtotal	\$ 796,177	\$ 531,692	\$ 414,116	\$ 620,538	\$ 552,009	\$ 353,435
GRAND TOTAL	\$ 2,874,085	\$ 1,990,464	\$ 1,907,879	\$ 2,866,612	\$ 5,617,787	\$ 9,418,470

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	
PROPERTY TAX GROUP						
\$ 1,377,907	\$ 665,330	\$ 1,110,893	\$ 3,898,615	\$ 470,895	\$ 254,986	Tax Collector Trust Fund
1,838,083	1,282,135	1,021,830	1,885,402	1,651,008	284,709	Auditor Unapportioned Property Tax
101,595	82,896	68,709	60,646	80,844	120,844	Unsecured Property Tax
398	417	400	397	385	367	Miscellaneous Fees & Taxes
36,875	27,915	26,771	25,892	20,159	25,985	State Redemption Fund
709,902	585,926	51,154	398,628	293,200	222,217	Education Revenue Augmentation
17,550	720	720	3,516	16,858	7,458	State Reimbursement Fund
698,320	166,087	828,360	888,052	877,825	0	Vehicle License Fee Replacement Fund
11,511	14,032	26,483	34,660	26,124	17,149	Property Tax Rebate Fund
13,358	15,536	15,681	21,062	16,776	12,124	Utility User Tax Trust Fund
\$ 4,805,499	\$ 2,840,994	\$ 3,151,001	\$ 7,216,870	\$ 3,454,074	\$ 945,839	Subtotal
VARIOUS TRUST GROUP						
\$ 631,324	\$ 635,389	\$ 745,141	\$ 633,082	\$ 579,836	\$ 519,254	Departmental Trust Fund
90,884	106,502	102,265	103,802	110,797	112,503	Non-County Entities Trust Fund
100,531	61,240	64,037	74,807	65,631	58,631	Payroll Revolving Fund
20,931	20,967	21,127	21,881	22,175	22,293	Asset Development Fund
5,990	5,850	7,279	9,692	9,646	8,692	Productivity Investment Fund
7,039	7,039	7,017	6,971	6,962	6,943	Motor Vehicle Capital Outlays
230	128	57	206	207	190	Civic Center Parking
287	300	387	295	400	439	Reporters Salary Fund
16,089	15,699	15,879	15,732	15,499	15,915	Cable TV Franchise Fund
10,111	9,966	10,058	10,136	10,083	10,199	Megaflex Long-Term Disability
15,812	15,822	15,780	15,893	15,983	16,065	Megaflex Long-Term Disability & Health
84,807	85,482	86,306	87,053	87,764	88,479	Megaflex Short-Term Disability
\$ 984,035	\$ 964,384	\$ 1,075,333	\$ 979,550	\$ 924,983	\$ 859,603	Subtotal
HOSPITAL GROUP						
\$ 13,354	\$ 15,699	\$ 4,709	\$ 328,171	\$ 471,461	\$ 416,831	Harbor-UCLA Medical Center
3,598	10,297	2,126	124,452	171,581	119,547	Olive View-UCLA Medical Center
(1,199)	28,850	11,479	168,123	208,914	214,290	LAC + USC Medical Center
70,877	23,996	(1,828)	124,200	194,838	177,923	Rancho Los Amigos Rehab Center
176,026	176,447	176,795	177,261	177,685	178,264	Health Services - Harbor-UCLA Medical Center
\$ 262,656	\$ 255,289	\$ 193,281	\$ 922,207	\$ 1,224,479	\$ 1,106,855	Subtotal
\$ 6,052,190	\$ 4,060,667	\$ 4,419,615	\$ 9,118,627	\$ 5,603,536	\$ 2,912,297	GRAND TOTAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2023-24
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of \$)

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
PROPERTY TAX GROUP						
Tax Collector Trust Fund	\$ 106,486	\$ 67,570	\$ 43,947	\$ 723,413	\$ 1,950,721	\$ 4,879,179
Auditor Unapportioned Property Tax	428,303	203,377	166,735	249,448	2,061,666	2,762,255
Unsecured Property Tax	196,882	164,022	207,494	250,032	187,685	115,997
Miscellaneous Fees & Taxes	328	358	402	357	361	392
State Redemption Fund	31,048	60,058	60,762	68,411	32,540	34,542
Education Revenue Augmentation	22,878	71,863	0	0	22,825	615,370
State Reimbursement Fund	0	0	0	0	392	9,933
Vehicle License Fee Replacement Fund	0	50,039	192,489	192,489	192,489	214,371
Property Tax Rebate Fund	17,455	28,806	23,688	20,353	40,138	35,602
Utility User Tax Trust Fund	1,841	554	4,710	9,909	15,520	19,146
Subtotal	\$ 805,221	\$ 646,647	\$ 700,227	\$ 1,514,412	\$ 4,504,337	\$ 8,686,787
VARIOUS TRUST GROUP						
Departmental Trust Fund	\$ 511,834	\$ 560,562	\$ 642,866	\$ 683,350	\$ 778,382	\$ 708,233
Non-County Entities Trust Fund	97,403	84,114	84,656	81,384	78,177	69,328
Payroll Revolving Fund	77,803	65,843	65,686	84,484	60,090	61,112
Asset Development Fund	22,335	22,119	22,139	22,160	22,179	22,188
Productivity Investment Fund	9,178	9,399	9,119	9,100	8,287	8,294
Motor Vehicle Capital Outlays	6,930	6,930	6,918	6,479	6,356	6,249
Civic Center Parking	98	548	540	558	536	441
Reporters Salary Fund	313	402	379	540	700	530
Cable TV Franchise Fund	15,505	15,227	15,578	15,504	15,247	15,741
Megaflex Long-Term Disability	10,293	10,291	10,464	10,691	10,609	10,821
Megaflex Long-Term Disability & Health	16,170	16,249	16,351	16,453	16,539	16,647
Megaflex Short-Term Disability	89,041	89,560	90,027	90,718	91,232	92,046
Subtotal	\$ 856,903	\$ 881,244	\$ 964,723	\$ 1,021,421	\$ 1,088,334	\$ 1,011,630
HOSPITAL GROUP						
Harbor-UCLA Medical Center	\$ 261,589	\$ 155,995	\$ 18,880	\$ 55,635	\$ 58,007	\$ 9,287
Olive View-UCLA Medical Center	79,269	77,343	124,518	143,981	125,826	101,209
LAC+USC Medical Center	149,168	115,203	115,890	97,815	60,529	19,332
Rancho Los Amigos Rehab Center	188,217	139,786	61,133	31,056	26,714	12,695
Health Services - Harbor-UCLA Medical Center	178,928	179,468	179,909	180,360	180,966	181,520
Subtotal	\$ 857,171	\$ 667,795	\$ 500,330	\$ 508,847	\$ 452,042	\$ 324,043
GRAND TOTAL	\$ 2,519,295	\$ 2,195,686	\$ 2,165,280	\$ 3,044,680	\$ 6,044,713	\$ 10,022,460

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	
PROPERTY TAX GROUP						
\$ 826,748	\$ 640,990	\$ 1,116,927	\$ 2,879,009	\$ 856,192	\$ 193,140	Tax Collector Trust Fund
2,380,027	1,397,565	1,173,119	3,231,860	1,437,899	258,761	Auditor Unapportioned Property Tax
110,996	104,773	83,055	79,641	104,651	154,919	Unsecured Property Tax
451	366	380	402	368	405	Miscellaneous Fees & Taxes
25,212	22,231	21,465	24,180	22,688	24,756	State Redemption Fund
457,217	295,235	6,008	469,569	280,524	210,926	Education Revenue Augmentation
16,306	639	639	1,553	17,345	7,330	State Reimbursement Fund
916,902	390,414	816,377	830,863	1,003,487	0	Vehicle License Fee Replacement Fund
22,704	33,087	37,210	28,592	36,106	20,507	Property Tax Rebate Fund
17,390	21,345	26,792	31,421	36,642	37,426	Utility User Tax Trust Fund
\$ 4,773,953	\$ 2,906,645	\$ 3,281,972	\$ 7,577,090	\$ 3,795,902	\$ 908,170	Subtotal
VARIOUS TRUST GROUP						
\$ 806,827	\$ 721,071	\$ 727,684	\$ 732,185	\$ 800,079	\$ 303,824	Departmental Trust Fund
68,594	76,645	76,184	75,024	74,707	71,906	Non-County Entities Trust Fund
92,580	52,195	60,341	63,994	58,066	64,525	Payroll Revolving Fund
22,213	22,228	22,575	23,256	23,557	23,585	Asset Development Fund
8,291	8,299	8,030	7,855	7,032	6,977	Productivity Investment Fund
5,883	5,839	5,839	5,763	5,731	5,702	Motor Vehicle Capital Outlays
395	362	336	326	277	283	Civic Center Parking
554	438	359	179	(64)	337	Reporters Salary Fund
15,707	15,479	15,668	15,380	15,090	15,297	Cable TV Franchise Fund
10,927	10,988	11,123	11,206	11,267	11,415	Megaflex Long-Term Disability
16,773	16,879	16,796	16,901	17,073	17,100	Megaflex Long-Term Disability & Health
92,972	93,637	94,432	95,240	96,065	96,880	Megaflex Short-Term Disability
\$ 1,141,716	\$ 1,024,060	\$ 1,039,367	\$ 1,047,309	\$ 1,108,880	\$ 617,831	Subtotal
HOSPITAL GROUP						
\$ 3,582	\$ 38,793	\$ 56,448	\$ 220,541	\$ 304,808	\$ 111,301	Harbor-UCLA Medical Center
64,551	39,803	15,223	117,677	236,566	194,903	Olive View-UCLA Medical Center
3,368	51,762	60,103	210,800	383,782	285,946	LAC + USC Medical Center
1,054	8,423	1,636	82,919	160,234	102,071	Rancho Los Amigos Rehab Center
182,074	182,672	183,049	183,549	184,053	184,599	Health Services - Harbor-UCLA Medical Center
\$ 254,629	\$ 321,453	\$ 316,459	\$ 815,486	\$ 1,269,443	\$ 878,820	Subtotal
\$ 6,170,298	\$ 4,252,158	\$ 4,637,798	\$ 9,439,885	\$ 6,174,225	\$ 2,404,821	GRAND TOTAL

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

**2022-23: 12 MONTHS ACTUAL
2023-24: 12 MONTHS ACTUAL**

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COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2022-23
(in thousands of \$)

	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022
BEGINNING BALANCE	\$ 3,256,071	\$ 3,532,192	\$ 3,237,406	\$ 2,848,231	\$ 2,487,260	\$ 1,778,473
RECEIPTS						
Property Taxes	\$ 180,439	\$ 152,717	\$ 0	\$ 0	\$ 56,075	\$ 1,752,595
Other Taxes	21,654	24,225	17,713	15,295	19,684	23,968
Licenses, Permits & Franchises	5,630	3,366	5,310	2,141	4,555	3,527
Fines, Forfeitures & Penalties	38,592	21,932	6,182	6,695	13,410	5,195
Investment and Rental Income	13,860	17,161	17,490	22,326	31,448	21,212
Motor Vehicle (VLF) Realignment	(61,204)	49,291	52,329	35,028	37,473	38,078
Sales Taxes - Proposition 172	97,293	79,430	74,978	78,001	93,864	79,397
1991 Program Realignment	11,820	0	85,900	88,294	100,796	89,277
Other Intergovernmental Revenue**	398,333	576,188	346,374	203,813	118,105	374,653
Charges for Current Services	241,802	334,094	123,691	336,622	151,686	174,023
Other Revenue & Tobacco Settlement	158,882	284,193	25,129	99,109	97,571	110,987
Transfers & Reimbursements	174,741	3,373	0	2,524	12,687	17,889
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	292,656	152,527	650,254	646,352	541,324	651,539
Other Financing Sources/MHSA	145,133	107,192	0	28,972	14,616	92,632
Intrafund Borrowings	0	0	0	0	0	0
TRANS Sold	900,000	0	0	0	0	0
Total Receipts	\$ 2,619,631	\$ 1,805,689	\$ 1,405,350	\$ 1,565,172	\$ 1,293,294	\$ 3,434,972
DISBURSEMENTS						
Welfare Warrants	\$ 217,824	\$ 247,758	\$ 236,989	\$ 259,897	\$ 256,235	\$ 257,123
Salaries	654,680	590,070	577,856	594,389	621,512	622,102
Employee Benefits	402,902	398,864	420,155	396,251	407,237	467,339
Vendor Payments	847,862	644,225	481,055	531,821	657,069	549,643
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	175,565	62,362	0	9,002	83,976
Transfer Payments	220,242	43,993	16,108	143,785	51,026	120,803
TRANS Pledge Transfer	0	0	0	0	0	405,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	\$ 2,343,510	\$ 2,100,475	\$ 1,794,525	\$ 1,926,143	\$ 2,002,081	\$ 2,505,986
ENDING BALANCE	\$ 3,532,192	\$ 3,237,406	\$ 2,848,231	\$ 2,487,260	\$ 1,778,473	\$ 2,707,459
Borrowable Resources (Avg. Balance)	\$ 2,874,085	\$ 1,990,464	\$ 1,907,879	\$ 2,866,612	\$ 5,617,787	\$ 9,418,470
Total Cash Available	\$ 6,406,277	\$ 5,227,870	\$ 4,756,110	\$ 5,353,872	\$ 7,396,260	\$ 12,125,929

* The net change in the outstanding Hospital Loan Balance is negative \$1.00 and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

** Includes COVID-19 Revenues

January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	Total 2022-23	
\$ 2,707,459	\$ 3,077,444	\$ 2,651,622	\$ 1,931,765	\$ 3,134,261	\$ 4,069,262		BEGINNING BALANCE
							RECEIPTS
\$ 1,792,409	\$ 266,101	\$ 23,809	\$ 1,287,461	\$ 1,516,323	\$ 460,830	\$ 7,488,759	Property Taxes
19,979	27,443	13,659	19,904	37,265	31,020	271,809	Other Taxes
4,219	4,231	9,851	15,522	12,234	3,198	73,784	Licenses, Permits & Franchises
5,320	19,257	14,057	6,766	30,103	8,113	175,622	Fines, Forfeitures & Penalties
24,885	39,220	34,602	39,218	45,879	55,692	362,993	Investment and Rental Income
34,963	41,242	46,109	52,025	8,196	31,271	364,801	Motor Vehicle (VLF) Realignment
76,678	101,128	69,367	68,864	87,590	74,725	981,315	Sales Taxes - Proposition 172
78,319	102,020	69,981	123,563	87,727	74,842	912,539	1991 Program Realignment
296,042	517,595	507,161	388,214	533,482	614,177	4,874,137	Other Intergovernmental Revenue**
309,890	144,982	120,557	434,190	247,499	213,370	2,832,406	Charges for Current Services
24,255	150,375	144,389	186,247	27,043	196,168	1,504,348	Other Revenue & Tobacco Settlement
7,269	6,724	56,464	3,560	11,055	220,334	516,620	Transfers & Reimbursements
0	0	0	214,915	0	0	214,915	Hospital Loan Repayment*
491,553	510,091	598,572	647,988	482,088	631,758	6,296,702	Welfare Advances
43,153	1,950	24,160	48,058	37,652	151,813	695,331	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	900,000	TRANS Sold
\$ 3,208,934	\$ 1,932,359	\$ 1,732,738	\$ 3,536,495	\$ 3,164,136	\$ 2,767,311	\$ 28,466,081	Total Receipts
							DISBURSEMENTS
\$ 266,516	\$ 698,180	\$ 328,141	\$ 318,077	\$ 323,043	\$ 332,950	\$ 3,742,733	Welfare Warrants
669,884	619,212	603,658	630,755	604,399	605,938	7,394,455	Salaries
438,915	413,697	445,052	406,583	412,322	446,399	5,055,716	Employee Benefits
647,822	504,535	590,919	669,751	764,455	595,829	7,484,986	Vendor Payments
0	0	188,480	26,434	0	0	214,914	Loans to Hospitals*
189,029	91,203	233,730	1,612	(1,289)	125,220	970,410	Hospital Subsidy Payments
221,783	31,354	62,615	154,887	126,205	21,677	1,214,478	Transfer Payments
405,000	0	0	125,900	0	0	935,900	TRANS Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
\$ 2,838,949	\$ 2,358,181	\$ 2,452,595	\$ 2,333,999	\$ 2,229,135	\$ 2,128,013	\$ 27,013,592	Total Disbursements
\$ 3,077,444	\$ 2,651,622	\$ 1,931,765	\$ 3,134,261	\$ 4,069,262	\$ 4,708,560	ENDING BALANCE	
\$ 6,052,190	\$ 4,060,667	\$ 4,419,615	\$ 9,118,627	\$ 5,603,536	\$ 2,912,297	Borrowable Resources (Avg. Balance)	
\$ 9,129,634	\$ 6,712,289	\$ 6,351,380	\$ 12,252,888	\$ 9,672,798	\$ 7,620,857	Total Cash Available	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2023-24
(in thousands of \$)

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
BEGINNING BALANCE	\$ 4,708,560	\$ 4,554,113	\$ 4,095,301	\$ 3,706,239	\$ 2,686,005	\$ 2,124,984
RECEIPTS						
Property Taxes	\$ 73,588	\$ 164,371	\$ 0	\$ 0	\$ 66,681	\$ 1,854,399
Other Taxes	15,959	21,934	16,874	15,730	18,261	22,824
Licenses, Permits & Franchises	7,177	6,958	5,029	4,360	3,208	6,558
Fines, Forfeitures & Penalties	34,778	27,308	7,263	7,371	15,913	6,202
Investment and Rental Income	64,871	47,488	37,736	48,723	48,422	37,104
Motor Vehicle (VLF) Realignment	(71,104)	39,239	49,180	37,646	38,682	37,960
Sales Taxes - Proposition 172	98,400	73,780	75,443	78,123	91,086	77,131
1991 Program Realignment	104,770	0	81,172	83,910	118,269	82,147
Other Intergovernmental Revenue**	231,709	475,314	327,999	258,172	128,710	386,062
Charges for Current Services	178,277	317,235	239,691	83,379	375,363	136,973
Other Revenue & Tobacco Settlement	377,888	177,076	35,176	65,213	126,387	117,381
Transfers & Reimbursements	63,866	(7,873)	0	4,452	23,196	37,777
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	399,845	184,129	662,240	651,472	448,766	714,580
Other Financing Sources/MHSA	594	215,785	0	23,112	660	23,660
Intrafund Borrowings	0	0	0	0	0	0
TRANS Sold	700,000	0	0	0	0	0
Total Receipts	\$ 2,280,618	\$ 1,742,744	\$ 1,537,803	\$ 1,361,663	\$ 1,503,604	\$ 3,540,758
DISBURSEMENTS						
Welfare Warrants	\$ 253,242	\$ 286,690	\$ 277,173	\$ 281,185	\$ 275,396	\$ 277,157
Salaries	631,592	640,738	617,751	631,516	637,894	660,870
Employee Benefits	413,282	431,411	472,479	501,123	429,443	437,654
Vendor Payments	934,794	733,138	537,577	776,751	703,178	467,496
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	68,675	7,035	37,437	0	98,465
Transfer Payments	202,155	40,904	14,850	153,885	18,714	30,772
TRANS Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	\$ 2,435,065	\$ 2,201,556	\$ 1,926,865	\$ 2,381,897	\$ 2,064,625	\$ 2,287,414
ENDING BALANCE	\$ 4,554,113	\$ 4,095,301	\$ 3,706,239	\$ 2,686,005	\$ 2,124,984	\$ 3,378,328
Borrowable Resources (Avg. Balance)	\$ 2,519,295	\$ 2,195,686	\$ 2,165,280	\$ 3,044,680	\$ 6,044,713	\$ 10,022,460
Total Cash Available	\$ 7,073,408	\$ 6,290,987	\$ 5,871,519	\$ 5,730,685	\$ 8,169,697	\$ 13,400,788

* The net change in the outstanding Hospital Loan Balance is \$0.00 and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

