NEW ISSUE-BOOK-ENTRY-ONLY **See "CONCLUDING INFORMATION—No Rating"**

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2012A Bonds is exempt from State of California personal income taxes. Interest on the Series 2012A Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$7,345,000
COMMUNITY FACILITIES DISTRICT NO. 3 (VALENCIA/NEWHALL AREA) OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA C SPECIAL TAX REFUNDING BONDS SERIES 2012A

Dated: Date of Delivery **Due: September 1, as shown on inside cover**

The Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles (the "District") Improvement Area C Special Tax Refunding Bonds, Series 2012A (the "Series 2012A Bonds") are being issued by the District on behalf of Improvement Area C of the District ("Improvement Area C") to (i) refinance and defease the District's Improvement Area C Special Tax Bonds Series 2003A currently outstanding in the aggregate principal amount of $6,975,000 (the "Series 2003A Bonds"), (ii) fund the Reserve Fund, and (iii) pay for costs of issuance incurred in connection with the issuance of the Series 2012A Bonds. See "THE REFUNDING PLAN."

The District is located in the northern portion of the County of Los Angeles, California (the "County"). Improvement Area C consists of a portion of the master planned community known as "Stevenson Ranch" and consists of approximately 72.5 net acres of taxable land consisting of 140 completed single-family detached dwelling units and 667 apartment and townhome units.

The Series 2012A Bonds are authorized to be issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 as amended (being Section 53311 *et seq.* of the Government Code of the State of California) (the "Act"), a resolution (the "Resolution") adopted on September 18, 2012 by the Board of Supervisors (the "Board") of the County, acting as the legislative body of the District, and the Indenture, dated as of May 1, 2003 (the "Bond Indenture"), as amended by the First Supplemental Indenture, dated as of October 1, 2012 (the "First Supplemental Indenture" and, together with the Bond Indenture, the "Indenture"), executed by the District, acting through the Board as the legislative body, the Treasurer and Tax Collector of the County, as paying agent, and the Auditor-Controller of the County, as fiscal agent. U.S. Bank National Association will serve as Paying Agent by delegation of the Treasurer and Tax Collector of the County.

The payment of principal of, premium, if any, and interest on the Series 2012A Bonds is secured by and payable from the Special Tax (as defined herein) levied on property located within Improvement Area C, after the payment of Administrative Expenses ("Net Taxes"), and the funds and accounts held under the Indenture. The Special Tax is levied according to the amended and restated rate and method of apportionment approved by the owners of the property within Improvement Area C. The Special Taxes are collected in the same manner and at the same time as *ad valorem* property taxes are collected by the Treasurer and Tax Collector of the County. The District pursuant to the Indenture has covenanted not to issue any additional bonds secured by Special Taxes on a parity with the Series 2012A Bonds, except for bonds issued to refund the Series 2012A Bonds in whole or in part in compliance with the Indenture. See "SECURITY FOR THE SERIES 2012A BONDS."

Interest on the Series 2012A Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2013. The Series 2012A Bonds will be delivered in fully registered form only, and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2012A Bonds. Ownership interests in the Series 2012A Bonds may be purchased in book-entry form only, in the denominations of $5,000 or any integral multiple thereof. So long as the Series 2012A Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Series 2012A Bonds will be paid by the Paying Agent to DTC or its nominee which will in turn remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of interests in the Series 2012A Bonds as described herein. See Appendix D—"BOOK-ENTRY-ONLY SYSTEM".

The Series 2012A Bonds are subject to optional redemption as set forth herein. See "THE SERIES 2012A BONDS—Optional Redemption."

THE SERIES 2012A BONDS AND INTEREST THEREON ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE DISTRICT OR THE COUNTY. EXCEPT WITH RESPECT TO THE SPECIAL TAX, NEITHER THE CREDIT NOR THE TAXING POWER OF THE DISTRICT NOR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE SERIES 2012A BONDS OR THE INTEREST THEREON, AND, EXCEPT AS PROVIDED IN THE INDENTURE, NO BONDOWNER MAY COMPEL THE EXERCISE OF ANY TAXING POWER BY THE DISTRICT OR THE COUNTY OR FORCE THE FORFEITURE OF ANY OF THEIR RESPECTIVE PROPERTY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2012A BONDS ARE NOT A DEBT OF THE DISTRICT OR THE COUNTY NOR A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THEIR RESPECTIVE PROPERTY OR UPON ANY OF THEIR RESPECTIVE INCOME, RECEIPTS OR REVENUES, EXCEPT THE NET TAXES.

MATURITY SCHEDULE
(See Inside Cover)

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of the risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2012A Bonds.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A COMPLETE SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2012A Bonds are offered when, as and if issued, subject to approval as to their legality by Squire Sanders (US) LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by County Counsel of the County. Certain matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Series 2012A Bonds in book-entry form will be available through the facilities of DTC in New York, New York on or about October 11, 2012.