** Includes COVID-19 Revenues

January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	Total 2023-24	
\$ 3,378,328	\$ 3,717,922	\$ 2,729,866	\$ 2,190,831	\$ 3,170,206	\$ 4,300,424		BEGINNING BALANCE
							RECEIPTS
\$ 1,859,920	\$ 250,461	\$ 19,831	\$ 1,392,148	\$ 1,617,140	\$ 495,139	\$ 7,793,678	Property Taxes
11,858	19,097	13,713	14,793	19,321	59,843	250,207	Other Taxes
2,743	6,231	13,407	18,524	7,487	4,826	86,508	Licenses, Permits & Franchises
7,085	22,562	15,752	7,434	34,922	6,975	193,565	Fines, Forfeitures & Penalties
40,882	63,965	46,773	53,721	65,321	61,386	616,392	Investment and Rental Income
38,294	55,393	59,939	39,335	41,056	15,678	381,298	Motor Vehicle (VLF) Realignment
75,534	103,924	68,998	64,899	89,729	74,322	971,369	Sales Taxes - Proposition 172
81,322	110,673	73,486	70,470	96,181	83,328	985,728	1991 Program Realignment
197,311	473,606	342,596	557,308	489,839	816,363	4,684,989	Other Intergovernmental Revenue**
292,388	(65,414)	149,300	613,737	191,559	361,281	2,873,769	Charges for Current Services
(7,617)	103,436	107,489	154,354	166,575	179,706	1,603,064	Other Revenue & Tobacco Settlement
3,853	3,409	2,285	5,702	61,213	218,129	416,009	Transfers & Reimbursements
0	0	0	0	0	0	0	Hospital Loan Repayment*
633,497	530,102	634,865	493,190	547,080	644,428	6,544,194	Welfare Advances
10,384	22,788	115,494	81,377	63,003	87,166	644,023	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANS Sold
\$ 3,247,454	\$ 1,700,233	\$ 1,663,928	\$ 3,566,992	\$ 3,490,426	\$ 3,108,570	\$ 28,744,793	Total Receipts
							DISBURSEMENTS
\$ 274,858	\$ 782,941	\$ 334,492	\$ 332,574	\$ 336,521	\$ 345,250	\$ 4,057,479	Welfare Warrants
715,163	655,996	650,658	672,484	640,547	647,254	7,802,463	Salaries
484,987	468,204	470,743	439,129	406,434	488,702	5,443,591	Employee Benefits
748,470	649,551	634,625	929,721	826,690	812,901	8,754,892	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
267,085	119,258	82,264	0	0	85,998	766,217	Hospital Subsidy Payments
102,297	12,339	30,181	109,195	150,016	91,795	957,103	Transfer Payments
315,000	0	0	104,514	0	0	734,514	TRANS Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
\$ 2,907,860	\$ 2,688,289	\$ 2,202,963	\$ 2,587,617	\$ 2,360,208	\$ 2,471,900	\$ 28,516,259	Total Disbursements
\$ 3,717,922	\$ 2,729,866	\$ 2,190,831	\$ 3,170,206	\$ 4,300,424	\$ 4,937,094		ENDING BALANCE
\$ 6,170,298	\$ 4,252,158	\$ 4,637,798	\$ 9,439,885	\$ 6,174,225	\$ 2,404,821		Borrowable Resources (Avg. Balance)
\$ 9,888,220	\$ 6,982,024	\$ 6,828,629	\$ 12,610,091	\$ 10,474,649	\$ 7,341,915		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, 2024, approximately \$2.439 billion of long-term obligations were outstanding. The General Fund is responsible for repayment of \$1.322 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining \$1.117 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2024-25.

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

2024-25 Payments

Funding Source	2024-25 Payment
Total 2024-25 Payment Obligations	\$185,197,704
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	72,591,506
Courthouse Construction Funds	14,971,366
Special Districts/Special Funds	3,265,031
Net 2023-24 General Fund Obligations	\$94,369,801

Source: Los Angeles County Auditor-Controller

As of July 1, 2024, the County has \$1,159.98 million of outstanding short-term obligations, which includes \$700 million in TRANS and \$459.976 million in Lease Revenue Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES SUMMARY OF OUTSTANDING PRINCIPAL

As of JULY 1, 2024 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	\$700,000
Lease Revenue Notes	459,976
Long-Term Obligations	2,439,132
Total Outstanding Principal	\$3,599,108

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

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

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 21, 2024, the County issued \$700 million of TRANS for Fiscal Year 2024-25 on July 1, 2024. The 2024-25 TRANS will mature on June 30, 2025. 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 2024-25, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2024-25 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 July 1, 2024, there are \$15.0 million of BANs outstanding.

Lease Revenue Note Program

In July 2024, 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 \$750 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 Montreal (Series A - \$200 million); U.S. Bank (Series B - \$100 million); Bank of America (Series C - \$350 million) and Sumitomo Mitsui Banking Corporation (Series D - \$100 million). The maximum aggregate principal amount of \$750 million represents an increase of \$150 million from the previous Note Program. As of July 1, 2024, \$459.976 million of commercial paper notes were outstanding.

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 July 31, 2029, provide credit enhancement and liquidity support for both tax-exempt and taxable commercial paper notes. Subject to the conditions set forth in the Letter of Credit and Reimbursement Agreements with the four LOC banks, any amount with respect to the payment of principal of maturing notes remaining unpaid to the LOC bank shall be

converted to a term loan to be repaid within two or five years subject to available fair rental value with respect to the leased property securing the four Letter of Credit and Reimbursement Agreements.

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, 2024, \$2.439 billion of 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 2024-25 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") decreased from 0.138% in Fiscal Year 2022-23 to 0.126% in Fiscal Year 2023-24. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Roll over the past ten years.

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
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	2,130,813,112	1,700,148,139,175	0.125%
2021-22	2,441,181,697	1,763,070,431,964	0.138%
2022-23	2,600,100,299	1,885,551,795,750	0.138%
2023-24	2,510,175,253	1,997,002,740,659	0.126%

Source: Los Angeles County Assessor and Auditor-Controller

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued \$319.80 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 \$349.58 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 \$101.97 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 was \$83.2 million as of July 1, 2024.

2018 Vermont Corridor Project

The County, working in conjunction with the Los Angeles County Development Authority (previously known as the Community Development Commission of the County of Los Angeles), is developing County-owned property in the area known as the "Vermont Corridor" in the City of Los Angeles. The original plan for the Vermont Corridor Project included the development of three sites in the Vermont Corridor area: 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. In July 2018, the County financed the Site 1 project with the issuance of \$302.4 million of lease revenue bonds through a not-for-profit special purpose entity, Los Angeles County Facilities, Inc. (LACFI), which served as the construction and facility manager for the project. Construction of the Site 1 facility was completed in October 2021.

2019 Lease Revenue Bonds

On August 29, 2019, the County issued \$251.89 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 \$363.23 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.

2021 Lease Revenue Bonds

On October 28, 2021, the County sold two series of long-term lease revenue bonds through the Los Angeles County Public Works Financing Authority, consisting of Lease Revenue Bonds, 2021 Series F (the "2021 Series F Bonds") in the par amount of \$260.11 million, and Lease Revenue Refunding Bonds, 2022 Series G (the "2022 Series G Refunding Bonds") in the par amount of \$225.12 million.

The proceeds from the sale of the 2021 Series F Bonds were used to refinance \$280.11 million of outstanding commercial paper notes issued as the initial financing vehicle for various capital construction projects and generate an additional \$22.38 million of new money proceeds to fund completion of the projects. The capital projects financed with the 2021 Series F Bonds include Fire Station 104, MLK Central Plant 1 and Hospital Services Building, MLK Behavioral Health Center, Rancho Los Amigos Recuperative Care Center, LAC + USC Recuperative Care Center and the Olive View Campus Recuperative Care Center. The 2021 Series F Bonds are scheduled to mature on December 1, 2051.

The 2022 Series G Refunding Bonds were sold as forward delivery bonds with final settlement on June 2, 2022. The proceeds from the sale of the 2022 Series G Refunding Bonds will be used to fully refund \$291.51 million of outstanding 2012 Lease Revenue Bonds, which were originally issued to finance various capital construction projects. The 2022 Series G Refunding Bonds will generate approximately \$61.17 million or 21.0% net present value savings to the County General Fund, with a final maturity on December 1, 2042.

2022 Lease Revenue Refunding Bonds

On April 13, 2022, the County sold \$53.63 million of Lease Revenue Refunding Bonds, Series 2022 through the Los Angeles County Regional Financing Authority (the "2022 Lease Revenue Refunding Bonds"). The proceeds from the sale of the 2022 Lease Revenue Refunding Bonds were used to fully refund \$69.74 million of outstanding Community Redevelopment Agency of the City of Los Angeles, California Lease Revenue Bonds, Series 2005, which were originally issued to finance the Vermont Manchester Social Services Project. The 2022 Lease Revenue Refunding Bonds generated approximately \$10.17 million or 14.6% net present value savings to the County General Fund and have a final maturity on December 1, 2037.

2024 Vermont Corridor Project

In June 2022, the Board of Supervisors adopted a change in scope of development for Site 2 of the Vermont Corridor Project from mixed-use, market-rate housing to an approximately 243,000-square-foot County administrative office building by renovating, expanding and demolishing existing County-owned facilities in the Vermont Corridor area. On August 7, 2024, the County sold \$212.135 million of lease revenue bonds through Los Angeles County Facilities 2, Inc. (LACF2), the proceeds of which will be used to finance the guaranteed maximum construction cost of \$210.0 million for the Site 2 Vermont Corridor Project. Similar to the 2018 Vermont Corridor Project, LACF2 will serve as the construction and facility manager for the project. The financing for the 2024 Vermont Corridor Project was approved by the Board of Supervisors in June 2024 and expected to close on August 22, 2024.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2024

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE

CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF JULY 1, 2024

SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2024

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2024-25	\$ 94,369,801	\$ 72,591,506	\$ 14,971,366	\$ 3,265,031	\$ 185,197,704
2025-26	94,355,952	72,573,289	14,968,875	3,269,656	185,167,772
2026-27	94,341,588	72,570,666	14,959,875	3,266,156	185,138,285
2027-28	94,249,641	72,569,138	14,947,750	3,264,531	185,031,060
2028-29	94,057,381	72,555,148	14,945,875	3,274,281	184,832,685
2029-30	93,943,929	72,555,638	14,937,625	3,255,656	184,692,848
2030-31	93,936,610	72,539,554	8,340,500	3,248,906	178,065,570
2031-32	93,931,632	72,523,568	8,336,375	3,263,031	178,054,606
2032-33	93,923,712	72,524,260	6,115,375	3,252,906	175,816,254
2033-34	93,919,266	72,518,538	6,119,250	3,253,656	175,810,710
2034-35	92,738,479	72,504,686	-	3,254,781	168,497,946
2035-36	92,736,824	72,486,684	-	3,251,156	168,474,665
2036-37	92,727,013	72,481,512	-	3,252,531	168,461,057
2037-38	92,720,194	72,469,512	-	3,253,531	168,443,237
2038-39	87,849,469	72,447,162	-	3,258,781	163,555,413
2039-40	87,846,744	72,438,611	-	3,259,831	163,545,186
2040-41	87,834,535	72,429,324	-	3,256,756	163,520,616
2041-42	67,217,775	42,135,463	-	3,257,581	112,610,819
2042-43	67,219,825	42,137,363	-	3,261,806	112,618,994
2043-44	67,223,300	26,357,613	-	1,733,306	95,314,219
2044-45	67,218,500	26,348,488	-	1,738,731	95,305,719
2045-46	58,019,575	26,353,163	-	926,456	85,299,194
2046-47	42,114,900	26,349,563	-	927,481	69,391,944
2047-48	42,120,000	26,352,447	-	925,425	69,397,872
2048-49	42,112,475	26,350,475	-	930,366	69,393,316
2049-50	42,113,900	26,350,900	-	924,103	69,388,903
2050-51	38,775,325	13,910,959	-	551,263	53,237,547
2051-52	18,132,250	13,910,206	-	552,153	32,594,609
Total	\$ 2,127,750,597	\$ 1,529,335,433	\$ 118,642,866	\$ 71,129,853	\$ 3,846,858,749

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2024

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2024-25	\$ 1,322,016,881	\$ 975,704,914	\$ 97,130,000	\$ 44,280,000	\$ 2,439,131,795
2025-26	1,287,264,137	947,626,032	86,730,000	43,105,000	2,364,725,169
2026-27	1,250,777,669	918,162,966	75,825,000	41,865,000	2,286,630,636
2027-28	1,212,468,445	887,225,019	64,370,000	40,565,000	2,204,628,464
2028-29	1,172,316,801	854,730,545	52,340,000	39,200,000	2,118,587,346
2029-30	1,130,326,152	820,613,848	39,695,000	37,755,000	2,028,390,000
2030-31	1,086,316,720	784,778,280	26,410,000	36,255,000	1,933,760,000
2031-32	1,040,074,828	747,150,172	19,210,000	34,685,000	1,841,120,000
2032-33	991,565,098	707,634,902	11,645,000	33,020,000	1,743,865,000
2033-34	940,675,124	666,119,876	5,970,000	31,280,000	1,644,045,000
2034-35	887,199,529	622,510,471	-	29,450,000	1,539,160,000
2035-36	832,255,780	576,699,220	-	27,525,000	1,436,480,000
2036-37	774,636,347	528,568,653	-	25,505,000	1,328,710,000
2037-38	714,277,750	477,987,250	-	23,380,000	1,215,645,000
2038-39	651,156,190	424,923,810	-	21,145,000	1,097,225,000
2039-40	590,201,097	369,368,903	-	18,790,000	978,360,000
2040-41	526,533,169	311,251,831	-	16,315,000	854,100,000
2041-42	460,040,000	250,500,000	-	13,720,000	724,260,000
2042-43	411,575,000	217,925,000	-	10,995,000	640,495,000
2043-44	360,775,000	183,780,000	-	8,130,000	552,685,000
2044-45	307,525,000	164,175,000	-	6,690,000	478,390,000
2045-46	251,705,000	143,685,000	-	5,175,000	400,565,000
2046-47	202,610,000	122,255,000	-	4,420,000	329,285,000
2047-48	167,645,000	99,850,000	-	3,630,000	271,125,000
2048-49	131,405,000	76,505,000	-	2,810,000	210,720,000
2049-50	90,585,000	42,155,000	-	1,590,000	134,330,000
2050-51	54,855,000	27,105,000	-	1,075,000	83,035,000
2051-52	17,690,000	13,730,000	-	545,000	31,965,000

Source: Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES
FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2024

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Lease Revenue Bonds, Series B (Taxable):					
Coroners Expansion/ Refurbishment	\$ 1,893,222	\$ 1,893,222			
Patriotic Hall Renovation	3,057,212	3,057,212			
Hall of Justice Rehabilitation	15,782,912	15,782,912			
Olive View Medical Center ER/TB Unit	3,522,707		\$ 3,522,707		
Olive View Medical Center Seismic	1,451,217		1,451,217		
Harbor/UCLA Surgery/ Emergency	22,074,923		22,074,923		
Harbor/UCLA Seismic Retrofit	3,404,047		3,404,047		
Total 2010 Lease Revenue Bonds, Series B (Taxable)	\$ 51,186,240	\$ 20,733,346	\$ 30,452,893	\$ 0	\$ 0
2011 High Desert Solar Complex (Taxable)	\$ 396,261	\$ 396,261			
2015 Lease Revenue Bonds, Series A					
Zev Yaroslavsky Family Support Center	\$ 9,196,250	\$ 9,196,250			
Manhattan Beach Library	808,000				\$ 808,000
Total 2015 Lease Revenue Bonds, Series A	\$ 10,004,250	\$ 9,196,250	\$ 0	\$ 0	\$ 808,000
2015 Lease Revenue Refunding Bonds, Series B					
LAX Area Courthouse	\$ 5,935,750			\$ 5,935,750	
Chatsworth Courthouse	4,981,250			4,981,250	
Total 2015 Lease Revenue Refunding Bonds, Series B	\$ 10,917,000	\$ 0	\$ 0	\$ 10,917,000	\$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	\$ 4,054,366			\$ 4,054,366	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	\$ 15,904,844	\$ 15,904,844			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	\$ 19,304,200	\$ 19,304,200			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	\$ 863,750	\$ 863,750			
Probation Department Building	1,320,250	1,320,250			
Music Center Plaza	1,165,625	1,165,625			
Rancho Los Amigos NRC	10,370,000		\$ 10,370,000		
Fire Station 143	375,625				\$ 375,625
Total 2019 Lease Revenue Bonds, Series E-1	\$ 14,095,250	\$ 3,349,625	\$ 10,370,000	\$ 0	\$ 375,625
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	\$ 2,072,675		\$ 2,072,675		
2020 Lease Revenue Bonds					
LACMA Buildings	\$ 20,633,500	\$ 20,633,500			
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	\$ 745,494		\$ 745,494		
MLK Behavioral Health Center Renovation	11,379,300		11,379,300		
MLK Central Plan/Hospital Service Building	148,631		148,631		
Olive View Campus Recuperative Care Center	765,644		765,644		
Rancho Los Amigos Recuperative Care Center	870,369		870,369		
Fire Station 104	552,406				\$ 552,406
	\$ 14,461,844	\$ 0	\$ 13,909,438	\$ 0	\$ 552,406
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	\$ 6,998,625		\$ 6,998,625		
MLK Multi Service Ambulatory Care Center	8,522,000		8,522,000		
MLK Data Center	265,875		265,875		
Fire Station 128	228,250				\$ 228,250
Fire Station 132	376,750				376,750
Fire Station 150	578,000				578,000
Fire Station 156	346,000				346,000
	\$ 17,315,500	\$ 0	\$ 15,786,500	\$ 0	\$ 1,529,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	\$ 4,851,775	\$ 4,851,775			
Total Long-Term Obligations	\$ 185,197,704	\$ 94,369,801	\$ 72,591,506	\$ 14,971,366	\$ 3,265,031
Total Obligations	\$ 185,197,704	\$ 94,369,801	\$ 72,591,506	\$ 14,971,366	\$ 3,265,031

Source: Los Angeles County Treasurer and Tax Collector
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2024

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Lease Revenue Bonds, Series B (Taxable):					
Coroners Expansion/ Refurbishment	\$ 22,300,901	\$ 22,300,901			
Patriotic Hall Renovation	36,011,934	36,011,934			
Hall of Justice Rehabilitation	185,912,251	185,912,251			
Olive View Medical Center ER/TB Unit	41,495,152		\$ 41,495,152		
Olive View Medical Center Seismic	17,094,375		17,094,375		
Harbor/UCLA Surgery/ Emergency	260,027,969		260,027,969		
Harbor/UCLA Seismic Retrofit	40,097,418		40,097,418		
Total 2010 Lease Revenue Bonds, Serie B (Taxable)	\$ 602,940,000	\$ 244,225,086	\$ 358,714,914	\$ 0	\$ 0
2011 High Desert Solar Complex (Taxable)	\$ 1,531,795	\$ 1,531,795			
2015 Lease Revenue Bonds, Series A					
Zev Yaroslavsky Family Support Center	\$ 119,575,000	\$ 119,575,000			
Manhattan Beach Library	10,505,000				\$ 10,505,000
Total 2015 Lease Revenue Bonds, Series A	\$ 130,080,000	\$ 119,575,000	\$ 0	\$ 0	\$ 10,505,000
2015 Lease Revenue Refunding Bonds, Series B					
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	\$ 93,150,000	\$ 0	\$ 0	\$ 93,150,000	\$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	\$ 3,980,000			\$ 3,980,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	\$ 221,220,000	\$ 221,220,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	\$ 292,005,000	\$ 292,005,000			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	\$ 12,595,000	\$ 12,595,000			
Probation Department Building	19,190,000	19,190,000			
Music Center Plaza	16,975,000	16,975,000			
Rancho Los Amigos NRC	150,850,000		\$ 150,850,000		
Fire Station 143	5,465,000				\$ 5,465,000
Total 2019 Lease Revenue Bonds, Series E-1	\$ 205,075,000	\$ 48,760,000	\$ 150,850,000	\$ 0	\$ 5,465,000
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	\$ 30,275,000		\$ 30,275,000		
2020 Lease Revenue Bonds					
LACMA Buildings	\$ 345,365,000	\$ 345,365,000			
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	\$ 12,980,000		\$ 12,980,000		
MLK Behavioral Health Center Renovation	198,135,000		198,135,000		
MLK Central Plan/Hospital Service Building	2,610,000		2,610,000		
Olive View Campus Recuperative Care Center	13,360,000		13,360,000		
Rancho Los Amigos Recuperative Care Center	15,120,000		15,120,000		
Fire Station 104	9,625,000				\$ 9,625,000
	\$ 251,830,000	\$ 0	\$ 242,205,000	\$ 0	\$ 9,625,000
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	\$ 85,860,000		\$ 85,860,000		
MLK Multi Service Ambulatory Care Center	104,530,000		104,530,000		
MLK Data Center	3,270,000		3,270,000		
Fire Station 128	2,810,000				\$ 2,810,000
Fire Station 132	4,610,000				4,610,000
Fire Station 150	7,075,000				7,075,000
Fire Station 156	4,190,000				4,190,000
	\$ 212,345,000	\$ 0	\$ 193,660,000	\$ 0	\$ 18,685,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	\$ 49,335,000	\$ 49,335,000			
Total Long-Term Obligations	\$ 2,439,131,795	\$ 1,322,016,881	\$ 975,704,914	\$ 97,130,000	\$ 44,280,000
Total Obligations	\$ 2,439,131,795	\$ 1,322,016,881	\$ 975,704,914	\$ 97,130,000	\$ 44,280,000