STONE & YOUNGBERG
A DIVISION OF STIFEL NICOLAUS

September 27, 2012

$7,345,000
COMMUNITY FACILITIES DISTRICT NO. 3
(VALENCIA/NEWHALL AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA C SPECIAL TAX REFUNDING BONDS
SERIES 2012A

MATURITY SCHEDULE

$7,345,000 Serial Bonds

Maturity Date (September 1)	***Principal Amount***	***Interest Rate***	***Yield***	***CUSIP†***
2013	$305,000	1.000%	0.950%	54466PGA0
2014	280,000	1.375	1.450	54466PGB8
2015	285,000	1.750	1.750	54466PGC6
2016	285,000	2.000	2.100	54466PGD4
2017	295,000	2.375	2.500	54466PGE2
2018	300,000	2.750	2.850	54466PGF9
2019	305,000	4.000	3.100	54466PGG7
2020	320,000	4.000	3.350	54466PGH5
2021	330,000	3.500	3.600	54466PGJ1
2022	345,000	3.625	3.750	54466PGK8
2023	360,000	3.750	3.900	54466PGL6
2024	370,000	4.000	4.000	54466PGM4
2025	385,000	4.000	4.100	54466PGN2
2026	400,000	4.000	4.200	54466PGP7
2027	415,000	4.125	4.250	54466PGQ5
2028	435,000	4.125	4.300	54466PGR3
2029	455,000	4.250	4.350	54466PGS1
2030	470,000	4.250	4.400	54466PGT9
2031	490,000	4.375	4.450	54466PGU6
2032	515,000	4.375	4.500	54466PGV4

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

Zev Yaroslavsky, Chairman
Third District

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer - Clerk
Board of Supervisors

LOS ANGELES COUNTY OFFICIALS

William T Fujioka
Chief Executive Officer

Mark J. Saladino
Treasurer and Tax Collector

Wendy L. Watanabe
Auditor-Controller

John F. Krattli
County Counsel

BOND COUNSEL

Squire Sanders (US) LLP
Los Angeles, California

SPECIAL TAX CONSULTANT

David Taussig & Associates, Inc.
Newport Beach, California

FISCAL AGENT

Auditor-Controller of the County of Los Angeles

PAYING AGENT

U.S. Bank National Association, as agent of the
Treasurer and Tax Collector of the County of Los Angeles

ESCROW AGENT

U.S. Bank National Association
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the County and the District. No dealer, broker, salesperson or other person has been authorized by the County, the District, the Paying Agent or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Series 2012A Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the District, the Paying Agent or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2012A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Series 2012A Bonds. Statements contained in this Official Statement which involve estimates, 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 fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE 2012A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2012A 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 2012A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2012A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget," or similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

The County maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2012A Bonds.

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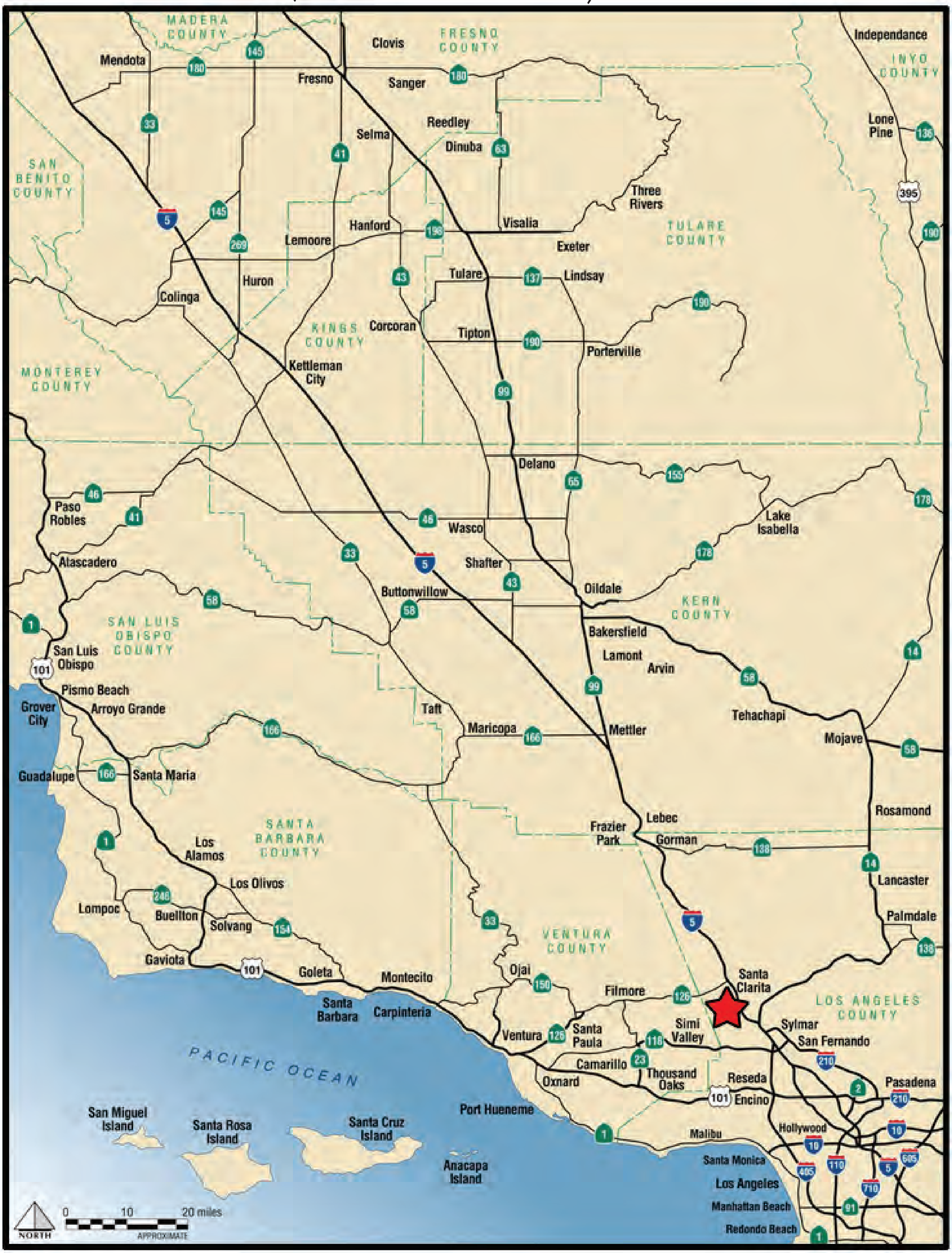
Regional Location Map

Community Facilities District No. 3
Improvement Area C (Valencia Newhall Area)




County of Los Angeles
Community Facilities District No. 3
(Valencia/Newhall Area)
Note: Boundaries are approximate
Improvement Area B
Improvement Area C
Improvement Area A
Stevenson Ranch
California Institute of the Arts
Valencia
Vista Valencia Golf Course
Pico Canyon Park
William S Hart Union High School District: Rancho Pico Jr High School

$7,345,000
COMMUNITY FACILITIES DISTRICT NO. 3
(VALENCIA/NEWHALL AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA C SPECIAL TAX REFUNDING BONDS
SERIES 2012A

INTRODUCTORY STATEMENT

General

This Official Statement, including the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by Community Facilities District No. 3 of the County of Los Angeles (the "District") of $7,345,000 aggregate principal amount of its Improvement Area C Special Tax Refunding Bonds, Series 2012A (the "Series 2012A Bonds"). The Series 2012A Bonds will be issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, Section 53311 *et seq*. of the Government Code of the State of California (the "Act") and the Indenture, dated as of May 1, 2003 (the "Bond Indenture"), as amended by the First Supplemental Indenture, dated as of October 1, 2012 (the "First Supplemental Indenture" and, together with the Bond Indenture, the "Indenture"), executed by the Board of Supervisors (the "Board") of the County of Los Angeles (the "County"), acting in its capacity as the legislative body of the District, the Treasurer and Tax Collector of the County (the "Treasurer"), as paying agent, and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent"). Under the Indenture, the Treasurer has been appointed as the paying agent for the Series 2012A Bonds and, pursuant to the authority vested in him under the Indenture, the Treasurer has selected U.S. Bank National Association to act on behalf of the Treasurer as paying agent (the "Paying Agent").

The proceeds of the Series 2012A Bonds will be used to (i) refinance and defease the District's Improvement Area C Special Tax Bonds, Series 2003A, currently outstanding in the aggregate principal amount of $6,975,000, (ii) fund the Reserve Fund, and (iii) pay for costs of issuance incurred in connection with the issuance of the Series 2012A Bonds. See "EXPECTED SOURCES AND USES OF FUNDS" and "THE REFUNDING PLAN."

The District is located in the northern portion of the County. Improvement Area C consists of a portion of the master planned community known as "Stevenson Ranch" and consists of approximately 111.62 gross acres and approximately 72.5 net taxable acres which have been developed with 140 completed single-family detached dwelling units, 567 completed apartment units and 100 completed townhome units. See "IMPROVEMENT AREA C."

The payment of principal of, premium, if any, and interest on the Series 2012A Bonds is secured by and payable from the Special Tax (as defined herein) levied on property located within Improvement Area C, after the payment of Administrative Expenses ("Net Taxes"), and the funds and accounts held under the Indenture. The Special Tax is levied according to the amended and restated rate and method of apportionment approved by the owners of the property within Improvement Area C. The Special Taxes are collected in the same manner and at the same time as *ad valorem* property taxes are collected by the Treasurer. Pursuant to the Indenture, the District has covenanted not to issue any additional bonds secured by the Special Taxes, except for bonds issued to refund in whole or in part the Series 2012A Bonds, or subordinate bonds, which in either case shall be issued only in accordance with the provisions of the Indenture. See "SECURITY FOR THE SERIES 2012A BONDS".

Authorization to Issue the Series 2012A Bonds

The Act was enacted by the State of California Legislature to provide an alternative method of financing certain public facilities and services, especially in developing areas. Once duly established, a community facilities district is a legally constituted governmental entity established for the purpose of financing specific facilities and services within defined boundaries. Subject to approval by a two-thirds vote of the qualified electors within a community facilities district and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect special taxes to repay such bonded indebtedness.

The Act also permits the designation of one or more improvement areas within a community facilities district. Subject to approval by two-thirds of the qualified electors within a designated improvement area, a community facilities district may incur bonded indebtedness to finance specific facilities and services within or benefiting an improvement area. Such bonded indebtedness is payable only from authorized special taxes levied on land within such improvement area. The proceedings for formation of the District, as described in the following paragraph, included designation of three improvement areas, consisting of Improvement Area A, Improvement Area B and Improvement Area C. The Series 2012A Bonds are secured solely by Special Taxes to be levied and collected within Improvement Area C only. The special taxes levied and collected within Improvement Area A and Improvement Area B are not pledged to or available for debt service payments on the Series 2012A Bonds.

Pursuant to the Act, the Board, acting as the legislative body of the District, adopted a resolution stating its intent to establish the District and the three improvement areas within the District and authorized the levy of special taxes on land within the boundaries of each of the three improvement areas. Following a public hearing conducted pursuant to the Act, the Board, as the legislative body of the District, adopted a resolution establishing the District and Improvement Area C and calling a special election to submit the propositions authorizing the levy of the Special Taxes and the incurring of a bonded indebtedness to the qualified electors of Improvement Area C. On June 9, 1989, at an election held pursuant to the Act, the Dale Poe Development Corporation, the landowner and sole qualified elector of Improvement Area C, authorized the District to incur bonded indebtedness in an amount not to exceed $15,000,000 for Improvement Area C and approved the rate and method of apportionment of the Special Taxes to be levied to pay the principal of, and interest on, the authorized bonded indebtedness. At a special election held on July 9, 2002, the sole owner of the property within the boundaries of Improvement Area C authorized the District to reduce the maximum bonded indebtedness from $15,000,000 to $9,000,000 and approved the Amended and Restated Rate and Method of Apportionment of the Special Tax.