Source: Los Angeles County Treasurer and Tax Collector
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF JULY 1, 2024

Title	Outstanding Principal	Total Future Payments	2024-25 FY Payment Remaining
Long-Term Obligations			
Long-Term Capital Projects			
2010 Lease Revenue Bonds, Series B (Taxable)	\$ 602,940,000	\$ 868,045,904 (1)	\$ 51,186,240
2011 High Desert Solar Complex (Taxable)	1,531,795	1,567,647 (1)	396,261
2015 Lease Revenue Bonds, Series A	130,080,000	210,086,500	10,004,250
2015 Lease Revenue Refunding Bonds, Series B	93,150,000	114,588,500	10,917,000
2015 Lease Revenue Refunding Bonds, Series C	3,980,000	4,054,366	4,054,366
2016 Lease Revenue Bonds, Series D	221,220,000	349,908,628	15,904,844
2018 Lease Revenue Bonds, Series A	292,005,000	519,406,725	19,304,200
2019 Lease Revenue Bonds, Series E-1	205,075,000	366,426,625	14,095,250
2019 Lease Revenue Bonds, Series E-2	30,275,000	53,887,050	2,072,675
2020 Lease Revenue Bonds	345,365,000	557,081,850	20,633,500
2021 Lease Revenue Bonds, Series F	251,830,000	404,971,053	14,461,844
2022 Lease Revenue Bonds, Series G (Forward Delivery)	212,345,000	328,892,625	17,315,500
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	49,335,000	67,941,275	4,851,775
Total Long-Term Obligations	\$ 2,439,131,795	\$ 3,846,858,749	\$ 185,197,704

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 Treasurer and Tax Collector

Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES		
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF JULY 1, 2024		
2023-24 Assessed Valuation: \$2,031,101,647,419: (includes unitary valuation)		
	Applicable %	Debt as of 7/1/24
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Metropolitan Water District	48.221 %	\$ 8,781,044
Los Angeles Community College District	100.000	5,155,845,000
Other Community College Districts	Various (1)	4,713,312,693
Arcadia Unified School District	100.000	247,145,000
Beverly Hills Unified School District	100.000	616,937,917
Glendale Unified School District	100.000	322,570,563
Long Beach Unified School District	100.000	1,718,791,399
Los Angeles Unified School District	100.000	10,067,570,000
Pasadena Unified School District	100.000	363,215,000
Pomona Unified School District	100.000	442,151,336
Redondo Beach Unified School District	100.000	195,066,803
Santa Monica-Malibu Unified School District	100.000	1,003,510,000
Torrance Unified School District	100.000	418,104,130
Other Unified School Districts	Various (1)	4,986,576,674
High School and School Districts	Various (1)	2,587,735,078
City of Los Angeles	100.000	948,610,000
City of Industry	100.000	9,835,000
Other Cities	100.000	35,482,440
Community Facilities Districts	100.000	741,005,007
1915 Act and Benefit Assessment Bonds - Estimate	100.000	99,303,019
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 34,681,548,103
Less: Los Angeles Unified School District economically defeased general obligation bonds		(299,495,000)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 34,382,053,103
DIRECT AND OVERLAPPING GENERAL FUND DEBT		
Los Angeles County General Fund Obligations	100.000 %	\$ 2,479,229,730
Los Angeles County Office of Education Certificates of Participation	100.000	2,857,300
Community College District Certificates of Participation	Various (2)	43,009,602
Baldwin Park Unified School District Certificates of Participation	100.000	27,950,000
Compton Unified School District Certificates of Participation	100.000	21,965,000
Los Angeles Unified School District Certificates of Participation	100.000	471,590,000
Paramount Unified School District Certificates of Participation	100.000	18,904,000
Other Unified School District Certificates of Participation	Various (2)	168,086,391
High School and Elementary School District General Fund Obligations	Various (2)	155,565,939
City of Beverly Hills General Fund Obligations	100.000	62,565,000
City of Los Angeles General Fund	100.000	1,339,426,819
City of Long Beach General Fund Obligations	100.000	131,725,000
City of Pasadena General Fund Obligations	100.000	363,078,265
City of Pasadena Pension Obligations Bonds	100.000	128,115,000
Other Cities' General Fund Obligations	100.000	4,234,775,821
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 9,648,843,867
Less: Cities		(418,333,462)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 9,230,510,405
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		\$ 1,592,445,376
TOTAL DIRECT DEBT		\$ 2,479,229,730
TOTAL GROSS OVERLAPPING DEBT		\$ 43,443,607,616
TOTAL NET OVERLAPPING DEBT		\$ 42,725,779,154
GROSS COMBINED TOTAL DEBT		\$ 45,922,837,346 (3)
NET COMBINED TOTAL DEBT		\$ 45,205,008,884
(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them. (2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them. (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.		
RATIOS TO 2023-24 ASSESSED VALUATION		
Total Gross Overlapping Tax and Assessment Debt	1.71 %	
Total Net Overlapping Tax and Assessment Debt	1.69 %	
Total Gross Direct Debt (\$2,481,019,730)	0.12 %	
Gross Combined Total Debt	2.26 %	
Net Combined Total Debt	2.23 %	
Ratios to Redevelopment Successor Agency Incremental Valuation (\$282,438,506,050):		
Total Overlapping Tax Increment Debt	0.56 %	
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 2023 gross product projection of \$807 billion, Los Angeles County's economy is larger than that of 44 states and all but 21 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced steady growth in 2023 with an increase in economic output of 2.2%, as measured by Gross Product. However, during the same year, the County experienced a decline in total taxable sales of 3.0%.

The County's unemployment rate averaged 5% in 2023, which was unchanged from 2022. The recovery from the COVID-19 pandemic resulted in significant decrease in unemployment across key industries, including leisure and hospitality, professional and business services, education and health services, trade, transportation, and utilities, and other sectors. In 2024 and 2025, the job market is expected to decline with a projected unemployment rate of 5.4% and 5.6%, 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, 2023, K-12 schools and community college districts in the County had approximately \$24.1 billion of previously authorized, but unissued bond capacity. The Measure A parcel tax, which was approved by voters in November 2016, 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 was projected to generate approximately \$355 million of sales tax revenue per year for the County. In 2023, Measure H revenues exceeded the initial projection, resulting in over \$537 million in sales tax revenues for the year.

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 seaports (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 health care, wholesale and retail trade, leisure and hospitality and manufacturing 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 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 Los Angeles region is the largest manufacturing center in the nation, with 318,500 workers employed in this sector in 2023.

Higher Education

The County is home to an extensive education system, with 83 colleges and university campuses, including UCLA; 5 state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental College and the Claremont Colleges; religious-affiliated universities such as Pepperdine, Azusa Pacific, and Biola; 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 provide a historical overview of the area's ethnic heritage and experience. Major institutions include LACMA, the Natural History Museum of Los Angeles County, 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 \$700 million museum facility is expected to be completed by the end of 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 2025, 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 opened in the Miracle Mile district of Los Angeles in September 2021. The \$482 million facility is the nation's first large-scale museum dedicated to the art, science, craft, business, and history of film. The 300,000 square-foot museum includes 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, including a network of 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 10 nature centers, 36 public swimming pools, 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 several 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 is home to the Los Angeles Rams and Los Angeles Chargers and hosted the 56th Super Bowl in February 2022. SoFi Stadium hosted the College Football Championship Game in 2023 and will host 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. The Los Angeles region secured \$900 million in federal infrastructure funding to improve mobility and upgrade transportation infrastructure ahead of the 2028 Olympics. LA Metro will receive \$709.9 million from the Bipartisan Infrastructure Law and the Fiscal Year 2024 Transportation Spending Law for the development of East San Fernando Valley Light Rail Transit Project and sections two and three of the D Line Subway Extension Project. Other federal grant funding will be used for street and transit infrastructure, traffic safety and improve connections between neighborhoods.

This will be the third time that Los Angeles has hosted the Summer Olympics, with the previous occasions occurring in 1932 and 1984. A 2017 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 BMO Stadium seats 22,000 and is the home stadium to the Major League Soccer franchise the Los Angeles Football Club and the National Women's Soccer League's Angel City. This \$350 million facility also includes shops, restaurants, and conference space.

In September 2021, the Los Angeles Clippers broke ground on their future home in the City of Inglewood. The Intuit Dome, a \$1.8 billion arena, is scheduled to open in August 2024 in time for the 2024-25 NBA basketball season. The 18,000-capacity arena will include an 80,000 sq. ft. plaza, featuring bars, restaurants, a team store and a regulation-size basketball court for use by local youth leagues, AAU tournaments and to host community and charity events.

Population

The County is the most populous county in the U.S. with over 9.7 million people estimated to be residing within its borders. The 2023 population count experienced a minor decrease from 2022, and reflects the continuation of a multi-year trend of gradually declining population numbers, as reflected in Table C. The

County's population makes it equivalent to the eleventh largest state in the nation and accounts for approximately 25.1% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 49% Hispanic, 25.2% White, 15.8% Asian, 9% African American and 1% 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 more than 220 languages and cultures represented across the County. With 95 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. and New York City. It is estimated that 80.3% of the adult population has a high school diploma or higher, and 34.6% has a bachelor's degree or higher. Table B illustrates the historical population levels for the County.

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. As a result of the COVID-19 pandemic, the County experienced significant job losses in 2020, with the unemployment rate increasing to 13.6%. In 2022, the County's unemployment rate experienced significant improvement, falling to 5%, and holding steady at the same level in 2023. The County's employment outlook is projected to decline over the next two years, with the unemployment rate increasing to 5.4% in 2024 and 5.6% in 2025. Table E details the County's historical unemployment rates from 2019 through 2023. Table F details the non-agricultural employment statistics by sector for the County from 2019 through 2023.

Personal Income

Total personal income in the County increased by an estimated 1.6% in 2023. The 2023 total personal income of \$732.3 billion represents an estimated 24.3% of the total personal income generated in California. Based on current projections, personal income is expected to increase by 2.8% in 2024 and 3.2% in 2025. Table C provides a summary of the personal income statistics for the County from 2019 through 2023.

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. As a result of the COVID-19 pandemic, total taxable sales in the County decreased by 8.5% in 2020. As the local economy began to recover from the COVID-19 pandemic, the County's total taxable sales increased by 11.0% in 2022. In 2023, the County's total taxable sales decreased by 3%. The \$207.4 billion of total estimated taxable sales in the County for 2023 represents 22.3% 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 2019 through 2023.

Industry

With an estimated annual economic output of \$807 billion in 2023, the County continues to rank among the world's largest

economies. The County's 2023 Gross Product represents approximately 25% of the total economic output in California and 2.9% 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 2019 through 2023.

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 and the gateway to trade with the Pacific Rim. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. 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 5.4% from \$427.4 billion in 2019 to \$404.5 billion in 2020. As a result of improving economic conditions in 2022, the LACD experienced a significant increase in trade volume, handling approximately \$524.1 billion worth of international trade. However, due to supply chain and labor-related issues at west coast ports in 2023, the LACD experienced a significant decline in trade volume, handling approximately \$467.9 billion worth of international trade, which represents a 10.7% decrease from 2022.

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 sixth 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. As travel restrictions eased, LAX served 75.1 million passengers in 2023, representing a 160.8% increase from 2020, and 13.8% increase from 2022. The 2.29 million tons of air cargo handled at LAX in 2023, represents a decrease of 7.14% from 2020 levels, and a decrease of 16.9% from 2022. The \$15 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 process of replacing 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, but the project was temporarily placed on hold due to the COVID-19 pandemic. The Airport Commission reinstated the project in August 2021, with the new terminal under construction and expected to be completed in the fourth quarter of 2026.

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 16.6 million TEUs in 2023, which represents a 12.6% decrease in container volume from 2022.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2022, 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 2023, the Port handled 8.6 million TEUs, which represents a decrease of 12.93% in container volume from 2022.

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 nineteenth (19th) busiest in the world in 2022. The Port of Long Beach covers 3,520 acres with 10 separate piers, 80 berths, 72 cranes and 22 shipping terminals. In 2023, the port handled 8.0 million TEUs of container cargo, which represents a decrease of 12.21% from 2022.

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 272 million in annual boardings, the Metro System is the ninth (9th) busiest public transportation systems in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority (the "MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County.

The Fiscal Year 2023-24 operating budget for the MTA is \$9 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 \$19.5 billion of multiple transportation infrastructure projects. Some of the noteworthy MTA projects include 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 2022, the Los Angeles region hosted 46 million visitors. The Los Angeles region is estimated to have recovered 99% of 2019 levels with 50.3 million visitors in 2023.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market has experienced a strong and steady recovery from 2012 to 2023. 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 has continued to experience strong growth, with an increase in the average median home price of 200% from 2012 to 2023.

In 2023, the residential real estate market continued to experience steady growth, as the average median home price increased by 2.8% to \$867,969 from 2022. Due to rising interest rates, new and existing home sales decreased by 35.6% from 88,679 in 2022 to 57,138 in 2023. After a record high of 105,433 in 2009, notices of default recorded decreased by 96.6% to 3,567 in 2021. Notices of default recorded increased in 2023 to 7,786, which represents a 7.9% increase from 2022. Foreclosures, as measured by the number of trustees deeds recorded, experienced a significant decrease of approximately 98% from a cyclical high of 39,774 in 2008 to 774 in 2022. The number of trustees deeds recorded increased in 2023 to 881, which represents a 13.8% increase from 2022.

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 2024-25, the Assessor reported a Net Local Roll of \$2.094 trillion, which represents an increase of 4.85% or \$97.0 billion from Fiscal Year 2023-24. The Fiscal Year 2024-25 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the fourteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership (\$53.464 billion) and an increase in the consumer price index (\$39.012 billion).

The industrial market vacancy rates increased from 0.9% in 2022 to 3.4% in 2023. Office market vacancy rates increased from 20.8% in 2022 to 22.8% in 2023, which is still significantly higher than the 9.7% rate in 2007, prior to the previous 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, which 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 Joe's, Target and CVS. In June 2022, The Grand LA opened after several years of construction. The \$1 billion mixed-use development project designed by Frank Gehry includes a 45-story residential tower with more than 500 luxury residence, a 20-story, 305-room Conrad Los Angeles Hotel, 12,000 square feet of meeting rooms, facilities and ballrooms, and 27,000 square feet of restaurants, lounges, and outdoor amenities.

DRAFT

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 \$)

	2019	2020	2021	2022	2023*
Los Angeles County	\$767	\$729	\$774	\$790	\$807
State of California	2,963	2,925	3,146	3,167	3,233
United States	21,521	21,323	23,594	25,744	27,631
Los Angeles County as a % of California	25.9%	24.9%	24.6%	24.9%	25.0%

Source: Los Angeles County Economic Development Corporation; Bureau of Economic Analysis-US Department of Commerce

* 2023 Los Angeles County GDP values are annual projections

TABLE B: POPULATION LEVELS (in thousands)

	2019	2020	2021	2022	2023
Los Angeles County	10,163	10,014	9,942	9,835	9,761
State of California	39,605	39,538	39,287	39,079	38,940
Los Angeles County as a % of California	25.7%	25.3%	25.3%	25.2%	25.1%

Source: Los Angeles County Economic Development Corporation

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

	2019	2020	2021	2022	2023*
Los Angeles County	628,932	673,306	720,047	720,741	732,272
Orange County	221,692	240,734	257,834	263,290	264,343
San Diego County	204,585	222,584	240,246	243,506	254,782
Riverside County	103,614	116,940	126,261	127,196	126,942
San Bernardino County	89,182	100,360	108,700	108,082	109,595
Ventura County	53,164	57,575	62,555	63,590	63,781
State of California	2,537,951	2,767,521	3,013,677	3,006,647	3,012,661
Los Angeles County as a % of California	24.8%	24.3%	23.9%	24.0%	24.3%

Source: Los Angeles County Economic Development Corporation

* Based on 2023 projections

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

	2019	2020	2021	2022	2023
Los Angeles County	172,314	157,738	192,524	213,717	207,351
State of California	732,757	706,757	862,712	951,775	929,585
Los Angeles County as a % of California	23.5%	22.3%	22.3%	22.5%	22.3%

Source: Los Angeles County Economic Development Corporation

TABLE E: UNEMPLOYMENT RATES

	2019	2020	2021	2022	2023
Los Angeles County	4.5%	12.3%	9.0%	5.0%	5.0%
State of California	4.1%	10.1%	7.3%	4.3%	4.8%
United States	3.7%	8.1%	5.3%	3.6%	3.6%

Source: Los Angeles County Economic Development Corporation

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR
Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2019	2020	2021	2022	2023
Health Care & Social Assistance	724.3	708.6	727.2	751.5	772.0
Wholesale & Retail Trade	635.0	577.3	598.9	607.0	598.9
Government	572.4	556.8	550.4	559.9	574.6
Leisure and Hospitality	545.7	392.5	433.3	510.3	525.6
Manufacturing	338.3	313.9	311.5	321.0	318.5
Professional Scientific & Technical Services	298.3	284.5	293.0	308.8	306.7
Administrative & Support & Waste Services	277.9	245.8	264.0	281.9	271.7
Information	206.1	184.1	205.1	232.5	203.4
Transportation, Warehousing & Utilities	207.5	202.7	208.5	218.1	211.0
Other	159.2	130.4	137.1	154.6	157.1
Construction	149.7	146.0	148.5	150.6	148.8
Educational Services	106.5	96.4	102.5	110.1	115.9
Finance & Insurance	134.5	130.6	127.3	124.8	120.8
Real Estate & Rental & Leasing	88.6	80.4	83.6	88.4	87.0
Management of Companies & Enterprises	62.7	59.4	61.9	61.3	62.1
Total	4,506.7	4,109.4	4,252.8	4,480.8	4,474.1

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

Note: 2023 employment is annualized quarterly data

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

Type of Activity	2019	2020	2021	2022	2023
International Air Cargo (Tons)					
Los Angeles International Airport	1,436.0	1,530.4	1,867.5	1,768.9	1,506.7
As Percentage of Total Air Cargo	62.08%	62.09%	62.79%	64.22%	65.83%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,313.2	2,464.8	2,974.1	2,754.6	2,288.7
Long Beach Airport	21.1	15.7	14.9	14.4	13.1
Hollywood Burbank Airport	53.0	56.6	53.9	44.6	37.3
Total	2,387.4	2,537.1	3,042.9	2,813.5	2,339.1
International Air Passengers					
Los Angeles International Airport	25,696.3	6,421.7	7,965.3	16,520.1	22,223.9
As Percentage of Total Passengers	29.2%	22.3%	16.6%	25.1%	29.6%
Total Air Passengers					
Los Angeles International Airport	88,068.0	28,779.5	48,007.3	65,924.3	75,050.9
Long Beach Airport	3,584.2	1,043.8	2,104.1	3,242.8	3,739.3
Hollywood Burbank Airport	5,983.7	1,995.3	3,733.0	5,898.7	6,034.7
Total	97,636.0	31,818.6	53,844.3	75,065.9	84,824.9
Container Volume (TEUs)					
Port of Los Angeles	9,337.6	9,213.4	10,677.6	9,911.2	8,629.7
Port of Long Beach	7,632.0	8,113.3	9,384.4	9,133.7	8,018.7
Total	16,969.6	17,326.7	20,062.0	19,044.9	16,648.4

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	2019	2020	2021	2022	2023
Los Angeles, CA*	\$427,395	\$404,484	\$478,351	\$524,074	\$467,881
New York, NY	381,305	395,170	466,177	521,087	484,838
Laredo, TX	324,045	291,417	354,749	412,731	436,963
Chicago, IL	255,222	268,579	343,318	388,009	365,407
Houston-Galveston, TX	235,371	194,412	273,361	390,137	362,582
Detroit, MI	263,025	227,084	267,665	301,652	314,108
New Orleans, LA	219,168	194,171	228,355	278,957	261,932
Savannah, GA	180,324	170,466	200,816	226,197	220,385
Cleveland, OH	151,193	149,320	168,063	187,189	173,676
Seattle, WA	143,047	111,205	140,585	156,908	146,789

Source: USA Trade Online

*Includes ports outside of LA County such as: Capitán, CA; Las Vegas, NV; March Inland Airport, CA; Meadows Field Airport, CA; Morro Bay, CA; Ontario International Airport, CA; Palm Springs Airport, CA; Port Hueneme, CA; Port San Luis, CA; San Bernardino International Airport, CA; Southern California Logistics Airport, CA; Ventura, CA

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

Port	2019	2020	2021	2022	2023
Los Angeles-Long Beach, CA	217,958	213,643	234,536	222,745	202,353
Tacoma, WA	31,518	25,075	26,423	24,152	27,318
Oakland, CA	32,440	32,516	32,356	29,918	26,877
Seattle, WA	17,919	16,942	17,727	14,738	10,943
Longview/Kalama, WA	14,629	12,135	12,115	11,036	10,281
Portland, OR	12,661	11,112	12,749	12,256	10,800
Port Hueneme	6,370	5,821	6,885	8,055	7,889
San Diego, CA	5,333	3,943	4,350	4,698	4,968
Vancouver, WA	2,960	2,645	2,255	2,435	2,296

Source: Pacific Maritime Association, Annual Reports

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

Port	2019	2020	2021	2022	2023
Los Angeles-Long Beach, CA	16,970	17,327	20,062	19,045	16,648
New York-New Jersey, NY	7,471	7,586	8,986	9,494	7,810
Savannah, GA	4,599	4,682	5,613	5,892	4,938
Seattle-Tacoma, WA	3,775	3,320	3,736	3,384	2,237
Norfolk, VA	2,938	2,813	3,523	3,703	3,288
Houston, TX	2,990	2,989	3,453	3,975	3,835
Charleston, SC	2,436	2,310	2,751	2,792	2,482
Oakland, CA	2,500	2,461	2,448	2,337	2,066

Source: US Department of Transportation, Bureau of Transportation Statistics analysis; 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	2019	2020	2021	2022	2023
1. New & Existing Median Home Prices	\$644,125	\$647,308	\$743,833	\$844,354	\$867,969
2. New & Existing Home Sales	78,323	72,484	94,832	88,679	57,138
3. Notices of Default Recorded	10,449	4,786	3,567	7,215	7,786
4. Office Market Vacancy Rates	14.0%	16.5%	19.1%	20.8%	22.8%
5. Industrial Market Vacancy Rates	2.4%	2.3%	0.7%	0.9%	3.4%

Source: CoreLogic, Newmark, and Colliers

TABLE L: BUILDING PERMITS AND VALUATIONS

	2019	2020	2021	2022	2023
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	5,738	6,219	7,338	8,301	6,504
b. Multi-Family	15,884	14,077	16,718	18,912	11,752
Total Residential Building Permits	21,622	20,296	24,056	27,213	18,256
Building Valuations					
2. Residential Building Valuations (in millions of \$)					
a. Single Family	\$1,967	\$1,877	\$2,089	\$2,180	\$1,681
b. Multi-Family	2,961	2,793	3,027	3,524	2,016
c. Alterations and Additions	1,626	1,017	909	1,423	1,401
Residential Building Valuations Subtotal	\$6,554	\$5,687	\$6,025	\$7,127	\$5,098
3. Non-Residential Building Valuations (in millions of \$)					
a. Office Buildings	\$475	\$242	\$162	\$70	\$80
b. Retail Buildings	1,338	897	170	879	607
c. Hotels and Motels	203	232	53	41	77
d. Industrial Buildings	64	32	28	25	138
e. Alterations	3,404	1,243	949	2,417	1,846
f. Other	1,105	879	508	752	1,319
Non-Residential Building Valuations Subtotal	\$6,589	\$3,525	\$1,870	\$4,184	\$4,067
Total Building Valuations (in millions)	\$13,143	\$9,212	\$7,895	\$11,311	\$9,165

Source: California Building Industry Association

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

Company (in order of 2023 Ranking)	Industry	Headquarters	No. of Employees	
			L.A. County	Total
1 Kaiser Permanente	Health Care Provider	Oakland, CA	44,769	226,539
2 University of Southern California	Education-Private University	Los Angeles, CA	23,227	23,990
3 Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	95,000
4 Cedars-Sinai	Health Care	Los Angeles, CA	16,730	18,114
5 Allied Universal	Security Professional and Safety Services	Santa Ana, CA	15,326	800,000
6 Target Corp.	Retailer	Minneapolis, MN	15,000	408,000
7 Providence	Health Care	Renton, WA	14,395	120,000
8 Ralphs/Food 4 Less - Kroger Co.	Grocery Retailer	Cincinnati, OH	14,000	28,500
9 Walt Disney Co.	Entertainment	Burbank, CA	12,200	190,000
10 Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	12,005	156,354
11 UPS	Transportation and Freight	Atlanta, GA	11,643	N/A
12 Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	N/A
13 NBCUniversal	Media and Entertainment	Philadelphia, PA	11,000	68,000
14 AT&T Inc.	Telecommunications	Dallas, TX	10,500	N/A
15 Amazon	Online Retailer	Seattle, WA	10,500	1,608,000
16 Albertsons Cos.	Grocery Retailer	Boise, Idaho	10,406	290,000
17 California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	9,224	10,142
18 Edison International	Electric Utility, Energy Services	Rosemead, CA	7,672	N/A
19 City of Hope	Cancer Treatment and Research Center	Duarte, CA	7,535	8,687
20 ABM Industries Inc.	Facility Services	New York, NY	7,400	N/A
21 FedEx Corp.	Shipping and Logistics	Memphis, TN	6,750	N/A
22 Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,644	N/A
23 CommonSpirit Health	Health Care	Chicago, IL	6,263	150,000
24 Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	6,002	N/A
25 Space Exploration Technologies Corp.	Rockets and Spacecraft	Hawthorne, CA	6,000	10,000

Source: Los Angeles Business Journal

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions in the Indenture and the Lease. This summary does not purport to be comprehensive and reference should be made to the Indenture and the Lease for a full and complete statement of their respective provisions. All capitalized terms not defined in this Official Statement have the meaning set forth in the Indenture and the Lease.

Definitions

“Acquisition Cost” means all the necessary and reasonable costs in connection with the acquisition of any Equipment Component, including, but not limited to, legal fees and expenses of counsel with respect to the financing of the Equipment and the leasing of the Equipment; to the extent such fees and expenses are approved by a Lessee Representative.

“Acquisition Fund” means the fund of that name established pursuant to the Indenture.

“Additional Rental” means the amounts specified as such the Lease.

“Base Rental” means the amount referred to as such in the Lease, as such amounts may be adjusted from time to time in accordance with the terms thereof, but does not include Additional Rental.

“Base Rental Account” means the Base Rental Account within the Bond Fund established pursuant to the Indenture.

“Book Entry Bonds” means the Bonds registered in the name of the Nominee, as the Bondowner thereof, pursuant to the Indenture.

“Bond Fund” means the fund of that name established pursuant to the Indenture.

“Bonds” means the bonds executed by the Lessor and authenticated and delivered by the Trustee pursuant to the Indenture.

“Bond Register” means the books for the registration of the ownership of the Bonds referred to in the Indenture.

“Bondowner” means the registered Bondowner, as indicated in the Bond Register, of any Bond, including DTC or its Nominee, or any successor Depository or its Nominee for the Bonds, as the sole registered Bondowner of Book Entry Bonds.

“Business Day” means any day other than (i) a Saturday, Sunday or (ii) a day on which banks in both New York, New York and the city in which the principal corporate trust office of the Trustee is located are authorized or permitted to be closed.

“Cede & Co.” means Cede & Co., the initial Nominee of DTC.

“Closing Date” means the date on which the Bonds are first executed by the Lessor and authenticated and delivered by the Trustee to the initial purchasers thereof.

“Code” means the Internal Revenue Code of 1986.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate to be executed and delivered by the Lessee relating to the Bonds.

“Cost of Issuance” means all the costs of preparation, sale and issuance of the Bonds and other costs related to such financing including, but not limited to, all document preparation expenses in connection with the Indenture, the Lease, the Bonds and the preliminary and final official statements; rating agency fees; CUSIP Service Bureau charges; legal fees and expenses of counsel with respect to the financing of and leasing of the Equipment; the initial fees and expenses of the Trustee and its counsel and of any paying agent and its counsel; and other fees and expenses incurred in connection with the issuance of the Bonds and the payment of the BANs or the implementation of the financing, to the extent such fees and expenses are approved by a Lessee Representative or a Lessor Representative.

“Costs of Issuance Account” means the Costs of Issuance Account established in the Acquisition Fund pursuant to the Indenture.

“Depository” means DTC and its successors and assigns or if (a) the then depository resigns from its functions as securities depository of the Bonds, or (b) the Lessee discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Lessor.

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

“Earnings Fund” means the fund of that name established pursuant to the Indenture.

“Equipment” means all Equipment Components identified in the Lease, as the same may be amended from time to time.

“Equipment Component” means each discrete component of the personal property described in the Lease, as the same may be amended from time to time.

“Event of Default” means any one or more of the events described in the Indenture.

“Excess Earnings Account” means the account of that name established in the Earnings Fund pursuant to the Indenture.

“Fitch” means Fitch Ratings, New York, New York, its successors and assigns.

“General Account” means the General Account established in the Acquisition Fund pursuant to the Indenture.

“Insurance Proceeds Fund” means the fund established pursuant to the Indenture.

“Interest Account” means the Interest Account established in the Bond Fund pursuant to the Indenture.

“Interest Payment Date” means June 1 and December 1 in each year, commencing on December 1, 2025, except that if such date is on a date which is not a Business Day then payment will be made on the next succeeding Business Day without incurring additional interest.

“Investment Earnings” means interest and income received in respect of the investment of money on deposit in any fund or account maintained under the Indenture.

“Investment Earnings Account” means the Investment Earnings Account established in the Earnings Fund pursuant to the Indenture.

“Lease Payment Date” means a date on or before each Interest Payment Date.

“Lease Year” means the period to be selected by the Lessee in accordance with regulations promulgated under the Code.

“Lessee” means the County of Los Angeles.

“Lessee Representative” means the Treasurer and Tax Collector of the Lessee or any other employee of the Lessee designated and authorized in writing by such officer to act on behalf of the Lessee with respect to the Indenture and all other related agreements, including but not limited to the Lease.

“Lessor” means the Los Angeles County Capital Asset Leasing Corporation, a California nonprofit public benefit corporation.

“Lessor Representative” means the Treasurer and Tax Collector of the Lessee as ex officio officer of the Lessor or any other employee of the Lessee designated and authorized in writing by such officer to act on behalf of the Lessor with respect to the Indenture and all other related agreements, including but not limited to the Lease.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

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

“Outstanding” when used as of any particular time with respect to any Bond, means any Bonds previously executed by the Lessor and authenticated and delivered by the Trustee under the Indenture, except: (1) any Bond previously canceled by the Trustee or surrendered to the Trustee for cancellation; (2) any Bond for the payment or redemption of which funds and/or investments of the type described in clause (a) of the definition of Qualified Investments in the necessary amount shall have been deposited with the Trustee (whether on or prior to the maturity or redemption date of such Bond (as provided in the Indenture)); (3) any Bond purchased by the Lessor and surrendered to the Trustee for cancellation; (4) any Bond in lieu of or in exchange for which another Bond or other Bonds shall have been executed by the Lessor and authenticated and delivered by the Trustee pursuant to the Indenture; (5) any Bond that is more particularly described in the Indenture that is not presented for payment, when the principal becomes due; and (6) any Bond for which a notice of redemption shall have been given and for which money for its redemption shall have been set aside as provided in the Indenture.

“Principal Account” means the Principal Account established in the Bond Fund pursuant to the Indenture.

“Principal Corporate Trust Office” means the office of the Trustee at the address set forth in the Indenture, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Principal Payment Date” means June 1 and December 1 in each year, commencing on December 1, 2025, except that if such date is on a date which is not a Business Day then payment will be made on the next succeeding Business Day without incurring additional interest.

“Qualified Investments” means, if and to the extent permitted by law and by any policy guidelines promulgated by the Lessee:

(a) For all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation);

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the of the United States of America, including: (i) United States of America treasury obligations; (ii) all direct or fully guaranteed obligations of the United States of America; (iii) Farmers Home Administration; (iv) General Services Administration; (v) Guaranteed Title XI financing; (vi) Government National Mortgage Association (“GNMA”); and (vii) State and Local Government Series;

Any security used for defeasance pursuant to the Indenture must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(b) For all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Rural Economic Community Development Administration; (iii) U.S. Maritime Administration; (iv) Small Business Administration; (v) U.S. Department of Housing and Urban Development; (vi) Federal Housing Administration; and (vii) Federal Financing Bank;

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; (ii) obligations of the Resolution Funding Corporation; (iii) senior debt obligations of the Federal Home Loan Bank System; and (iv) senior debt obligations of other Government Sponsored Agencies;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” by S&P and maturing not more than 270 calendar days after the date of purchase (ratings on holding companies are not considered as the ratings of the banks);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1” by S&P, and which mature not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund that is either (i) restricted to investing in securities described in clause (a) above or (ii) rated “AAAm” or “AAAm-G” or better by S&P;

(6) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and, (i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in one of the two highest long-term rating categories of Moody’s or S&P; or (ii)(A) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting of cash or securities as described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate;

(7) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P;

(8) Investment in repurchase agreements of any securities authorized in this definition of Qualified Investments, if the Trustee shall have received a perfected first security interest in such securities securing such repurchase agreement and the Trustee or its appointed agent shall hold such obligations free and clear of the claims of third parties and the securities securing such repurchase agreement are required to be of such nature, valued at such intervals and maintained at such levels so as to meet the collateralization levels then required by the Rating Agencies for a rating of “A” or better; the term “repurchase agreement” means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement; the term “counterparty” means the other party to the transaction; a counterparty bank’s trust department or safekeeping department may be used for physical delivery of the underlying security; the term of repurchase agreements shall be for one year or less; such securities, for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity;

(9) The Local Agency Investment Fund of the State of California;

(10) The Los Angeles County Treasury Pool; and

(11) Any other investments which are rated “A” or better by the Rating Agencies which the Lessor deems to be prudent investments and in which the Lessor directs the Trustee to invest.

“Rating Agencies” means Fitch, Moody’s and S&P; provided, however, that if either of Fitch or Moody’s does not rate investments or obligations of a type described in any of clauses of the definition of “Qualified Investments,” a rating by such entity shall not be required.

“Redemption Account” means the Redemption Account established in the Bond Fund pursuant to the Indenture.

“Rental Payments” means the Base Rental plus the Additional Rental payments.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns.

“State” means the State of California.

“Tax Certificate” shall have the meaning assigned to such term in the Indenture.

“Term” or “Term of the Lease” has the meaning set forth in the Lease.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors and assigns.

“Useful Life” means, with respect to any Equipment Component, the period of time, expressed in years, and fraction of years, for which the Lessee reasonably expects that such Equipment Component may be economically utilized for the purpose or purposes for which such Equipment Component is intended.

THE INDENTURE

Acquisition Fund

There shall be established in trust a special fund designated as the “Acquisition Fund,” which shall consist of a General Account and a Costs of Issuance Account. There shall be deposited into the General Account that portion of the proceeds of the Bonds required to be deposited therein pursuant to the Indenture. The Trustee shall, on behalf of the Lessor, transfer from the General Account on the Closing Date to the Lessor the amount necessary to pay and redeem the BANs. If there shall remain any balance of money in the General Account following the retirement in full of the BANs, all money so remaining shall be transferred by the Trustee to the Base Rental Account of the Bond Fund. There shall be deposited in the Costs of Issuance Account that portion of the proceeds of the Bonds required to be deposited therein pursuant to the Indenture. The Trustee shall disburse money from the Costs of Issuance Account to pay Costs of Issuance promptly after receipt of, and in accordance with, a written direction of a Lessee Representative pursuant to the Indenture. Any funds remaining in the Costs of Issuance Account on the date on which the Lessee Representative has notified the Trustee in writing that all Costs of Issuance have been paid shall be transferred to the Base Rental Account of the Bond Fund.

Bond Fund

There shall be established in trust a special fund designated the “Bond Fund,” which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer the fund as provided in the Indenture. The Bond Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the provisions of the Lease, or until such date as there are no Bonds Outstanding. Within the Bond Fund, the Trustee shall establish the following accounts: (a) Base Rental Account; (b) Interest Account; (c) Principal Account; and (d) Redemption Account.

Base Rental Account. Except as otherwise provided in this paragraph, Base Rental and proceeds of liquidated damages and rental interruption insurance, if any, with respect to the Equipment received by the Trustee shall be deposited into the Base Rental Account. Any delinquent Base Rental payments and any proceeds of liquidated damages or rental interruption insurance deposited in the Base Rental Account shall be applied, first, to the Interest Account for the immediate payment of interest payments, the Bonds, past due and, then, to the Principal Account for immediate payment of principal payments past due according to the tenor of any Bond. Any remaining money representing delinquent Base Rental payments or proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Account to be applied in the manner provided in the Indenture.

Any amounts remaining in the Base Rental Account on any Interest Payment Date or Principal Payment Date after the transfers referred to in the provisions relating to the Interest Account and the Principal Account in the following paragraph shall have been made, other than money held for Bonds not surrendered, shall be deposited into the Interest Account to the extent necessary to make the total amount on deposit in the Interest Account equal to the amount of interest due on the Bonds on the next succeeding Interest Payment Date or redemption date. Amounts not required to be so deposited shall be remitted to the Lessee except that, as provided above, any remaining money representing delinquent Base Rental and any proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Account.

Interest Account and Principal Account. The Trustee shall, on or before each Interest Payment Date or Principal Payment Date, transfer money from the Base Rental Account and deposit in the Interest Account and the Principal Account, respectively, an amount which, together with money then on deposit in the Interest Account and available to pay interest due on such date and the Principal Account and available to pay principal due on such date, respectively, equals the interest then due on the Bonds on the Interest Payment Date and the principal due on the Principal Payment Date, as the case may be. Amounts in the Interest Account shall be used to pay interest on the Bonds and amounts in the Principal Account shall be used to pay principal on the Bonds.

Redemption Account. Any proceeds of insurance (other than rental interruption proceeds) or awards in respect of a taking under the power of eminent domain not required to be used for repair, reconstruction or replacement of the Equipment and, under the terms of the Indenture, required to be deposited into the Redemption Account, and any other amounts provided for the redemption of Bonds in accordance with the terms of the Indenture, shall be deposited by the Trustee in the Redemption Account. The Trustee shall, upon surrender of the Bonds called for redemption, on or after the scheduled redemption date withdraw from the Redemption Account and pay to the Bondowners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed in accordance with the Indenture. Amounts in the Redemption Account shall be used to pay the redemption price with respect to the Bonds.

Earnings Fund

The Trustee shall establish, maintain and hold in trust a special fund separate from any other fund or account established and maintained under the Indenture designated as the "Earnings Fund." The Trustee shall administer the Earnings Fund as provided in the Indenture. The Earnings Fund shall be maintained by the Trustee until the Lessor directs, in writing, that it be closed.

The Trustee shall establish and maintain in the Earnings Fund a separate account designated as the "Investment Earnings Account," and a separate account designated as the "Excess Earnings Account." All moneys in the Investment Earnings Account and the Excess Earnings Account shall be held by the Trustee in trust and shall be kept separate and apart from all other funds and money held by the Trustee. Pursuant to the Indenture, the Trustee shall deposit, as and when received, all Investment Earnings on the funds and accounts established under the Indenture (other than the Costs of Issuance Account and the Excess Earnings Account) into the Investment Earnings Account. Amounts on deposit in the Investment Earnings Account shall be transferred to the Excess Earnings Account pursuant to written instructions from the Lessor Representative in accordance with the provisions of the Tax Certificate. Upon such transfer, any amount remaining in the Investment Earnings Account or any amount on deposit in the Excess Earnings Account which exceeds the amount required to be maintained therein in accordance with the provisions of the Tax Certificate, shall pursuant to written instructions from the Lessor Representative be deposited to the Interest Account of the Bond Fund. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall only be applied to payments made to the United States in accordance with written instructions of the Lessor Representative.