The District has previously issued its Series 2003A Bonds which financed public facilities within or benefiting Improvement Area C. Pursuant to the Act, the Board, acting as the legislative body of the District, has authorized the issuance of the Series 2012A Bonds to refinance and defease the Series 2003A Bonds. The amount of the Special Tax to be levied annually will depend on, among other things, whether a given parcel is classified as Developed Property or Undeveloped Property (as such terms are herein after defined) and on the square footage and type of the residential units classified as Developed Property. See "IMPROVEMENT AREA C—Amended and Restated Rate and Method of Apportionment of Special Tax."

Improvement Area C

Improvement Area C consists of a portion of the master planned community known as "Stevenson Ranch" and consists of approximately 111.62 gross acres of land within the unincorporated area of the County and is part of the approximately total 1,110 gross acres comprising the District. The District is located in the Santa Clarita Valley of the County, approximately 35 miles north of downtown Los Angeles. Improvement

Area C contains 140 completed single-family detached dwelling units, 567 completed apartment units and 100 completed townhome units.

The Amended and Restated Rate and Method of Apportionment of Special Tax classifies property to be taxed into "developed property," which includes all Assessor's Parcels in Improvement Area C for which a building permit has been issued as of May 1 ("Developed Property"), and "undeveloped property," which is all other taxable property not classified as Developed Property or Other Taxable Property, as that term is defined in the Amended and Restated Rate and Method of Apportionment of Special Tax ("Undeveloped Property"). As of May 1, 2012, there were 140 single-family dwelling units for which a building permit had been issued, 567 completed apartment units and 100 completed townhome units for which a building permit had been issued. Improvement Area C is fully built out, and no additional units are expected to be constructed. See "IMPROVEMENT AREA C."

Based on information provided by the County Assessor, the assessed valuation within Improvement Area C as of July 1, 2012 was $218,385,410. See "SECURITY FOR THE SERIES 2012A BONDS—Land Values." In addition, see "SPECIAL RISK FACTORS—Additional and Overlapping Debt" for a discussion of additional debt payable on a parity with the Series 2012A Bonds.

Security for the Series 2012A Bonds

The Series 2012A Bonds will be secured on a parity with other bonds secured by the Special Taxes (collectively, the "Improvement Area C Bonds") issued pursuant to the terms of the Indenture and, subject to the limitations therein, and by all moneys in the Bond Service Fund, the Redemption Fund, and the Reserve Fund and certain moneys in the Special Tax Fund created pursuant to the terms of the Indenture. See "SECURITY FOR THE SERIES 2012A BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The Special Taxes pledged to the payment of the Improvement Area C Bonds are to be included on the regular property tax bills sent to the record owners of property within Improvement Area C. The District has covenanted for the benefit of the owners of the Improvement Area C Bonds (the "Bondowners") that, under certain circumstances described herein, it will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within Improvement Area C and will diligently pursue such proceedings to completion. See "SECURITY FOR THE SERIES 2012A BONDS—The Special Taxes" and "—Covenant for Superior Court Foreclosure."

See "SECURITY FOR THE SERIES 2012A BONDS—Additional Bonds" and "SPECIAL RISK FACTORS—Additional and Overlapping Debt."

Book-Entry-Only System

The Series 2012A Bonds will be delivered in fully registered form only and when executed and delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2012A Bonds. Ownership interests may be purchased in book-entry form only in denominations of $5,000 or any integral multiple thereof. So long as the Series 2012A Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Series 2012A Bonds is payable to DTC for subsequent disbursement to beneficial owners of the Series 2012A Bonds. See Appendix D—"BOOK-ENTRY-ONLY SYSTEM."

Reserve Fund

There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. The Indenture provides that the Reserve Requirement means, as of any date of calculation, an amount equal to the least of (a) Maximum Annual Debt Service (as defined in the Indenture) on the Outstanding Improvement Area C Bonds, (b) 10% of the proceeds of each series of Improvement Area C Bonds Outstanding (including any Additional Bonds hereafter issued), or (c) 125% of Average Annual Debt Service (as defined in the

Indenture). If the amount on deposit in the Reserve Fund is less than the Reserve Requirement, then the District has covenanted to restore the amount in the Reserve Fund to the Reserve Requirement, to the extent of available funds. The moneys in the Reserve Fund will be used for the payment of the principal of, premium, if any, and interest on the Improvement Area C Bonds in the event that the moneys in the Bond Service Fund are insufficient therefor and for payment of the principal of, premium, if any, and interest on, the last maturity of the appropriate series of the Improvement Area C Bonds. See "SECURITY FOR THE SERIES 2012A BONDS—Reserve Fund."