Insurance Proceeds Fund

If any Equipment Component shall be damaged, destroyed or stolen, the Lessee may elect to repair or replace such affected Equipment Component if the conditions set forth in the Lease are satisfied. If any Equipment Component shall be damaged, destroyed or stolen and the Lessee exercises its option to repair or replace such affected Equipment Component, the Lessee shall deposit with the Trustee the full amount of any insurance deductible relating to any insurance policy pursuant to which the Lessee will file an insurance claim. The proceeds of any insurance (other than any rental interruption), including the proceeds of any self-insurance fund or insurance deductible received on account of any damage, destruction or taking of any Equipment Component or portion thereof and any other amount which the Lessee elects to deposit with the Trustee for purposes of repairing or replacing any Equipment Component, shall be held by the Trustee in a special fund to be created by the Trustee, designated as the "Insurance Proceeds Fund," and held under the Indenture and, if the Lessee exercises its option to repair or replace such affected Equipment Component, such proceeds shall be made available for, and to the extent necessary to be applied to, the cost of the repair or replacement upon receipt by the Trustee of a requisition executed by a Lessor Representative, together with invoices for the repair or replacement as provided in the Lease. Pending such application, such proceeds may be invested by the Trustee solely at the written direction of the Lessor, in Qualified Investments that mature not later than the times money is expected to be needed to pay the costs of repair or replacement. If within 60 days following the receipt by the Trustee of any proceeds of any insurance, including the proceeds of any self-insurance fund claim relating to any Equipment Component, the Lessee does not exercise its option to repair or replace the affected Equipment Component, such proceeds shall be, at the direction of the Lessee, transferred to the Lessee if and to the extent that the Base Rental due under the Lease does not exceed the fair rental value of the remaining Equipment or deposited into the Redemption Account and applied to the redemption of Bonds in the manner provided in the Indenture.

Investments Authorized

Except as otherwise provided in the Indenture, money held by the Trustee in any fund or account under the Indenture shall be invested by the Trustee in such Qualified Investments as the Lessor shall direct in writing or shall confirm in writing pending application as provided in the Indenture. The Qualified Investments shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. Absent timely written directions from the Lessor, the Trustee shall invest any funds held under the Indenture by it in securities described in subsection (5) of the definition of Qualified Investments. The Lessor agrees that it will give direction to invest or confirm investments only in Qualified Investments and the Trustee shall have no obligation to inquire into the accuracy of the Lessor's determination that such investments are Qualified Investments. Absent direction from the Lessor to the contrary, the Trustee may commingle any of the funds held by it pursuant to the Indenture into a separate fund or funds for investment purposes only; provided, however, that all funds and accounts held by the Trustee shall be accounted for separately notwithstanding such commingling by the Trustee, including separate accounting of the earnings on such commingled investments. The Trustee may purchase or sell to itself or any affiliate, principal or agent, investments authorized by this paragraph. Any investments and reinvestment shall be made giving full consideration to the time at which funds are required to be available under the Indenture and, subject to the Tax Certificate, to the highest yield practicably obtainable giving due regard to the safety of the funds and the date upon which the funds will be required for the uses and purposes required by the Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment or as a sponsor or advisor with respect to any investment. The Lessor acknowledges that to the extent the Comptroller of the Currency or other applicable regulatory entity grants the Lessor the right to receive brokerage confirmations of security transactions as they occur at no additional cost, the Lessor specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Lessor

periodic cash transaction statements which will include detail for all investment transactions made by the Trustee under the Indenture.

Provisions Relating to the Trustee

The Trustee is appointed to act solely as set forth in the Indenture, to receive, hold and disburse in accordance with the terms of the Indenture the moneys to be paid to it, to authenticate and deliver Bonds secured by Base Rental to be made by the Lessee under the Lease, to apply and disburse payments received pursuant to the Lease to Bondowners, all as provided in the Indenture. By executing and delivering the Indenture, the Trustee accepts the duties and obligations provided in the Indenture.

The Lessor may at any time, so long as no Event of Default has occurred and is continuing, by written request at any time and for any reason, remove the Trustee and any successor thereto, and shall thereupon appoint a successor or successors thereto, but any such successor shall be a commercial bank, national banking association, or trust company having an office in Los Angeles, California, which, together with the corporate parent of such Trustee, has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and shall be subject to supervision or examination by federal or state banking authority. Notwithstanding the foregoing, a bank, national banking association or trust company which does not have a combined capital and surplus of at least \$100,000,000 may be appointed as the successor Trustee if its obligations under the Indenture are guaranteed by an affiliate which meets the capitalization requirement set forth in the preceding sentence, which guaranty shall be acceptable as to form and substance to the Lessor. If the bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes as provided for under the Indenture, the combined capital and surplus of the bank, national banking association or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

The Trustee or any successor may at any time resign by giving written notice to the Lessor and by giving notice by first class mail, postage prepaid, to the Bondowners of its intention to resign and of the proposed date of resignation, which shall be a date not less than 45 days after mailing of the notice, unless an earlier appointment of a successor trustee shall have been affected. Upon receiving the notice of resignation, the Lessor shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Lessor fails to appoint a successor Trustee within 30 days following receipt of the written notice of resignation or following its removal of the Trustee, the retiring Trustee may, at the expense of the Lessor, petition the appropriate court having jurisdiction to appoint a successor Trustee.

Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee. Any successor Trustee approved by the Bondowners, the Lessor or any court shall satisfy the qualifications set forth in the Indenture. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under the Indenture), shall be the successor to the Trustee without the execution or filing of any paper or further action, anything in the Indenture to the contrary notwithstanding.

Amendments

Amendments to Indenture. The Indenture may be modified or amended at any time without the consent of any Bondowners, upon the written agreement of the Lessor and the Trustee, but only (a) for the purpose of curing any ambiguity or omission, or of curing, correcting or supplementing any defective

provisions contained in the Indenture, (b) in regard to questions arising under the Indenture which the Trustee may deem necessary or desirable and not inconsistent with the Indenture and which shall not adversely affect the interests of the Bondowners then Outstanding, (c) to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (d) for any other reason; provided such modification or amendment does not adversely affect the interests of the Bondowners then Outstanding; and provided further that the Lessor and the Trustee may rely in entering into any such amendment or modification of the Indenture upon the opinion of Bond Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment shall impair the right of any Bondowner to receive the Bondowner's proportionate share of Base Rental in accordance with the provisions of the Owner's Bond without the prior written consent of the Bondowner so affected, and no amendment shall reduce the percentage of Bondowners whose consent is required for any amendment to the Indenture without the prior written consent of the Owners of all Bonds then Outstanding. The Trustee may in its discretion, but shall not be obligated to, enter into any such amendment which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture.

Amendments to Lease. The Lease may be amended in writing by agreement among the parties to the Indenture. The Lease may be modified or amended at any time, and the Trustee may consent to such modification or amendment without the consent of any Bondowners, if such modification or amendment is (a) for the purpose of curing any ambiguity or omission, or of curing, correcting or supplementing any defective provision contained in the Indenture; (b) in regard to questions arising under the Lease which the Lessee and the Lessor may deem necessary or desirable and not inconsistent with the Lease and which shall not adversely affect the interests of the Bondowners then Outstanding; (c) to modify or amend the equipment description set forth in Exhibit B to the Lease to reflect the substitution of Equipment Components; (d) to modify or amend Exhibit A to the Lease to reflect the acquisition of Equipment Components after the Closing Date, if applicable; (e) to modify or amend Exhibit A to the Lease to reflect the prepayment of Base Rental pursuant to the Lease; or (f) for any other reason; provided such modification or amendment does not adversely affect the interests of the Bondowners then Outstanding; and provided further that the Lessor and the Trustee may rely in entering into any such amendment or modification of the Indenture or in giving consent to such amendment or modification upon the opinion of Bond Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment to the Lease shall impair the right of an Bondowner to receive such Bondowner's share of Base Rental in accordance with the terms of his Bond or shall decrease the amount of Base Rental payable or postpone the dates upon which such payments are to be made without the prior written consent of the Bondowner so affected.

Consent of Bondowners. If the consent of the Bondowners is required or requested with respect to any proposed amendment to the Indenture or to the Lease, it shall not be necessary for the consent of the Bondowners to approve the particular form of any such amendment, but it shall be sufficient if such consent shall approve the substance thereof. If at any time the Lessee or the Lessor shall request the Trustee to enter into any amendment to the Indenture or to consent to an amendment to the Lease and the Trustee determines that the consent of the Bondowners is required for such amendment, then the Trustee shall, at the expense of the Lessor, cause notice of the proposed execution of a document containing such amendment, and requesting their consent thereto, to be mailed, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing on the Bond Register. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondowners.

Whenever, at any time after the date of the mailing of such notice, there shall be delivered to the Trustee an instrument or instruments in writing purporting to be executed by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in such notice and specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee upon having received the consent of the Lessor may execute such amendment or give its consent thereto in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Bondowner shall have consented thereto. If the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such supplemental agreement shall have consented to and approved the execution of such supplemental agreement as provided under the Indenture, no Owner of any Bond shall have any right to object to the execution of such amendment, or to object to any of the terms and provisions contained in such supplemental agreement or the operation thereof or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Lessor from executing the same or from taking any action pursuant to the provisions of such supplemental agreement.

The lack of actual receipt by any Bondowner of such notice and request for consent and any defects in such notice and request for consent shall not affect the validity of the proceedings for the obtaining of such consent. A certificate of the Trustee that the notice and request for consent have been mailed as provided in the Indenture shall be conclusive as against all parties. Any such written consent shall be binding upon the Bondowner giving such consent and on any subsequent Bondowner (whether or not such subsequent Bondowner has notice thereof) unless such consent is revoked in writing by the Bondowner giving such consent or by the subsequent Bondowner. To be effective, any revocation of consent must be filed at the address provided in the request for consent before the Trustee shall have executed the applicable amendment or given its consent to the applicable amendment as provided under the Indenture.

Covenants

Lessor to Perform Pursuant to Lease. The Lessor covenants and agrees with the Bondowners to perform all obligations and duties imposed on it as Lessor under the Lease.

Extension of Payment of Bonds. The Lessor shall not directly or indirectly extend the dates upon which the Base Rental payments are required to be paid or prepaid, or the time of payment of interest with respect thereto. Nothing in the Indenture shall be deemed to limit the right of the Lessor to issue any securities for the purpose of providing funds for the repayment of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Access to Books and Records; Notices. The Trustee shall at all times have access to those books and records of the Lessor which may be reasonably required by the Trustee to fulfill its duties and obligations under the Indenture.

General. The Lessor 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 Lessor under the provisions of the Indenture. The Treasurer and Tax Collector of the Lessee as ex officio officer of the Lessor and all deputies or assistants of such officer are designated agents of the Lessor for the purposes of instructing the Trustee under the Indenture and executing and delivering any documents necessary or advisable for the transactions contemplated by the Indenture or in order to accomplish the purposes of the Indenture, and the Lessor further authorizes such persons to instruct the Trustee as they deem necessary and to execute and deliver such documents. The Lessor certifies, declares, recites and warrants that upon the date of initial issuance of any of the Bonds, (a) all conditions, acts and things with respect to the Lessor required by the Constitution and the laws of the State and the Indenture to exist, to have happened and to have been performed precedent

to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by the Constitution of the State and the applicable laws of the State, and (b) the Lessor is duly authorized to execute and enter into the Indenture.

Tax Matters. The Lessor shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Lessor agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Trustee agrees to comply with any written instructions received from the Lessor which the Lessor indicates must be followed in order to comply with the Tax Certificate.

Prosecution and Defense of Suits. The Lessor shall promptly take such action as may be necessary to cure any defect in the title to the Equipment or any Equipment Component, whether now existing or hereafter occurring, and shall prosecute and defend all suits, actions and all other proceedings as may be appropriate for such purpose.

Further Assurances. The Lessor will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the provisions of the Indenture, and for the better assuring and confirming to the Trustee, on behalf of the Bondowners, the rights and benefits provided in the Indenture.

Continuing Disclosure. The Lessee has covenanted and agreed in the Disclosure Certificate that the Lessee will comply with and carry out all of the provisions of the Disclosure Certificate. Notwithstanding anything to the contrary contained in the Indenture, failure to comply with the provisions of the Disclosure Certificate shall not be considered an Event of Default under the Indenture; provided, however, the Trustee at the written request of any Bondowner of at least 25% aggregate principal amount of Bonds, shall, or any Bondowner may, take such actions as may be necessary and appropriate but only to the extent indemnified to its satisfaction from any cost, liability, expense or additional charges, including without limitation fees and expenses of its attorneys, including seeking mandate on specific performance by court order, to cause the Lessee to comply with its obligations under the Disclosure Certificate.

Notices to Rating Agencies . The Trustee covenants and agrees that it shall give or cause to be given notice to the Rating Agencies of the occurrence of any amendments to the Indenture or the Lease, to the extent actually known to it; and any redemption, purchase or defeasance of the Bonds.

Events of Default and Remedies of Owners

The following shall be “Events of Default” under the Indenture: (a) an event of default shall have occurred under the Lease; or (b) breach by the Lessor of any other terms, covenants or conditions contained in the Indenture or the Lease, and failure to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from the Trustee to the Lessor, or to the Lessor and the Trustee or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such breach cannot be remedied within the 60 day period, the Lessor, the Trustee or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall not unreasonably withhold their consent to an extension of time if corrective action is instituted by the Lessee within the 60 day period and diligently pursued until the default is corrected. In the event an Event of Default has occurred and is continuing and the Trustee has actual knowledge of such Event of Default, the Trustee shall give notice, at the expense of the Lessor, of the Event of Default to the Bondowners. The notice shall state that the Lessor is in default and shall provide a brief description of the default. The Trustee in its discretion may withhold notice if it deems it in the best interest of the Bondowners. The notice to

Bondowners provided for under the Indenture shall be given by first class mail, postage prepaid, to the Bondowners within 30 days of the occurrence of the Event of Default, to the extent such Event of Default is actually known to the Trustee.

Upon the occurrence and continuance of any Event of Default specified in subsection (a) of the immediately preceding paragraph, the Trustee may proceed ((upon written request of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction by the Bondowners, shall proceed) to exercise the remedies set forth in of the Lease or available to the Trustee under the Indenture. The Trustee shall exercise the rights and remedies vested in it under the Indenture with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his affairs. No remedy conferred upon or reserved to the Trustee under the Indenture or the Lease is intended to be exclusive and every remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture and the Lease, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Bondowners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than the notice as may be required in the Indenture or by law. In the event any provision contained in the Indenture should be breached by a party and thereafter waived by another party, the waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

In the event the Trustee fails to take any action to eliminate an Event of Default under the Lease or under the Indenture, including the collection of Base Rental when due, the Bondowners of a majority in aggregate principal amount of the Bonds then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Lease or the Indenture, but only if such Bondowners, shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Lease or the Indenture or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with the request within a reasonable time. Notwithstanding any other provisions in the Indenture, the right of any Bondowner to receive the Bondowner's share of Base Rental in accordance with the provisions of his Bond or to institute suit for the enforcement of any such payment on or after such payments become due shall not be impaired or affected without the consent of such Bondowner.

Except to the extent necessary to compensate the Trustee for its reasonable fees and expenses (including reasonable attorneys' fees and expenses), to the extent necessary to pay all principal and interest then due and unpaid with respect to all Outstanding Bonds and to make the deposit into the Base Rental Account required to be made pursuant to the Lease, all damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under the Indenture or the Lease shall be deposited by the Trustee into the Base Rental Account and transferred, first, to the Interest Account and, then, to the Principal Account to pay the interest and principal due with respect to the Bonds. If the amount deposited into the Interest Account is not sufficient to pay all overdue interest payments, the amounts deposited shall, if paid to the owners of the Bonds, be distributed pro rata to such owners on the basis of the amount of interest due and unpaid to the owners. If the amount deposited into the Principal Account is not sufficient to pay all overdue principal payments, the amount deposited shall, if paid to such owners, be distributed pro rata to such owners on the basis of the amount of principal due and unpaid to the owners.

To the extent not required to be deposited into the Base Rental Account pursuant to the immediately preceding paragraph, all damages or other payments received by the Trustee from the enforcement of any

rights and powers under the Indenture or the Lease shall be applied as follows in the order of priority indicated: (a) first, to the payment of Additional Rental then due and payable; and (b) thereafter, any remaining amounts shall be deposited into the Base Rental Account.

Limitation of Liability

Neither the Lessee nor the Lessor shall have any obligation or liability to the Bondowners with respect to the performance by the Trustee of any duty imposed upon the Trustee under the Indenture, including the distribution by the Trustee of principal of and interest on the Bonds to the owners of the Bonds. Except as provided in the Indenture, neither the Trustee nor the Lessor shall have any obligation or liability to the owners of the Bonds with respect to the payment of Base Rental by the Lessee when due, or with respect to the performance by the Lessee of any other covenant made by the Lessee in the Lease. Except for (a) the payment of Base Rental and Additional Rental when due in accordance with the provisions of the Lease, and (b) the performance by the Lessee of its obligations and duties as set forth in the Lease, the Lessee shall have no obligation or liability to the Trustee or the owners of the Bonds.

Neither the Trustee nor the Lessor shall have any obligation or responsibility for providing information to the Bondowners concerning the investment quality of the Bonds, for the sufficiency of any Base Rental or for the actions or representations of the Lessee. Neither the Trustee nor the Lessor (except as provided below) shall have any obligation or liability to the Lessee with respect to the failure or refusal of the Lessee to perform any covenant or agreement made by it under the Lease, but shall be responsible solely for the performance of the duties expressly imposed upon it under the Indenture. Notwithstanding the foregoing, the Lessor shall be liable to the owners of the Bonds with respect to the failure of the Lessee to perform any covenant or agreement contained in the Lease, but only to the extent of the Lessor's interest in the Equipment. The recitals of facts, covenants, and agreements contained in the Lease shall be taken as statements, covenants and agreements of the Lessee and neither the Trustee nor the Lessor assumes any responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of the Indenture, the Lease or the Bonds, or as to the value of or title to the Equipment and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations assigned to or imposed upon it under the Indenture. The Trustee shall not be liable except for its own negligence or willful misconduct.

To the extent permitted by law, the Lessor shall indemnify and save and hold the Trustee harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all losses, including the costs of defense, and damages suffered by it as a result thereof (which includes legal fees and expenses), where and to the extent such claim, suit or action arises out of the performance of its duties under the Indenture, or the actions of any other party to the Indenture or the Lease, including but not limited to the ownership, operation or use of the Equipment, the defense of any suit or the enforcement of any remedies under the Indenture, the Bonds or any related document. Such indemnification shall not extend to judgments or settlements obtained against the Trustee and expenses of litigation in connection therewith based upon failure of the Trustee to perform and carry out the duties specifically imposed upon and to be performed by the Trustee pursuant to the Indenture, unless the Lessor has agreed in writing that the Trustee not perform such duty. In the event the Lessor is required to indemnify the Trustee as provided in the Indenture, the Lessor shall be subrogated to the rights of the Trustee to recover such losses or damages from any person or entity. This section will survive the termination of the Indenture and the earlier removal or resignation of the Trustee.

Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give any person other than the Lessee, the Lessor, the Trustee and the owners of the Bonds any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision

of the Indenture; and all such covenants, conditions, and provisions are and shall be for the sole and exclusive benefit of the Lessee, the Lessor, the Trustee and the owners of the Bonds.

Defeasance

All or any of the Bonds shall be paid or be deemed to be paid in one of the following ways: (1) by the deposit by the Lessor with the Trustee, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Bond Fund and dedicated, as evidenced by a certificate of a Lessor Representative, to this purpose, without the need for further investment, is fully sufficient to pay the Bonds, including all principal and interest due with respect thereto, provided, however, that this means of defeasance shall be subject to written confirmation by each nationally recognized rating agency, then rating the Bonds, that the defeasance provided for in the Indenture, will not cause the then current ratings to be reduced or withdrawn; or (2) by the deposit with the Trustee in accordance with the Lease, at or before maturity of the Bonds, of cash and/or Qualified Investments which, in the written opinion of a certified public accountant, is in an amount sufficient, together with the earnings to accrue on the Qualified Investments without the need for further investment, to pay when due the debt service on the Bonds, including all principal, redemption premium, if any, and interest payable with the respect thereto, provided, however, that this means of defeasance shall be subject to written confirmation by each nationally recognized rating agency, then rating the Bonds, that the defeasance provided in the Indenture, will not cause the then current ratings to be reduced or withdrawn.

When any Bond has been paid or is deemed to have been paid as provided in the Indenture, the Bond shall no longer be deemed Outstanding under the provisions of the Indenture, and all obligations of the Trustee and the Lessor under the Indenture with respect to the Bond shall cease, except only the obligations of the Trustee under certain provisions of the Indenture and the obligations to pay or cause to be paid to the Bondowner thereof all sums due with respect thereto and to pay to the Trustee any amounts due pursuant to the Indenture.

THE LEASE AGREEMENT

Term

The Term of the Lease shall commence on the Closing Date, and shall end on the earlier of (1) such time as the Bonds payable from Base Rental attributable to all the Equipment Components shall have been paid (including any abated Base Rental) and provided no default or event of default then exists and is continuing under the Lease, or (2) December 1, 20[] unless such Term is otherwise terminated or extended as hereinafter provided. If on December 1, 20[], the Indenture shall not be discharged by its terms, or if the Base Rental payable under the Lease shall be abated at any time and for any reason, then the Term of the Lease shall be extended until the Indenture shall be discharged by its terms. If prior to December 1, 20[], the Base Rental and Additional Rental shall have been fully paid in connection with the Bonds, the Term of the Lease shall end ten days thereafter or ten days after written notice by the Lessee to the Lessor to the effect that the Base Rental and Additional Rental payable under the Lease shall be fully paid and all Bonds have been fully paid, and the Lease shall thereupon terminate.

Base Rental

Subject to the provisions of the Lease, the Lessee shall pay to the Lessor, its successors and assigns, as a portion of the rental for the use and possession of the Equipment, Base Rental payments, each comprised of components of principal and interest, equal to the aggregate Base Rental specified in the Lease. Except as otherwise required under the Lease, in no event shall the Base Rental on any date be less than the aggregate amount of principal and interest required to be paid or redeemed on such date with

respect to the Bonds. Base Rental payable by the Lessee shall be due on or before each Interest Payment Date during the Term of the Lease, each such date being a "Lease Payment Date." The interest component of Base Rental payable on or before June 1 in any year shall be for the period of December 1 of the preceding year (or from the Closing Date in the case of the first year) to May 31 of such year and the interest component of Base Rental payable on or before December 1 in any year shall be for the period of June 1 of such year (or from the Closing Date in the case of the first year) to November 30 of such year. The principal component of Base Rental payable on or before June 1 in any year shall be for the period of December 1 of the preceding year (or from the Closing Date in the case of the first year) to May 31 of such year and the principal component of Base Rental payable on or before December 1 in any year shall be for the period of June 1 of such year (or from the Closing Date in the case of the first year) to November 30 of such year. To secure the performance of its obligation to pay Base Rental, the Lessee shall deposit the Base Rental payable on or before each Lease Payment Date with the Trustee, in immediately available funds, on or before that Lease Payment Date, in each case for application by the Trustee in accordance with the terms of the Indenture. The obligation of the Lessee to pay Base Rental shall commence on the Closing Date.

Base Rental shall be paid from any source of legally available funds of the Lessee and, so long as any Equipment Component is available for the Lessee's use, the Lessee covenants to take such action as may be necessary to include all Rental Payments due under the Lease in any Fiscal Year during the Term in its annual budget for the Fiscal Year and to make the necessary annual appropriations for all such Rental Payments, which covenants of the Lessee shall be deemed to be, and shall be, ministerial duties imposed by law, and it shall be the duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Lessee to carry out and perform the covenants made by the Lessee under the Lease. Subject to certain provisions of the Lease, the Lessee's obligation to make Rental Payments when due shall be absolute and unconditional without any right of set off or counterclaim. The obligation of the Lessee to make Rental Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the Lessee to make Rental Payments under the Lease constitute indebtedness of the Lessee, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Notwithstanding any dispute between the Lessor and the Lessee, including any dispute as to the failure of any Equipment Component to perform the task for which it is leased, the Lessee shall make all Rental Payments when due and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event the Lessee should fail to make any of the payments required, the payments in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable to the Lessor, its successors and assigns, at the rate equal to the net effective interest rate paid with the respect to the Bonds on the date such interest was due.

The Base Rental and the Additional Rental required by the Lease shall be paid by the Lessee in consideration of the right of possession of, and the continued use and possession of, the Equipment during each such period for which said rental is to be paid. The parties to the Lease have agreed and determined that the Base Rental for each of such period as set forth in the Lease does not exceed the fair rental value of the Equipment. In making such determination, consideration has been given to the Acquisition Costs, other obligations of the parties under the Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Equipment and the benefits therefrom which will accrue to the Lessee and the general public. The Lessee understands and agrees that, pursuant to the assignment provided for in the Indenture, the Lessor has assigned its right to receive and collect Base Rental and prepayments thereof and certain other rights to the Trustee in trust for the benefit of the Bondowners, and the Lessee consents to such assignment. The Lessor directs the Lessee, and the Lessee

agrees to pay to the Trustee at the Principal Corporate Trust Office, or to the Trustee at such other place as the Trustee shall direct in writing, all payments payable by the Lessee pursuant to the Lease. The total Rental Payments due in any Fiscal Year shall be for the use and possession of the Equipment for such Fiscal Year. Base Rental payments shall be subject to abatement as provided in the Lease.

Additional Rental

In addition to the Base Rental, the Lessee shall pay as Additional Rental such amounts as shall be required for the payment of all administrative costs of the Lessor, if any, relating to the Equipment or the issuance of the Bonds, including without limitation, taxes of any sort whatsoever payable by the Lessor as a result of its ownership of the Equipment or undertaking of the transactions contemplated in the Lease or in the Indenture, fees of auditors, accountants, attorneys or engineers, fees, expenses and indemnification costs of the Trustee and all other necessary administrative costs of the Lessor and Lessee or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Lease, the Bonds or of the Indenture, including the insurance premiums required to maintain insurance as required under the Lease, or to defend the Lessor, its members and each Indemnified Party. Additional Rental due under the Lease shall be paid by the Lessee directly to the person or persons to whom such amounts shall be payable. The Lessee shall pay all such amounts when due or within thirty days after notice in writing from the Trustee to the Lessee, stating the amount of additional payments then due and payable and the purpose thereof.

Substitution of Equipment Components

The Lessee shall, at any time, have the right to substitute any item of personal property of comparable value to and a Useful Life not less than the remaining Useful Life of, the Equipment Component to be substituted, but only by providing the Trustee with (a) a written certificate (i) describing both the new Equipment Component and the Equipment Component for which it is to be substituted, and stating that such new Equipment Component is of comparable value and has a Useful Life not less than the Useful Life of the Equipment Component for which it is being substituted and (ii) stating that such substitution will not result in an abatement of Rental Payments, and (b) a new Exhibit B to the Lease, which shall include the substitute Equipment Components and which shall supersede in its entirety the existing Exhibit B to the Lease. All costs and expenses incurred in connection with such substitution, including without limitation the cost of acquiring such property, shall be borne by the Lessee. In the event of such substitution, the Equipment Component substituted for the original Equipment Component shall become fully subject to the terms of the Lease. Notwithstanding any substitution of Equipment Components pursuant to the Lease, there shall be no reduction in the Base Rental due from the Lessee under the Lease and there shall be no reduction in the aggregate fair rental value of the Equipment as a result of such substitution.

Option to Purchase Equipment Components and Prepay Base Rental

The Lessee shall have the exclusive right and option, which shall be irrevocable during the Term of the Lease, to purchase all but not less than all of the Lessor's right, title and interest in the Equipment on any Business Day, upon payment of the option price, but only if the Lessee is not in default under the Lease and only in the manner provided in the Lease. The option price for the Equipment in any Fiscal Year shall be the amount necessary to pay or defease all of the Bonds then Outstanding. The Lessee shall exercise its option to purchase the Equipment under the Lease by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Lessor's right, title and interest in the Equipment and the option price shall be payable in installments solely from amounts deposited with the Trustee as provided in the Lease. Each such installment (i) shall be payable at each time at which a payment of Base Rental would have been payable had such option not been exercised, and (ii) shall be in an amount equal to the amount of Base Rental which would have been payable had such option not been exercised. In order to secure its obligations to pay the installments referred to above and to provide for the payment

thereof, the Lessee, concurrently with the exercise of its option under the Lease, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or Qualified Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to above at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rental due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the Lessee shall be remitted to the Lessee. On any Business Day as to which the Lessee shall properly have exercised the option granted it pursuant to the Lease, and shall have paid or made provision (as set forth in the preceding paragraph) for the payment of the required option price, the Lessor and the Trustee shall execute and deliver to the Lessee bills of sale or quitclaim deeds and releases, as appropriate, conveying to the Lessee or its nominee the Lessor's and Trustee's right, title and interest in each purchased Equipment Component. If the Lessee shall properly exercise the option provided in the Lease prior to the expiration of the Term of the Lease, and the Lessor and the Trustee shall execute and deliver the bills of sale or quitclaim deeds and releases, as appropriate, for each Equipment Component as aforesaid, then the Lease shall terminate, but such termination shall not affect the Lessee's obligation to pay the option price on the terms set forth in the Lease.

In the event that the Lessee exercises its option to purchase all of the Equipment and in connection therewith performs all of its obligations and satisfies all of the requirements specified in the immediately preceding paragraph and pays all Additional Rental required by the Lease, the Lessee's obligations under the Lease shall thereupon cease and terminate, including but not limited to the Lessee's obligations to continue to pay Base Rental under the Lease.

The Lessee shall also have the exclusive right and option, which shall be irrevocable during the Term of the Lease, to purchase the Lessor's right, title and interest in any Equipment Component on any Business Day, upon payment of the option price therefor, but only if the Lessee is not then in default under the Lease and only in the manner provided in the Lease. The option price for the Equipment in any Fiscal Year shall be the amount necessary to pay or defease all of the Bonds then Outstanding. The Lessee shall exercise its option to purchase under this paragraph by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Lessor's right, title and interest in any Equipment Component and the option price shall be payable in installments solely from amounts deposited with the Trustee as provided in the Lease. Each such installment (i) shall be payable at each time at which a payment of Base Rental would have been payable had such option not been exercised, and (ii) shall be in an amount equal to the amount of Base Rental which would have been payable had such option not been exercised. In order to secure its obligations to pay the installments referred to above and to provide for the payment thereof, the Lessee, concurrently with the exercise of its purchase option under the Lease, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or Qualified Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to above at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rental due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the Lessee shall be remitted to the Lessee. On any Business Day as to which the Lessee shall properly have exercised its option to purchase any Equipment Component pursuant to this paragraph, and shall have paid the option price therefor, the Lessor and the Trustee shall execute and deliver to the Lessee bills of sale or quitclaim deeds and releases, as appropriate, conveying to the Lessee or its nominee the Lessor's and Trustee's right, title and interest in each Equipment Component. If the Lessee shall properly exercise the option provided in this paragraph as to any Equipment Component prior to the expiration of the Term of the Lease, then the lease for that Component shall terminate and thereafter the Lessee shall be obligated to pay Base Rental only on the remaining Equipment Components.

In the event the Lessee exercises its option to purchase any Equipment Component and in connection therewith performs all of its obligations and satisfies all of the requirements specified in the immediately preceding paragraph with respect to such Equipment Component, the principal component of each Base Rental due on each Lease Payment Date after such date of purchase shall be reduced by an amount equal to the principal amount of Bonds payable on that Lease Payment Date which were redeemed or defeased (as a result of such purchase) and the interest component of each Base Rental due on each Lease Payment Date after such date of purchase shall be reduced by an amount equal to the interest which would have been payable on that Lease Payment Date on the prepaid principal components (as a result of such purchase) had such amounts not been prepaid. If any such reductions in Base Rental shall occur, the Lease shall be amended by the Lessee to reflect such reductions.

Maintenance

The Lessee shall, at its own expense, maintain the Equipment, or cause the same to be maintained, in good order, condition and repair and furnish all parts, mechanisms, devices and servicing required therefor so that the value and condition of the Equipment will at all times be maintained, ordinary wear and tear excepted. All such parts, mechanisms and devices shall immediately, without further act, become part of the Equipment, without cost to the Lessor. The Lessee shall provide or cause to be provided all maintenance service, security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Equipment. The Lessee shall cause all Equipment Components to be operated in accordance with the manufacturer's or supplier's instructions or manuals, by duly qualified personnel only and in compliance with all laws and regulations applicable to such Equipment Components and with all insurance which the Lessee is required to maintain under the Lease. It is understood and agreed that in consideration of the payment by the Lessee of the Rental Payments provided for in the Lease, the Lessee is entitled to use and possession of the Equipment and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Equipment during the Term of the Lease. The Lessor shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever to the Equipment. The Lessee expressly waives the right to make repairs or to perform maintenance of the Equipment at the expense of the Lessor and (to the extent applicable and to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the Civil Code of the State relating to repairs and maintenance. The Lessee shall keep the Equipment free and clear of all liens, charges and encumbrances, other than provided in the Lease, and any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed on or materials furnished in connection with the Equipment which are not due and payable or the amount, validity or application of which is being contested in accordance with the Lease.

Insurance

The Lessee shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Equipment required by the Lease. Such insurance shall consist of: (a) a policy or policies of insurance against loss or damage to the Equipment known as "all risk," including theft, earthquake and flood. Such insurance shall be maintained at all times in an amount not less than the greater of the full replacement value of the Equipment or the aggregate principal amount of Bonds at such time Outstanding (such insurance may at any time include a deductible clause providing for a deductible not to exceed \$1,000,000 from all losses in any year; if such policies are not available or if such policies are not obtainable with such deductibles from reputable insurers at a reasonable cost on the open market, the Lessee shall self-insure to the extent it cannot obtain such insurance policies); (b) comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Equipment (such insurance shall

afford protection with a combined single limit of not less than \$100,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the Lessee's risk management officer or an independent insurance consultant retained by the Lessee for that purpose); provided, however, that the Lessee's obligations under this clause (b) may be satisfied by self-insurance; (c) rental interruption insurance to cover loss, total or partial, of the use of any part of the Equipment as a result of any of the hazards covered by the insurance required pursuant to clause (a) above, in an amount sufficient at all times to pay the Base Rental payable under the Lease for a period of not less than two years (the Lessee may not self-insure for rental interruption insurance); and (d) workers' compensation insurance issued by a responsible carrier authorized under the laws of the State or by qualified self-insurance programs, to insure against liability for compensation under the Workers' Compensation Insurance and Safety Act in force in the State, or any act enacted after the date of the Lease as an amendment or supplement thereto or in lieu thereof.

Liens

Except as provided in the Lease, the Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgages, pledges, liens, charges, encumbrances or claims, as applicable, on or with respect to the Equipment, other than the respective rights of the Lessor and the Lessee as provided in the Lease. Except as expressly provided in the Lease, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time; provided, however, that the Lessee (a) may contest any such mortgage, pledge, lien, charge, encumbrance or claim without payment thereof so long as such non-payment and contest stays execution or enforcement of such mortgage, pledge, lien, charge, encumbrance or claim, but if such mortgage, pledge, lien, charge, encumbrance or claim is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the Lessee shall forthwith pay and discharge such judgment or such mortgage, pledge, lien, charge, encumbrance or claim, or (b) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture. The Lessee shall reimburse the Lessor for any expense incurred by the Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Laws and Ordinances

The Lessee agrees to observe and comply with all rules, regulations and laws applicable to the Lessee with respect to each Equipment Component and the operation thereof. The cost, if any, of such observance and compliance shall be borne by the Lessee, and the Lessor shall not be liable therefor. The Lessee agrees further to place, keep, use, maintain and operate the Equipment in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

Abatement

A proportionate amount of Base Rental shall be abated during any period in which, by reason of condemnation, damage, destruction, theft or otherwise, there is substantial interference with the use and possession of any Equipment Component by the Lessee and the Base Rental due hereunder shall exceed the fair rental value of the Equipment. There shall be no abatement of Base Rental to the extent that moneys are (a) on deposit in the in the Base Rental Account, Interest Account or Principal Account of the Bond Fund and (b) otherwise legally available to the Lessee and transferred to the Trustee for the purpose of making Base Rental, and are available to pay the amount which would otherwise be abated. The amount of any abatement shall be such that the resulting Base Rental in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a) and (b) above, do not exceed the

fair rental value for the use and possession of the Equipment Components not condemned, taken, damaged or destroyed. Such abatement shall commence on the date of condemnation, theft, damage or destruction and shall end with the substantial completion of the work of repair of the Equipment Component or the delivery of a replacement Equipment Component. Additional Rental shall not be abated so long as a significant portion of the Equipment Components remains available for the use and possession of the Lessee. Except as provided in the Lease, in the event of any such condemnation, theft, damage or destruction, the Lease shall continue in full force and effect and the Lessee waives any right to terminate the Lease by virtue of any such condemnation, theft, damage or destruction.

Application of Insurance Proceeds

If the Lessee shall receive insurance proceeds as a result of any Equipment Component being condemned, stolen, damaged or destroyed and the fair rental value of the remaining Equipment exceeds the Base Rental due hereunder, such insurance proceeds may be retained by the Lessee without any obligation to repair or replace the condemned, stolen, damaged or destroyed Equipment Component. If the Lessee shall receive insurance proceeds as a result of any Equipment Component being condemned, stolen, damaged or destroyed and the fair rental value of the remaining Equipment is less than the Base Rental due hereunder, the Lessee shall either promptly repair or replace the condemned, stolen, damaged or destroyed Equipment Component so long as such repair or replacement can be completed within the period during which rental interruption insurance proceeds will be available if Base Rental is to be abated as a result of any such condemnation, theft, damage or destruction, or apply any insurance proceeds received as a result of such condemnation, theft, damage or destruction to the extraordinary redemption of the Bonds as provided in the Indenture so that the remaining Base Rental due hereunder shall be at least equal to the fair rental value of the remaining Equipment.

If the Lessee exercises its option to repair or replace any condemned, stolen, damaged or destroyed Equipment Component as set forth in the preceding paragraph, the Lessee shall deposit with the Trustee the amount of any insurance deductible with respect to such affected Equipment Component and such amount together with any insurance proceeds received as a result of such condemnation, theft, damage or destruction shall be applied to the repair or replacement of the affected Equipment Component in accordance with the Lease and the Indenture.

If the Lessee exercises its option to repair or replace any condemned, stolen, damaged or destroyed Equipment Component, the Lessee agrees to diligently and expeditiously pursue the repair or replacement of such condemned, stolen, damaged or destroyed Equipment Component. In connection with the repair or replacement of the affected Equipment Component, insurance proceeds (together with any insurance deductible required to be deposited with the Trustee) shall be made available to the Lessee from time to time upon receipt of a requisition signed by the Lessee Representative stating with respect to each payment to be made pursuant to such requisition (a) the requisition number, (b) the name and address of the person, firm or corporation to whom payment is due, (c) the amount to be paid, (d) that each obligation mentioned in the requisition has been properly incurred, is a proper charge against the Insurance Proceeds Fund, and (e) that such payment has not been the basis of any previous withdrawal. Each such requisition shall specify in reasonable detail the nature of the obligation and shall be accompanied by a bill or a statement of account for such obligation. Upon completion of such repair or replacement as evidenced by a certificate of a Lessee Representative delivered to the Trustee any remaining moneys in the Insurance Proceeds Fund shall be applied to the extraordinary redemption as provided in the Indenture.

Assignment, Subleasing and Amendment of the Lease

Except as provided in the Indenture, the Lessor will not assign the Lease, its right to receive Base Rental from the Lessee, or its duties and obligations under the Lease to any other person, firm or corporation.

The Lessee may sublease any Equipment Component, with the consent of the Lessor, subject to all of the following conditions: (a) the Lease and the obligation of the Lessee to make Base Rental under the Lease shall remain obligations of the Lessee; (b) the Lessee shall, within sixty (60) days after the delivery thereof, furnish or cause to be furnished to the Lessor and the Trustee a true and complete copy of such sublease; (c) no sublease by the Lessee shall cause any Equipment Component to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the laws of the State; and (d) prior to entering into any sublease, the Lessee shall deliver to the Trustee an opinion of Bond Counsel to the effect that the interest component of the Base Rental due with respect to the Equipment Component subject to the sublease shall not be includable in gross income for federal income tax purposes as a result of such sublease.