Limited Obligation

THE SERIES 2012A BONDS AND INTEREST THEREON ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE DISTRICT OR THE COUNTY. EXCEPT WITH RESPECT TO THE SPECIAL TAXES, NEITHER THE CREDIT NOR THE TAXING POWER OF THE DISTRICT NOR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE SERIES 2012A BONDS OR THE INTEREST THEREON, AND, EXCEPT AS PROVIDED IN THE INDENTURE, NO BONDOWNER MAY COMPEL THE EXERCISE OF ANY TAXING POWER BY THE DISTRICT OR THE COUNTY OR FORCE THE FORFEITURE OF ANY OF THEIR RESPECTIVE PROPERTY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2012A BONDS ARE NOT A DEBT OF THE DISTRICT OR THE COUNTY NOR A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THEIR RESPECTIVE PROPERTY OR UPON ANY OF THEIR RESPECTIVE INCOME, RECEIPTS OR REVENUES, EXCEPT THE NET TAXES.

Special Risk Factors

A number of risk factors should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2012A Bonds. See "SPECIAL RISK FACTORS."

Continuing Disclosure

The District will covenant to provide certain financial information and operating data relating to the District by not later than February 1 succeeding the end of the District's Fiscal Year (presently such Fiscal Year end is June 30) commencing with the report for the Fiscal Year 2012-13 (the "Annual Report"), and the District has covenanted to provide notices of the occurrence of certain enumerated events. In addition to its undertaking relating to the Series 2012A Bonds, the District will provide the information to be contained in the Annual Report or the notices of enumerated events as set forth in Appendix C—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). The Annual Report and notices of certain listed events will be filed by a dissemination agent on behalf of the District with the Municipal Securities Rulemaking Board. The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Summaries of Documents; Documents Available for Inspection

Brief descriptions of the Series 2012A Bonds, the security for the Series 2012A Bonds, special risk factors, the Indenture, the District, Improvement Area C, the County and other information are included in this Official Statement together with summaries of certain provisions of the Series 2012A Bonds and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All such descriptions of documents are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the Treasurer and Tax Collector of the County of Los Angeles, 500 West Temple Street, Room 432, Los Angeles, California 90012.

THE SERIES 2012A BONDS

Authority for Issuance

The District and Improvement Area C were established and bonded indebtedness in an amount not to exceed $9,000,000 was authorized for Improvement Area C pursuant to the Act. Under the provisions of the Act, since there were fewer than 12 registered voters residing within Improvement Area C at the time of the election, the qualified elector, who was the initial developer of the property and the sole landowner within Improvement Area C was entitled to cast one vote for each acre or portion of an acre of land it owned within Improvement Area C. At a special election held on June 9, 1989, the landowner voted to incur the bonded indebtedness and to approve an annual levy of Special Taxes to be collected within Improvement Area C. See "IMPROVEMENT AREA C—Summary of Formation Proceedings." The District has covenanted in the Indenture not to issue any additional bonds secured on a parity with the Special Taxes except in connection with a refunding of the Series 2012A Bonds for debt service saving in accordance with the Indenture. Notwithstanding the foregoing, the District may issue bonds payable from Special Taxes on a basis subordinate to the Series 2012A Bonds in accordance with the terms of the Indenture. See "SECURITY FOR THE SERIES 2012A BONDS—No Additional Bonds; Refunding Bonds."

Description of the Series 2012A Bonds

The Series 2012A Bonds will be issued in the aggregate principal amount shown on the cover page of this Official Statement and will be dated as shown on the cover page of this Official Statement. The Series 2012A Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC, or its nominee, Cede & Co., is the registered owner of all Series 2012A Bonds, all payments on the Series 2012A Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (as defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined below) of the Series 2012A Bonds will be the responsibility of the DTC Participants as more fully described herein.

Interest on the Series 2012A Bonds will accrue from their dated date, at the rates per annum set forth on the cover page hereof, payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2013 (each, an "Interest Payment Date") to the persons in whose names the Series 2012A Bonds are registered on the 15th calendar day of the month preceding each such Interest Payment Date (each, a "Record Date") (whether or not such day is a business day) and the principal of the Series 2012A Bonds will be payable on September 1 in each of the years and in the amounts shown on the cover page hereof. Each Series 2012A Bond will bear interest from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the dated date of the Series 2012A Bonds; provided, however, that if at the time of authentication of such Series 2012A Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or from the dated date of the Series 2012A Bonds if no interest has been paid or made available for payment. Payment of interest shall be made in immediately available funds by wire transfer to any Bondowner of $1,000,000 or more in aggregate principal amount of Series 2012A Bonds, if such Bondowner shall have provided the Paying Agent with an account number at an institution in the continental United States and any other necessary information for such purposes on or before the applicable Record Date. Interest on the Series 2012A Bonds shall be computed using a year of 360 days comprised of twelve 30-day months.

Optional Redemption

The Series 2012A Bonds maturing on or before September 1, 2022 are not subject to call and redemption prior to maturity. The Series 2012A Bonds maturing on or after September 1, 2023 may be redeemed, at the option of the District, prior to maturity, on any date on or after September 1, 2022, in whole or in part, from such maturities as are selected by the District and by lot within a maturity, from any source of funds made available to the District at a redemption price equal to the principal amount of the Series 2012A Bonds to be redeemed, together with accrued interest thereon to the date of redemption.

In the event the District elects to redeem Series 2012A Bonds as provided above, the District shall give written notice to the Paying Agent of its election to so redeem the Series 2012A Bonds, the redemption date and the principal amount of the Series 2012A Bonds to be redeemed. The notice to the Paying Agent shall be given at least 30 days but no more than 60 days prior to the redemption date.