The Lessee will not alter, modify or cancel or agree or consent to alter, modify or cancel the Lease except as permitted by the Indenture.

Events of Default and Remedies

The following shall be “events of default” under the Lease and the terms “events of default” and “defaults” shall mean, whenever they are used in the Lease, any one or more of the following events: (a) failure by the Lessee to pay any Base Rental required to be paid under the Lease when due on a Lease Payment Date; (b) failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Lease or otherwise with respect to the Lease or in the Indenture, other than as referred to in clause (a) of this paragraph, for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor, the Trustee, or the Bondowners of not less than a majority in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessor, the Trustee or such Owners, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; (c) the filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under the Lease to any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may be enacted after the date of the Lease; and (d) the Lessor’s failure to perform any of its obligations under the Lease shall not be an event permitting the nonpayment of Base Rental by the Lessee or the termination of the Lease by the Lessee.

The parties hereto agree that any remedies provided under the Lease shall be exercised by the Trustee, as assignee of the Lessor’s rights. Upon the occurrence and continuance of any event of default, the Trustee may proceed (and upon written request of the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall proceed) to exercise the remedies set forth in the Lease. Pursuant to California Civil Code Section 1951.4, notwithstanding that the Lessee has breached the Lease and abandoned the Equipment, the Lease shall continue in effect and the Lessor or the Trustee may enforce all of their rights and remedies under the Lease. Without limiting any other remedies available to the Trustee under the Lease or at law, the Trustee shall have the right, at its option, without any further notice

(a) to recover rent as it becomes due under the Lease, and (b) to exercise any other right or remedy which may be available to it under applicable law or to proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of the Lease or to rescind the Lease. In addition, unless and until the Lease has been terminated pursuant to its terms, the Lessee shall be liable for all unpaid rent and other amounts due under the Lease before or during the exercise of any of the foregoing remedies and for all legal fees, taxes, governmental charges and other costs and expenses incurred by reason of the occurrence of any event of default or the exercise of the Trustee's remedies with respect thereto.

Neither the Lessor nor the Trustee shall exercise its remedies under the Lease so as to cause the portion of Base Rental designated as and comprising interest to be included in gross income for federal income tax purposes or to be subject to State personal income taxes. Notwithstanding any other provision of the Lease to the contrary, in no event shall the Lessor or the Trustee have the right to accelerate the payment of any Base Rental under the Lease. Notwithstanding any provision of the Lease to the contrary, the Trustee does not have the right: (i) to demand that the Lessee return the Equipment; (ii) to enter upon the premises where the Equipment is located and take possession of or remove the same by summary proceedings or in any other manner; (iii) to terminate the Lease and sell the Equipment or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment; or (iv) to retake possession of the Equipment in any manner.

APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation, proposes to issue its approving opinion in substantially the following form:

Los Angeles County Capital Asset Leasing Corporation
Los Angeles, California

County of Los Angeles
Los Angeles, California

We have examined a record of proceedings relating to the issuance of \$[Par Amount] Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of [July] 1, 2025 (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”). The Bonds are payable from and secured by payments of Base Rental, as such term is defined in the Lease Agreement, dated as of [July] 1, 2025 (the “Lease Agreement”), by and between the Corporation, as lessor, and the County of Los Angeles, California, a political subdivision of the State of California, as lessee (the “County”). Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture and the Lease Agreement.

We are of the opinion that:

1. The Lease Agreement has been duly authorized, executed and delivered by the County and constitutes a valid and legally binding obligation of the County, enforceable in accordance with its terms.
2. The Indenture has been duly authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation, enforceable in accordance with its terms.
3. The obligation of the County to make Base Rental payments during the term of the Lease Agreement constitutes a valid and binding obligation of the County, payable from funds of the County lawfully available therefor, and does not constitute a debt of the County or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction and does not constitute an obligation for which the County or the State of California is obligated to levy or pledge any form of taxation or for which the County or State of California has levied or pledged any form of taxation.
4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation

retroactive to their date of execution and delivery, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the County and the Corporation will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate (the "Tax Certificate"), the County and the Corporation covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph (4) hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate with respect to matters affecting the status of interest on the Bonds, and (ii) compliance by the County and the Corporation with procedures and representations set forth in the Tax Certificate as to such matters.

5. Under existing statutes, interest on the Bonds is exempt from State of California personal income tax.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4 and 5. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We have examined an executed Bond and in our opinion, the form of said Bond and its execution are regular and proper.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

This letter is furnished by us as Bond Counsel and is solely for your benefit and it is not to be used, circulated, quoted, or otherwise referred to for any purposes other than the issuance and delivery of the Bonds and may not be relied upon by any other person or entity without our express written permission, except that references may be made to it in any list of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the County of Los Angeles (the “County”) in connection with the issuance of the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”). The Bonds are being issued pursuant to the terms of an Indenture of Trust dated as of [July] 1, 2025 (the “Indenture”), by and between the County and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”), a Resolution of the Board of Supervisors of the County relating to the issuance of the Bonds. The County hereby covenants and agrees as follows:

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

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

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

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

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

“EMMA System” means the MSRB’s Electronic Municipal Market Access system.

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2025 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date specified in subsection (a) above, the County shall send timely notice of this event to the MSRB in electronic form prescribed by the MSRB.

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

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

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

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

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

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

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

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

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

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

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

Section 5. Reporting of Listed Events.

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

(i) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(x) defeasances;

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

(xii) rating changes;

(xiii) bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

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

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

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

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

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

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

Section 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders of the Bonds.

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2025.

COUNTY OF LOS ANGELES

By: _____
Authorized Signatory

APPENDIX F

BOOK-ENTRY SYSTEM

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC, and neither the County (as defined in the front part of this Official Statement) nor Corporation (as defined in the front part of this Official Statement) take responsibility for the accuracy thereof. The County and the Corporation cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (all as defined below): (a) payments of the principal or interest components with respect to the Bonds (“Debt Service”); (b) confirmations of ownership interest in the Bonds; or (c) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or 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.

Neither the County, the Corporation, nor the Trustee will have any responsibility or obligations to DTC, the Direct Participants, the Indirect Participants of DTC or the Beneficial Owners, as defined below, with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participants or Indirect Participants of DTC; (2) the payment by DTC or any Direct Participants or Indirect Participants of DTC of any amount due to any Beneficial Owner in respect of the Debt Service on the Bonds; (3) the delivery by DTC or any Direct Participants or Indirect Participants of DTC of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Indenture (as such term is defined in the Official Statement to which this Appendix F is attached); or (4) any consent given or other action taken by DTC as registered owner of the Bonds.

Information Furnished by DTC Regarding its Book-Entry Only System

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

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book- entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated “AA+” by Standard & Poor’s. 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 and www.dtc.org. The information presented on each website is not incorporated by reference as part of this Official Statement.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MALI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as

may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

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

10. 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, Security certificates will be printed and delivered in accordance with the provisions of the Indenture.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the provisions of the Indenture relating to place of payment, transfer and exchange of the Bonds, regulations with respect to exchanges and transfers, bond register, Bonds mutilated, destroyed or stolen, and evidence of signatures of Holders and ownership of Bonds will govern the payment, registration, transfer, exchange and replacement of the Bonds. Interested persons should contact the County for further information regarding such provisions of the Indenture.

NOTICE INVITING BIDS
[\$[Par Amount]]*
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL EQUIPMENT PROGRAM)

NOTICE IS HEREBY GIVEN that bids for the purchase of \$[Par Amount]* aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”) will be accepted only through the S&P BiDCOMP™ / PARITY® electronic bid submission system (the “Bid Service”) at [<https://www.newissuehome.i-deal.com>], as the approved electronic bidding system in accordance with the terms of this Notice Inviting Bids. The Bid Service is not acting as an agent of the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”). The bids will be received at the place and up to the time described below under the captions “Time” and “Submission of Bids.”

TIME: Bids will not be accepted after **[8:45] a.m.**,* Pacific Time, on [Day], [Sale Date]* (subject to the provisions described below under the caption “Submission of Bids”), or at such later date and/or other time as shall be established by the Corporation and communicated through REFINITIV® MUNICIPAL MARKET MONITOR (TM3) (the “News Service”). If no legal bid or bids are received for the Bonds on [Sale Date],* or if the sale date and/or time is postponed or rescheduled, bids will be received at the time and manner specified on such other date as shall be designated by the Corporation and communicated through the News Service. Prospective bidders are urged to watch the News Service for any change in the terms of the sale or the date and time for the receipt of bids.

SUBMISSION OF BIDS: All bids must be submitted only through the Bid Service. No other provider of interest bidding services and no other means of delivery (i.e., telephone, telefax or physical delivery) will be accepted. The bids for the Bonds must be submitted by **[8:45] a.m.**,* Pacific Time, on [Sale Date].*

To bid via the Bid Service, bidders must have requested and received admission to the Corporation’s auction, as described below. The use of the Bid Service shall be at the bidder’s risk, and neither the Corporation, the County of Los Angeles, California (the “County”), Public Resources Advisory Group (the “Municipal Advisor”), nor Hawkins Delafield & Wood LLP, Bond Counsel to the County and the Corporation, shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate or untimely bid submitted by such bidder, including, without limitation, incomplete, inaccurate or untimely bids caused by reason of garbled transmissions, mechanical failure, slow or engaged telephone or telecommunications lines or any other cause. The Corporation is not bound by any advice and determination of the Bid Service to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Bid Service are the sole responsibility of the bidders and the Corporation is not responsible for any of such costs or expenses.

* Preliminary, subject to change.

In the event any provision of this Notice Inviting Bids conflicts with the rules of the Bid Service, this Notice Inviting Bids shall prevail.

The time as displayed on the Bid Service auction page shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Notice Inviting Bids.

Further information about the Bid Service, including registration requirements, may be obtained at <https://www.newissuehome.i-deal.com> or by telephone at (212) 849-5023.

AWARDING OF BIDS: The County, on behalf of the Corporation, will take action awarding or rejecting all bids not later than twenty-five (25) hours after the expiration of the time herein prescribed for the receipt of bids. The winning bidder shall be the firm that submits the best combination of price and interest rates for the Bonds that results in the lowest true interest cost as determined for the Corporation by the County Treasurer, whose determination shall be binding and final absent manifest error. In case of tie bids, the winning bidder will be determined at the sole discretion of the Corporation, as determined by the County Treasurer. In the event multiple bids are received from a single bidder, the County and the Corporation shall accept the best of such bids, and each bidder agrees by submitting any bid to be bound by its best bid.

Changes in the amortization schedule made as described below under the caption “Adjustment of Principal Amounts and Amortization Schedule” will not affect the determination of the winning bidder or give the winning bidder any right to reject the Bonds.

RIGHT TO REJECT BIDS; WAIVE IRREGULARITIES: The County and the Corporation reserve the right to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

RIGHT TO MODIFY OR AMEND: The County and the Corporation reserve the right to modify or amend this Notice Inviting Bids; however, such modifications or amendments shall be made not later than 1:00 p.m., Pacific Time, on the business day prior to the bid opening and communicated through the News Service and subsequently posted on the Bid Service. Any delay in making such modification or amendment or the failure of any bidder to receive such notice will not affect the validity of the sale of the Bonds.

POSTPONEMENT; REJECTION OF BIDS: The County and the Corporation reserve the right to postpone, from time to time, the date established for receipt of bids for any reason at any time. Any such postponement will be announced by the News Service. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will be announced via the News Service, at least twenty-four (24) hours prior to such alternative sale date. In addition, the County and the Corporation reserve the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent date on which bids for purchase of the Bonds will again be received. If all bids are rejected and a subsequent date for receipt of bids is established, notice of the subsequent sale date will be announced via the News Service at least twenty-four (24) hours prior to such subsequent sale date. On any such alternative or subsequent sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice Inviting Bids, except for the date of sale and except for the changes announced via the News Service, at the time the sale date and time are announced.

AUTHORIZING LAW: The Bonds will be issued under and pursuant to resolutions of the County and the Corporation and pursuant to Chapter 10 (commencing with Section 5800) of Division 6 of Title I of the California Government Code.

PURPOSE OF THE ISSUE: The proceeds from the sale of the Bonds will be used to refinance the acquisition of certain equipment, machinery, vehicles and other tangible personal property (the “Equipment”) and pay for costs of issuance. The Corporation will lease the Equipment to the County pursuant to a Lease Agreement, to be dated as of [July] 1, 2025, by and between the Corporation and the County (the “Lease”).

GENERAL TERMS OF THE BONDS: \$[Par Amount]* aggregate principal amount Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) in fully registered form in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated their date of delivery and interest will be payable on [June] 1 and [December] 1, commencing on [December] 1, 2025. Principal will be payable at maturity as set forth in the Maturity Schedule below or upon redemption in lawful money of the United States of America upon presentation of each Bond at the principal corporate trust offices of U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), or at the principal corporate trust offices of any paying agent of the Corporation. The Bonds shall bear interest at a rate or rates to be fixed upon the sale thereof. The Bonds shall mature as follows:

MATURITY SCHEDULE*

<u>Maturity Date</u>	<u>Principal Amount*</u>
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Bidders are referred to the Preliminary Official Statement for definitions of terms and for further particulars, including further information regarding the County and the Bonds.

ADJUSTMENT OF PRINCIPAL AMOUNTS AND AMORTIZATION SCHEDULE: The principal amounts set forth in this Notice Inviting Bids reflect certain estimates of the Corporation, the County and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in the winning bid. The principal amortization schedule may be changed prior to the time bids are to be received and if adjustments are made, bidders must bid on the basis of the adjusted schedule. Such changes, if any, will be communicated by the News Service, not later than 1:00 p.m., Pacific Time, on the business day prior to the bid opening.

After selecting the winning proposal, the amortization schedule and principal amounts may be adjusted by the Corporation or the County as necessary, in \$5,000 increments to reflect the

* Preliminary, subject to change.

actual interest rates and any premium/discount in the winning bid[, including but not limited to the removal of any maturity the original principal amount of which is \$[_____] or less].

Any such adjustment will be communicated to the winning bidder within twenty-four (24) hours after acceptance of the bids. The percentage of net compensation paid to the winning bidder will not increase or decrease from what it would have been if no adjustments had been made by the County.

INTEREST RATES: Bidders must bid to purchase all and not part of the Bonds. Bidders may bid to purchase the Bonds at a discount or with a premium; however, no bid will be considered if the bid to purchase the Bonds is at an aggregate price of less than [____%] of the aggregate principal amount of the Bonds. Each interest rate bid must be a multiple of 1/8 or 1/20 of 1%. No Bond shall bear more than one interest rate. Each Bond must bear interest at the rate specified in the bid from its dated date to its fixed maturity date or until redeemed. Bidders should assume the dated date as the delivery date on the Bonds, which is expected to be on [July ____], 2025* (the “Closing”). The bidder shall provide a calculation of the true interest cost which is considered informative only and not part of the bid.

BOOK-ENTRY ONLY: The Bonds will be delivered in fully registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to the beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Corporation will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

SECURITY; SPECIAL LIMITED OBLIGATIONS: The Bonds are secured pursuant to the Indenture of Trust, to be dated as of [July] 1, 2025, by and between the Corporation and the Trustee (the “Indenture”) by the lease payments received by the Corporation pursuant to the Lease. In accordance with the provisions of the Indenture and the Lease, the County will be obligated to pay to the Corporation base rental in an amount equal to the semiannual rental amounts listed in the Lease. The County also agrees under the Lease to pay additional rent equal to all taxes, assessments, insurance premiums and administrative costs of the Corporation in connection with the Equipment.

The Bonds are special obligations of the Corporation payable solely from base rental payments received pursuant to the Lease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the County to pay base rental and additional rental does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay base rental payments or additional rental payments does not constitute a debt or indebtedness of the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or

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restriction. Under certain circumstances, base rental may be abated under the Lease without constituting a default. In the event of a default, there is no remedy of acceleration of the total base rental payments due over the term of the Lease and the Trustee is not empowered to sell the Equipment and use the proceeds of such sale to redeem the Bonds or pay debt service thereon or repossess the Equipment in any way. More specifically, the Trustee does not have the right (i) to demand that the County return the Equipment; (ii) to enter upon the premises where the Equipment is located and take possession of or remove the same by summary proceedings or in any other manner; (iii) to terminate the Lease and sell the Equipment or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment; or (iv) to retake possession of the Equipment in any manner.

REDEMPTION PRIOR TO MATURITY:

No Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption prior to maturity in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from proceeds of insurance or condemnation awards deposited in certain accounts under the Indenture to the extent that base rental payments with respect to the remaining outstanding Bonds do not exceed the fair rental value for the use and possession of the Equipment components not condemned, taken, damaged or destroyed.

REOFFERING INFORMATION REQUIRED FROM WINNING BIDDER: The winning bidder within one (1) hour after being notified of the award of the Bonds will be required to provide the Corporation and the Municipal Advisor with the reasonably expected initial offering prices and yields for each maturity of the Bonds and such other information as is reasonably requested.

ISSUE PRICE: (a) Upon notification that it has submitted the winning bid, the winning Bidder shall provide the initial offering price at which it has offered or reasonably expects to offer all of the Bonds to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering. The winning Bidder shall assist the Corporation in establishing the issue price of the Bonds and shall execute and deliver to the Corporation at the Closing Date an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Corporation and Bond Counsel. In addition, based on reasonable requests of Bond Counsel, the winning Bidder will provide information regarding its sales of the Bonds. **Failure to demonstrate compliance with this requirement will constitute a default by the winning Bidder, and in such event the Corporation will not deliver the Bonds to such winning Bidder.** All actions to be taken by the Corporation under this Notice Inviting Bids to establish the issue price of the Bonds may be taken on behalf of the Corporation by the Municipal Advisor and any notice or report to be provided to the Corporation may be provided to the Municipal Advisor.

(b) The Corporation intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the sale of the Bonds (the “Competitive Sale Requirements”) because (i) the Corporation shall disseminate this Notice Inviting Bids to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid (no potential bidder was afforded any opportunity to review other bids before providing a bid); (iii) the Corporation shall have received bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and (iv) the Corporation anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice Inviting Bids.

(c) In the event that the Competitive Sale Requirements are not satisfied, the Corporation shall so advise the winning Bidder. In such event, the Corporation shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity unless the winning Bidder has elected to apply the “hold-the-offering price rule,” as described below, in which case the initial offering price to the public as of the sale date of any maturity of the Bonds will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (or CUSIP-by-CUSIP in the case of bonds with similar maturities but different coupons or prices). In the event that the competitive sale requirements are not satisfied, the winning Bidder shall advise the Corporation if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds, and if the winning Bidder has elected to apply the hold-the-offering-price rule, the winning Bidder shall notify the Corporation, within one hour of the time of award of the Bonds, which maturities of the Bonds satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

(d) By submitting a bid, the winning Bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price (the “initial offering price”), or at the corresponding yield, set forth in the bid submitted by the winning Bidder and (ii) if the winning Bidder has elected to use the hold-the-offering-price rule, the winning Bidder agrees, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds 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:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning Bidder shall promptly advise the Corporation when the underwriters have sold 10% of the Bonds 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.

(e) If the competitive sale requirements are not satisfied, and the winning Bidder does not elect to use the hold-the-offering-price rule, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning Bidder agrees to promptly report to the Corporation the prices at which such unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The Corporation acknowledges that, if the winning Bidder has elected to use the hold-the-offering-price rule, in making the representation set forth above, the winning Bidder 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 Bonds 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 third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The Corporation 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 third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid, each Bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning Bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds 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 winning Bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning Bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds 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 winning Bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice Inviting Bids. Further, for purposes of this Notice Inviting Bids:

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

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

(iv) “sale date” means the date that the Bonds are awarded by the Corporation to the winning Bidder.

LIST OF MEMBERS ACCOUNT: Bidders are requested to list the names of the members of the account on whose behalf the bid is made in the manner set forth in the authorization to accept electronic bids. The apparent winning bidder will be required to verify such list or to provide an updated list prior to the award of the Bonds.

BID SECURITY DEPOSIT: The winning bidder will be required to wire \$[500,000] in immediately available federal funds to the Corporation as a bid security deposit within twenty-four (24) hours after verbal award of the bid. The Corporation, or its representative, will contact the winning bidder to provide wire instructions for the bid security deposit. The bid security deposit will be deposited into the County Treasury and applied to the purchase price of the Bonds at the time of delivery of the Bonds. If after the award of the Bonds, the winning bidder fails to complete the purchase on the terms stated in its proposal, unless such failure of performance shall be caused by any act or omission of the Corporation, the bid security deposit shall be retained by the Corporation as stipulated liquidated damages. No interest will be paid upon the bid security deposit.