Selection of Bonds for Redemption

If less than all of the Outstanding Series 2012A Bonds are to be redeemed, the Paying Agent shall redeem the Series 2012A Bonds pro rata among maturities and by lot within a maturity; provided, however, that the portion of any Series 2012A Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof and that, in selecting portions of such Series 2012A Bonds for redemption, the Paying Agent shall treat each such Series 2012A Bond as representing that number of Series 2012A Bonds of a $5,000 denomination which is obtained by dividing the principal amount of such Series 2012A Bond to be redeemed in part by $5,000. The Paying Agent shall promptly notify the District in writing of the Series 2012A Bonds, or portions thereof, selected for redemption. In the event of a partial redemption of any Series 2012A Term Bonds, the mandatory sinking fund payments shall be reduced by the aggregate principal amount of Series 2012A Term Bonds to be partially redeemed in inverse order of mandatory sinking fund redemption dates.

Notice of Redemption

When redemption is required pursuant to the Indenture, the Paying Agent shall give notice (the "Redemption Notice"), at the expense of the District, of the redemption of the Series 2012A Bonds. Such Redemption Notice shall specify: (i) the Series 2012A Bonds or designated portions thereof which are to be redeemed, (ii) the date of redemption, (iii) the place or places where the redemption will be made, including the name and address of any redemption agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to the Series 2012A Bonds to be redeemed, (vi) if less than all Series 2012A Bonds of a maturity are to be redeemed, the Series 2012A Bond numbers of the Series 2012A Bonds to be redeemed, and (vii) the original issue date, interest rate and stated maturity date of each Series 2012A Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Series 2012A Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

Under the terms of the Indenture, the Paying Agent shall take the following actions with respect to such Redemption Notice: (i) at least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective owners of Series 2012A Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before such Redemption Notice is given, (ii) at least 35 days before the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, (B) confirmed facsimile transmission, or (C) overnight delivery service, to each of the Securities Depositories, and (iii) at least 35 days before the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, or (B) overnight delivery service, to one of the Information Services.

Neither the failure to receive any Redemption Notice nor any defect in such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of such Series 2012A Bonds. Each check or other transfer of funds issued by the Paying Agent for the purpose of redeeming Series 2012A Bonds will bear to the extent specified the CUSIP number identifying, by issue and maturity, the Series 2012A Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption

Upon surrender of any Series 2012A Bond to be redeemed in part only, the Paying Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Series 2012A Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Series 2012A Bond surrendered, with the same interest rate and the same maturity. Such partial redemption shall be valid upon payment of the amount required to be paid to such Bondowner, and the District and the Paying Agent shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption

Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption, (i) the Series 2012A Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture, anything in the Indenture or the Series 2012A Bonds to the contrary notwithstanding; (ii) upon presentation and surrender thereof at the Principal Office of the Paying Agent, such Series 2012A Bonds shall be redeemed at the redemption price; (iii) from and after the redemption date, the Series 2012A Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Series 2012A Bonds or portions thereof shall cease to bear further interest; and (iv) from and after the date fixed for redemption, no Bondowner of any Series 2012A Bonds so designated for redemption shall be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

REFUNDING PLAN

Refunding of the Series 2003A Bonds

The District plans to apply a portion of the proceeds of the Series 2012A Bonds, together with funds on hand, to refund $6,975,000 aggregate principal amount of the Series 2003A Bonds at a redemption price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed, plus accrued interest to the date of redemption (the "Redemption Price").

Under an Escrow Agreement, dated as of October 1, 2012 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, as Escrow Agent (the "Escrow Agent"), the District will deliver a portion of the proceeds of the Series 2012A Bonds to the Escrow Agent, together with certain other funds held by the Escrow Agent, for deposit in the escrow fund established under the Escrow Agreement (the "Escrow Fund"). The District plans to fund the Escrow Fund in amounts sufficient to pay the amounts coming due on the Series 2003A Bonds without taking into account investment earnings. However, the Escrow Agent will invest some or all of the moneys in certain permitted investments and may hold some of the monies uninvested in cash. From the moneys on deposit in the Escrow Fund, the Escrow Agent will pay the interest on the Series 2003A Bonds due on March 1, 2013, pay the principal and interest on the Series 2003A Bonds due on September 1, 2013, and pay the Redemption Price on September 1, 2013.

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Series 2003A Bonds. The funds deposited in the Escrow Fund will not be available for the payments with respect to the Series 2012A Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2012A Bonds are expected to be used as follows:

Sources of Funds	
Principal Amount of Bonds	$ 7,345,000.00
(Less Net Original Issue Discount)	(38,100.05)
Prior Bond Funds	716,304.22
Total Sources	$ 8,023,204.17
Uses of Funds	
Escrow Fund	$ 7,381,103.76
Reserve Fund	538,281.26
Costs of Issuance Fund[1]	50,567.90
Underwriter's Discount	53,251.25
Total Uses	$ 8,023,204.17

(1) Includes the fees and expenses of Bond Counsel, the Fiscal Agent, the Paying Agent, the Escrow Agent, and other consultants and professionals.

DEBT SERVICE SCHEDULE

The following is the annualized debt service schedule for the Series 2012A Bonds, assuming no optional redemption.

Period Ending (September 1)	*Principal*[1]	*Interest*[1]	*Total Annual Debt Service*[1]
2013	$ 305,000	$ 231,061	$ 536,061
2014	280,000	256,894	536,894
2015	285,000	253,044	538,044
2016	285,000	248,056	533,056
2017	295,000	242,356	537,356
2018	300,000	235,350	535,350
2019	305,000	227,100	532,100
2020	320,000	214,900	534,900
2021	330,000	202,100	532,100
2022	345,000	190,550	535,550
2023	360,000	178,044	538,044
2024	370,000	164,544	534,544
2025	385,000	149,744	534,744
2026	400,000	134,344	534,344
2027	415,000	118,344	533,344
2028	435,000	101,225	536,225
2029	455,000	83,281	538,281
2030	470,000	63,944	533,944
2031	490,000	43,969	533,969
2032	515,000	22,531	537,531
Total	$7,345,000	$3,361,380	$10,706,380

(1) Numbers are rounded to the nearest dollar.

SECURITY FOR THE SERIES 2012A BONDS

General

The Series 2012A Bonds, and the interest thereon, are payable from a portion of the annual Special Taxes to be levied and collected on property within Improvement Area C subject to the Special Taxes and proceeds, if any, from the sale of such property for delinquency of such Special Taxes and from amounts deposited in the Bond Service Fund, the Redemption Fund and the Reserve Fund, and from certain amounts deposited in the Special Tax Fund. Annual payments of principal of and interest on the Series 2012A Bonds and any other Improvement Area C Bonds shall be equally payable from the Special Taxes collected and remaining after the payment of Administrative Expenses (the "Net Taxes").

Limited Liability

THE SERIES 2012A BONDS AND INTEREST THEREON ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE DISTRICT OR THE COUNTY. EXCEPT WITH RESPECT TO THE SPECIAL TAXES, NEITHER THE CREDIT NOR THE TAXING POWER OF THE DISTRICT OR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE SERIES 2012A BONDS OR THE INTEREST THEREON, AND, EXCEPT AS PROVIDED IN THE INDENTURE, NO BONDOWNER MAY COMPEL THE EXERCISE OF ANY TAXING POWER BY THE DISTRICT OR THE COUNTY OR FORCE THE FORFEITURE OF ANY OF THEIR RESPECTIVE PROPERTY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2012A BONDS ARE NOT A DEBT OF THE DISTRICT OR THE COUNTY NOR A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THEIR RESPECTIVE PROPERTY OR UPON ANY OF THEIR RESPECTIVE INCOME, RECEIPTS OR REVENUES, EXCEPT THE NET TAXES.

Although the unpaid Special Taxes constitute liens on parcels within the District, they do not constitute a personal indebtedness of any property owner within the District. There is no assurance that any property owner will be financially able to pay the Special Taxes or that it will pay such Special Taxes even though financially able to do so. See "SPECIAL RISK FACTORS" herein for additional information.

Pledge of Special Tax Revenues

The amount of Special Taxes that the District may levy in Improvement Area C in any year is strictly limited by the Amended and Restated Rate and Method of Apportionment of Special Taxes approved by the qualified electors within Improvement Area C. Pursuant to the Indenture, the District has pledged and assigned to the Paying Agent and the Fiscal Agent, as applicable, all Net Taxes for the payment of principal of, premium, if any, and interest on the Improvement Area C Bonds. "Net Taxes" means Special Taxes and all proceeds from the sale of property collected within Improvement Area C pursuant to the foreclosure provisions of the Act and the Indenture, less Administrative Expenses. Pursuant to the Act and the Indenture, the Improvement Area C Bonds shall be and are equally secured by a pledge of and lien upon the Net Taxes and all amounts on deposit in the Bond Service Fund, the Reserve Fund, the Redemption Fund and the Special Tax Fund; provided, however, that the pledge of and lien upon amounts on deposit in the Special Tax Fund extends only to the amount of Net Taxes on deposit therein. So long as any of such Improvement Area C Bonds are Outstanding and unpaid, the Net Taxes and the interest thereon may be used only as provided in the Indenture. Net Taxes deposited in the Rebate Fund and the Administrative Expense Fund are not pledged to payment of the Improvement Area C Bonds and neither the Rebate Fund nor the Administrative Expense Fund shall be construed as pledged to the Bondowners. In the event that the amounts in the Rebate Fund are insufficient, there are no assurances that the District will have sufficient moneys to fulfill its obligation to rebate the rebate requirement to the federal government.

The Special Taxes

The District has covenanted in the Indenture that so long as any Improvement Area C Bonds, including the Series 2012A Bonds, are Outstanding, it will cause the levy of the Special Taxes each year up to the maximum permitted rates in an amount which, together with any moneys on deposit in the Special Tax Fund, the Redemption Fund, and the Bond Service Fund, will be sufficient to pay the principal of, premium, if any, and interest on, the Improvement Area C Bonds, Administrative Expenses and any amounts required to maintain the Reserve Fund at the Reserve Requirement. Because each Special Tax levy is limited to the Maximum Special Tax rates authorized by the qualified electors of Improvement Area C as set forth in the Amended and Restated Rate and Method of Apportionment of Special Tax, no assurance can be given that, in the event of Special Tax delinquencies, the foregoing amount will in fact be collected in any given year. See "IMPROVEMENT AREA C—Amended and Restated Rate and Method of Apportionment of Special Tax" and Appendix A—"AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR IMPROVEMENT AREA C."

The levy of the Special Taxes was authorized by the qualified electors of Improvement Area C at a special election held on June 9, 1989. At a special election held on July 9, 2002, the sole owner of the property within the boundaries of Improvement Area C authorized the District to reduce the maximum bonded indebtedness from $15,000,000 to $9,000,000 and approved the Amended and Restated Rate and Method of Apportionment of the Special Tax. The Special Taxes are to be apportioned, levied and collected according to the Amended and Restated Rate and Method of Apportionment of Special Tax. See "IMPROVEMENT AREA C—Amended and Restated Rate and Method of Apportionment of Special Tax".