OFFICIAL STATEMENT: The Corporation and the County will have prepared and will make available only by electronic means at www.munios.com a preliminary Official Statement which the Corporation and the County will have deemed “final” for purposes of Rule 15c2-12 (the

“Rule”) promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, prior to the time for receipt of proposals. The preliminary Official Statement is subject to revision, amendment and completion as a final Official Statement to be delivered in accordance with the Rule. The Corporation will provide to the winning bidder the final Official Statement only by electronic means no later than seven (7) business days after the Bonds are awarded.

The Corporation undertakes for a period of twenty-five (25) days following the end of the “underwriting period” as defined in Rule 15c2-12 to (i) apprise the winning bidder if any event shall occur, or information comes to the attention of the Corporation that, in the reasonable judgment of the Corporation, is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading with respect to the County and the Corporation after delivery of the Bonds and (ii) if requested by the winning bidder, prepare a supplement to the final Official Statement with respect to such event or information. The Corporation will presume, unless notified in writing by the winning bidder, the end of the underwriting period will occur on the date of the delivery of the Bonds. By making a bid on the Bonds, the winning bidder agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the Corporation, and to file a copy of the final Official Statement with the Municipal Securities Rulemaking Board through its EMMA system (as provided by Rule 15c2-12) within one (1) business day after receipt thereof from the Corporation or its designee, but, in any event, no later than the date of Closing and (ii) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and rules governing the offering, sale and delivery of the Bonds on all purchasers, including the requirements of delivery of the final Official Statement.

DELIVERY AND PAYMENT: Delivery of the Bonds is expected to occur on or about [July ____], 2025*. The winning bidder shall pay for the Bonds on the date of delivery in Los Angeles in immediately available federal funds. Any expenses of providing federal funds shall be borne by the purchaser. Payment on the delivery date shall be made in an amount equal to the price bid for the Bonds, less the amount of the bid security deposit.

CUSIP NUMBERS: The County’s Municipal Advisor will timely apply for CUSIP numbers for the Bonds. It is anticipated that CUSIP Numbers will be printed on the Bonds, but the County and the Corporation will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and make payment for the Bonds. It will be the responsibility of the winning bidder to notify the CUSIP Service Bureau of any unused CUSIP numbers and the final principal amounts of each maturity of the Bonds. The cost of obtaining and assigning CUSIP Numbers will be borne by the winning bidder.

CALIFORNIA DEBT INVESTMENT AND ADVISORY COMMISSION FEE: Pursuant to Section 8856 of the California Government Code, a fee must be paid to the California

* Preliminary, subject to change.

Debt and Investment Advisory Commission (“CDIAC”) to cover the costs of its activities with respect to the Bonds. Liability for payment of such CDIAC fee will be borne by the winning bidder.

CLOSING DOCUMENTS; LEGAL OPINIONS: Each proposal will be understood to be conditioned upon the Corporation or County furnishing to each winning bidder, without charge, concurrently with payment for and delivery of the Bonds, the following closing documents and legal opinions, each dated as of the date of such delivery:

(a) Legal Opinion: A complete copy of the proposed form of legal opinion of Bond Counsel approving the validity of the Bonds is set forth in Appendix D to the Preliminary Official Statement of the Corporation with respect to the Bonds (the “Preliminary Official Statement”).

(b) Tax Certificate: A certificate of the County that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) No Litigation Certificate: A certificate of County Counsel of the County acting on behalf of the Corporation solely in his or her official capacity and not in his or her personal capacity, stating that such individual is not aware of any litigation threatened or pending affecting the validity of the Bonds or challenging any action of the Corporation and stating further that the Corporation is not aware of any pending or threatened litigation contesting its corporate existence or the title of the present corporate officers to their respective offices;

(d) Certificate Regarding Official Statement: A certificate of an appropriate County Official, acting on behalf of the Corporation and County, solely in his or her official capacity and not in his or her personal capacity, stating that, to the best knowledge of such County Official, as of the date of the Official Statement pertaining to the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds to the initial purchasers thereof, the Official Statement together with any amendments thereto did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(e) Signature Certificate: A signature certificate of the officials of the Corporation showing that they have signed the Bonds, whether by facsimile or manual signature, and that they respectively were duly authorized to execute the same.

CONTINUING DISCLOSURE: The County will, on behalf of the Corporation, pursuant to a Continuing Disclosure Certificate, agree to provide or cause to be provided to the Municipal Securities Rulemaking Board certain financial information and operating data and, in a timely manner, notice of certain listed events respecting the Bonds. The form of Continuing Disclosure Certificate is set forth in Appendix E to the Preliminary Official Statement.

ADDITIONAL INFORMATION: Copies of the Preliminary Official Statement will be furnished by electronic means to any potential Bidder upon request made to the Municipal Advisor via email at missa@pragadvisors.com and at lchoi@pragadvisors.com.

Given by order of the Board of Directors of the Los Angeles County Capital Asset Leasing Corporation.

ELIZABETH BUENROSTRO GINSBERG
TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 437
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

EXHIBIT A

ISSUE PRICE CERTIFICATE

[Closing Date]

Los Angeles County Capital Asset Leasing Corporation
Los Angeles, California

Hawkins Delafield & Wood LLP
Los Angeles, California

Ladies and Gentlemen:

The undersigned, on behalf of _____ (the "Purchaser"), as the purchaser of the \$_____ aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the "Bonds") of the Los Angeles County Capital Asset Leasing Corporation, hereby certifies as follows:

[FOR USE IF COMPETITIVE SALE REQUIREMENTS ARE SATISFIED.]

1. Sale of the Bonds.

- (a) The Winning Bidder reasonably expected to reoffer the Bonds on the Sale Date (as defined below) to the Public at the prices and/or yields set forth in Schedule A hereto.
- (b) The Winning Bidder was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Winning Bidder constituted a firm offer to purchase the Bonds.

[FOR USE IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED AND "HOLD-THE-OFFERING-PRICE" RULE APPLIES.]

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

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

- (a) The Winning Bidder offered the Hold-the-Offering-Price Maturities (as defined below) to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date (as defined below). A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (b) As set forth in the Notice Inviting Bids, the Winning Bidder agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the

agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

[FOR USE IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED AND "10% TEST" RULE APPLIES.]

1. The price or yield at which the first 10% of each Maturity of the Bonds, except for the UNSOLD/UNDERSOLD MATURITIES (each, an "Undersold Maturity"), was sold is set forth in Schedule A attached hereto.

2. The Winning Bidder agrees to notify the Issuer in writing of the first price or yield at which 10% of each Undersold Maturity is sold to the Public as soon as practicable after such sale. If all of an Undersold Maturity is sold to the Public but not 10% or more of the Undersold Maturity is sold by the Underwriter to the Public at one price or yield, the Winning Bidder agrees to notify the Issuer in writing of the amount of the Undersold Maturity sold by the Underwriter to the Public at each of the respective prices or yields at which the Undersold Maturity is sold to the Public.

For purposes of this certificate, the following definitions apply:

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

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

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

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

Sale Date means the date of award of the Bonds by the Issuer to the Winning Bidder. The Sale Date of the Bonds is [Sale Date].

Related Party means any entity if an Underwriter and such entity are subject, directly or indirectly, to more than 50% common ownership of (i) the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another) or (iii) 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).

“Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter;

“Underwriter” means (i) the Purchaser, (ii) any person that agrees pursuant to a written contract to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with the Purchaser or a person described in clause (ii) of this definition to participate in the initial sale of the Bonds to the Public, including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public;

“Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent 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 percent common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent 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);

We understand that the representations contained herein may be relied upon by the Corporation in making certain of the representations contained in the Tax Certificate of the Corporation relating to the Bonds, and we further understand that Hawkins Delafield & Wood LLP, as bond counsel to the Corporation, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular, the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other Underwriters who may be considered Related Parties to the Purchaser and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Very truly yours,

[NAME OF PURCHASER]

By: _____
Name:
Title:

SCHEDULE A

[Attach Expected Offering Prices and Yields]

\$[PA]
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)

BOND PURCHASE AGREEMENT

[Closing Date]

Los Angeles County Capital Asset Leasing Corporation
Los Angeles, California

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

Ladies and Gentlemen:

The undersigned, _____, as Representative (the “Representative”) on behalf of itself and the other underwriters set forth on Exhibit A hereto (the “Underwriters”), offers to enter into this Bond Purchase Agreement (the “Bond Purchase Agreement”) with the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and the County of Los Angeles (the “County”), a political subdivision of the State of California (the “State”), which, upon acceptance of this offer by the Corporation and the County, will be binding upon the Corporation, the County and the Underwriters. This offer is made subject to receipt by the Underwriters of the documents referred to in Section 10 hereof and to acceptance by the Corporation and the County by execution and delivery of this Bond Purchase Agreement to the Underwriters at or prior to 8:00 p.m., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Corporation and the County at any time prior to the acceptance hereof by the Corporation and the County. Capitalized terms in this Bond Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Indenture (as defined herein).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree to purchase from the Corporation to offer to the public, and the Corporation hereby agrees to cause, U.S. Bank Trust Company, National Association, as Trustee (“the Trustee”), to deliver to the Underwriters for such purpose, all (but not less than all), in the manner provided herein, of the Corporation’s \$[PA] Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program (the “Bonds”). The Bonds will be issued pursuant to an Indenture of Trust, dated as of [Dated Date] (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and the Trustee. The Bonds are payable from Base Rental Payments made under a Lease Agreement, dated as of [Dated Date] (the “Lease”) by and between the County of Los Angeles, California (the “County”), as lessee, and the Corporation, as lessor.

The Bonds shall be delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and shall be computed at the interest rates, all as shown in Exhibit B. Interest on the Bonds will be payable semiannually each _____ 1 and _____ 1, commencing on _____ 1, 2025. The Bonds shall otherwise be as described in the Official Statement (as defined herein), and be subject to redemption as provided therein.

The aggregate purchase price of the Bonds shall be \$ _____ representing the aggregate principal amount of the Bonds, plus original issue premium of \$ _____ and less underwriters' discount of \$ _____.

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

2. The Bonds. The Bonds shall be issued in accordance with the Indenture, a Resolution of the Corporation (the "Corporation Resolution"), and a Resolution of the County (the "County Resolution"). The Bonds are special obligations of the Corporation that are secured and payable solely from Base Rental Payments (as that term is defined in the Indenture) payable by the County pursuant to the Lease.

3. Purpose of the Bonds. The proceeds of the Bonds will be used to (i) redeem certain bond anticipation notes of the County, whose proceeds were originally used to finance the acquisition of certain equipment, machinery, vehicles, and other tangible personal property, and (ii) pay certain costs of issuance incurred in connection with the issuance of the Bonds.

4. Offering. (a) It shall be a condition to the Corporation's obligation to sell and issue the Bonds to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Bonds that the entire aggregate principal amount of the Bonds referred to in Section 1 shall be issued by the Corporation and purchased, accepted and paid for by the Underwriters at Closing (as defined herein). The Underwriters agree to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit B attached hereto and incorporated herein by reference. Subject to the provisions set forth in Section 5 below, subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as the Underwriters deem necessary in connection with the marketing of the Bonds, provided that the Underwriters shall not change the interest rates set forth on

Exhibit B. Subject to the provisions set forth in Section 5 below, the Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such initial public offering prices. The County and the Corporation hereby authorize the use by the Underwriters of this Bond Purchase Agreement, the Indenture, the Lease, the Corporation Resolution, the County Resolution, the Continuing Disclosure Certificate (hereinafter defined), and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds (each as defined herein and, collectively, the “Legal Documents”).

(b) The Underwriters agree as follows:

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

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

5. Establishment of Issue Price.

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

(b) Except for the maturities set forth in Exhibit B attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the final official statement. Exhibit B sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agree that (i) the Representative will retain the unsold Bonds of each maturity for which the 10% test has not been satisfied and not allocate any such Bonds to any other Underwriter and (ii) the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Representative will neither offer nor sell unsold Bonds of that maturity to any person at a price

that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

The Issuer 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 Bonds 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 Bonds 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 Issuer 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 agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Securities of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all Securities 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 and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed

in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A)(1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or that all Bonds of that maturity 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 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) 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.

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

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

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

6. Official Statement. Upon the Corporation’s and the County’s acceptance of this offer, the Corporation and the County shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement dated [POS Date] (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent

with such physical form, the “Preliminary Official Statement”) with respect to the Bonds, in connection with the public offering and sale of the Bonds by the Underwriters. The Corporation shall deliver the Official Statement to the Underwriters (a) in “designated electronic format” (as defined in Rule G-32 of the Municipal Securities Rulemaking Board) and (b) in printed form in such quantities as the Underwriters shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Representative (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Bond Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Official Statement”), approved for distribution pursuant to the Corporation Resolution and the County Resolution. The Corporation shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Representative, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing; provided, however, that the failure of the County to comply with this requirement due to any circumstance outside of the control of the County shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the Bonds.

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

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

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

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

(d) to the best knowledge of the County, the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of the Property or its assets is otherwise subject, nor will any such execution, delivery,

adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

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

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

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

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12")), and the information contained in the Official Statement is and will be, as of the date hereof and as of the date of Closing, true and correct in all material respects and such information did not, does not and

will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

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

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

(l) after the date of Closing, the County will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy,

the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(m) except as set forth in the Official Statement, the County has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12;

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

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

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

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

(a) the Corporation is a duly organized non-profit public benefit corporation under California law with the full power and authority to issue the Bonds, execute and deliver the Legal Documents to be executed by it and own its properties and carry on its business as presently conducted;

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

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

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

(e) to the best knowledge of the Corporation, the Corporation 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 Corporation is a party or is otherwise subject, which breach or default would materially adversely affect the Corporation's ability to issue the Bonds or enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

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

(g) the Corporation will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in

no event shall the Corporation be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

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

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

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

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

(l) after the date of Closing, the Corporation will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy,

the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters; and

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

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

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

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

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

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

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

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

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

(ii) a certified copy of the certificate of incorporation of the Corporation, together with all amendments thereto;

(iii) executed copies of the Legal Documents;

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

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

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

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

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

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

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

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

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

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

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

creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

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

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

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

(A) the Corporation is a _____ duly organized and operating pursuant to _____, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party and the Bonds;

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

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

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

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the Corporation or threatened against the Corporation affecting the corporate existence of the Corporation or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the issuance or sale of the Bonds or the County's covenant to make the necessary annual appropriations for all the Base Rental Payments as required under the Lease or contesting or affecting as to the Corporation the validity or enforceability of the Act, the Bonds or the Legal Documents, or contesting the tax exempt status of payment and interest as would

be received by the Owners of the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the Corporation or any authorization in connection with the issuance of the Bonds, the adoption of the Corporation Resolution, or the execution and delivery by the Corporation of the Bonds or the Legal Documents to which the Corporation is a party wherein an unfavorable decision, ruling or finding which would materially adversely affect the validity or enforceability of the Act as to the Corporation or the performance by the Corporation of its obligations under and in connection with the Bonds or the Legal Documents; and

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

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

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

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

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

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

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

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

(A) the representations and warranties of the Corporation contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references therein to the

Preliminary Official Statement shall be deemed to be references to the Official Statement;

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

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

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

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

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

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

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

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

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of the Trustee, threatened against or affecting the

existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the delivery of the Bonds, or which, in any way, would adversely affect the validity of the Bonds or the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture, or the consummation of the transactions contemplated in connection with the issuance of the Bonds; and

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

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

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

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

(xiii) an opinion of _____, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters in form reasonably satisfactory to the Representative;

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

(xv) a certified copy of the Corporation Resolution;

(xvi) a certified copy of the County Resolution;

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

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

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

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

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

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

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

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

(d) (i) trading of any securities of the County or Corporation shall have been suspended on any exchange or in any over-the-counter market, (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities

exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Bonds shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred an outbreak or escalation in major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement or materially adversely affects the market price or marketability of the Bonds;

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Bonds or other debt securities issued by the Corporation for the benefit of the County and secured by or payable from the general fund of the County by any “nationally recognized statistical rating organization,” as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended;

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

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

(h) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters or pertaining to DTC) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the County refuses to permit the Official Statement to be supplemented to supply such statement or information.

12. Expenses. (a) The Underwriters shall be under no obligation to pay and the Corporation and the County shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Legal Documents; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel, Disclosure Counsel and County Counsel; (v) the fees and disbursements of Public Resources Advisory Group for its services as municipal advisor to the Corporation or the County; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants

or advisers retained by the Corporation or the County; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Trustee, and (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the Corporation or the County.

(b) The Underwriters shall pay only (i) the cost of preparing the Blue Sky Memorandum; (ii) all advertising expenses and blue sky filing fees in connection with the public offering of the Bonds; (iii) the fees and disbursements of _____, as counsel to the Underwriters; (iv) all California Debt and Investment Advisory Commission fees, and (v) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of any other counsel retained by them and the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review. Some or all of the expenses to be paid by the Underwriters may be included as part of the expense component of the underwriting discount or may be reimbursed to the Underwriters as out-of-pocket expenses.

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

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

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

to the Corporation:

Los Angeles County Capital Asset Leasing Corporation
500 West Temple Street, Room 432
Los Angeles, California 90012
Attention: Executive Officer-Clerk of the Board of
Supervisors

and to the Underwriters:

Attention: _____

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

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

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

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

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

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

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

Very truly yours,

[Underwriter], as Representative, on behalf
of itself and the other underwriters set forth
on Exhibit A hereto

By: _____

ACCEPTED:

This ____ day of _____, 2025

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Elizabeth Buenrostro Ginsberg
Treasurer and Tax Collector

**LOS ANGELES COUNTY CAPITAL ASSET
LEASING CORPORATION**

By: _____

Approved as to Form:

DAWYN R. HARRISON
County Counsel

By: _____
Deputy County Counsel

EXHIBIT A
UNDERWRITERS

EXHIBIT B

MATURITY SCHEDULE

\$[PA]

**LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)**

EXHIBIT C

**§[PA]
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)**

FORM OF ISSUE PRICE CERTIFICATE OF THE REPRESENTATIVE

The undersigned, on behalf of _____ (the “Representative”), acting for and on behalf of itself, _____ and _____, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

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

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

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

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

3. ***Defined Terms.***

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

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

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

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

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

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

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

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

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

Representative, acting for and on behalf of
itself, _____

By: _____
Name: _____

Dated: [Closing Date]

SCHEDULE A

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

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

EXHIBIT D

FORM OF DISCLOSURE COUNSEL OPINION

[Closing Date]

[Closing Date]

[Representative],
as representative of itself and
the other underwriters for the herein described Bonds

Ladies and Gentlemen:

We deliver to you herewith a copy of our opinion as Disclosure Counsel to Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and the County of Los Angeles, California (the “County”) dated the date hereof relating to the Preliminary Official Statement dated [POS Date] and the Official Statement dated [Closing Date], relating to the [\$PA] aggregate principal amount of Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”) issued the date hereof by the Corporation. You are entitled to rely on such opinion as if the same were addressed to you.

Very truly yours,

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the County of Los Angeles (the “County”) in connection with the issuance of the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”). The Bonds are being issued pursuant to the terms of an Indenture of Trust dated as of [July] 1, 2025 (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation, as Lessor, and U.S. Bank National Association, as Trustee (the “Trustee”), and a Resolution of the Board of Supervisors of the County relating to the issuance of the Bonds. The County hereby covenants and agrees as follows:

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

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

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

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

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

“EMMA System” means the MSRB’s Electronic Municipal Market Access system.

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2025 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date specified in subsection (a) above, the County shall send a timely notice of this event to the MSRB in electronic form prescribed by the MSRB.

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

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

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

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

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

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

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

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

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

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

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

Section 5. Reporting of Listed Events.

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

(i) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(x) defeasances;

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

(xii) rating changes;

(xiii) bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed

jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

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

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

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

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

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

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

Section 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders of the Bonds.

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2025.

COUNTY OF LOS ANGELES

By: _____
Authorized Representative

*[Signature Page – Continuing Disclosure Certificate – Lease Revenue Bonds, 2025 Series A
(LAC-CAL Equipment Program)]*