Reserve Fund

In order to further secure the payment of principal and interest on Series 2012A Bonds, the District established the Reserve Fund, and a portion of the proceeds of the sale of the Series 2012A Bonds will be deposited therein, so that the amount on deposit in the Reserve Fund will equal the Reserve Requirement. The Reserve Requirement is defined in the Indenture as an amount equal to the least of (a) Maximum Annual Debt Service (as defined in the Indenture) on the Outstanding Improvement Area C Bonds, (b) 10% of proceeds of each series of Improvement Area C Bonds Outstanding, or (c) 125% of Average Annual Debt Service (as defined in the Indenture). See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Funds and Accounts Reserve Fund."

Covenant for Superior Court Foreclosure

In the event of a delinquency in the payment of any installment of Special Taxes, the District is authorized by Section 53356.1 of the Act to order institution of an action in the superior courts of the State to foreclose any lien therefor. As a result of such action the real property subject to the Special Taxes may be ordered to be sold at a judicial foreclosure sale.

Such judicial foreclosure proceedings are not mandatory. However, in the Indenture, the District has covenanted with the Bondowners that, if at any time the Fiscal Agent determines that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure of one or more owners of real property to pay Special Taxes when due, the District will commence and diligently prosecute to completion such judicial foreclosure proceedings as may be necessary to restore the Reserve Fund balance to the Reserve Requirement. To date, the District has not initiated actions to commence foreclosure proceedings on any parcels delinquent in the payment of Special Taxes.

If the Reserve Fund is depleted concurrently with the delinquency in the payment of Special Taxes, there could be a default or a delay in payments to the Bondowners pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds, if any. However, within the limits of the Amended and Restated Rate and Method of Apportionment of Special Tax, the District may adjust the Special

Taxes levied on all property within Improvement Area C to provide an amount required to pay debt service on the Improvement Area C Bonds and to replenish the Reserve Fund in subsequent periods. See "SPECIAL RISK FACTORS—Insufficiency of Special Taxes" for additional information.

No assurances can be given that a judgment ordering foreclosure will be granted or that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the District is not obligated to purchase or otherwise acquire any lot or parcel of real property sold at the foreclosure sale if there is no other purchaser at such sale. Real property which is subject to a foreclosure judgment remains subject to the lien of the Special Taxes.

If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the County, on behalf of the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 140 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period under recent legislation may be reduced to 40 days for parcels other than those on which a dwelling unit for not more than four families is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld. Any parcel subject to foreclosure sale must be sold at the minimum bid price (equal to the sum of delinquent Special Tax installments, penalties, interest, attorney's fees and costs of collection and sale) unless a lesser minimum bid price is authorized by the Bondowners.

Land Values

Based on information provided by the County Assessor, the assessed valuation within Improvement Area C as of July 1, 2012 was $218,385,410, which is approximately 30 times the total aggregate principal amount of the Series 2012A Bonds. See "SPECIAL RISK FACTORS—Assessed Values." The following table sets forth a ten-year summary of historical assessed values in Improvement Area C.

ASSESSED VALUATION HISTORY
IMPROVEMENT AREA C

Fiscal Year	***Assessed Value***
2012-13	$218,385,410
2011-12	220,732,250
2010-11	219,822,978
2009-10	221,321,554
2008-09	236,886,523
2007-08	232,828,009
2006-07	194,854,822
2005-06	98,973,643
2004-05	79,602,242
2003-04	42,137,520

Source: David Taussig & Associates.

As shown in the table below, the assessed value-to-lien ratios may vary by property. However, in excess of 81% of the Fiscal Year 2012-13 Special Tax levy is assessed on properties with an assessed value-to-lien ratio in excess of 20 to 1.

COMMUNITY FACILITIES DISTRICT NO. 3
(VALENCIA/NEWHALL AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA C

RANGE OF ASSESSED VALUE-TO-LIEN RATIOS

Value-to-Lien[(1)(2)]	*Number of Parcels*	*Percentage of Parcels*	*Fiscal Year 2012-13 Special Taxes*	*Percentage of Fiscal Year 2012-13 Special Taxes*
Greater than 50:1	1[(3)]	0.41%	$ 9,624	1.68%
Between 40.01:1 and 50:1	1[(3)]	0.41	118,295	20.69
Between 30.01:1 and 40:1	1	0.41	1,543	0.27
Between 20.01:1 and 30:1	195[(3)]	80.25	397,336	69.48
Between 10.01:1 and 20:1	44	18.11	43,207	7.55
Less than 10:1	1[(4)]	0.41	1,868	0.33
Total	243	100.00%	$ 571,874	100.00%

(1) Assessed Values are based on the Assessor's Roll as of July 1, 2012, before exemptions.
(2) Value-to-Lien Ratio includes the refunding principal amount of $7,345,000, but excludes any overlapping debt issued by the County and/or other public agencies.
(3) The two apartment complexes located within the District have three assessor's parcel numbers, which numbers have value-to-lien ratios of 69.04:1, 46.31:1 and 28.06:1, respectively.
(4) The property owner transferred the taxable value of its previous property to this property, pursuant to California Propositions 60 and 90.
Source: David Taussig & Associates.

No assurance can be given that the foregoing value-to-lien ratios can or will be maintained during the period of time that the Series 2012A Bonds are outstanding. In addition, the District has no control over the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. The District has no control over the ability of such other entities and districts to issue such additional indebtedness. Such special taxes or indebtedness may have a lien on such property on a parity with the Special Tax. The imposition of such additional indebtedness may reduce the value-to-lien ratio within Improvement Area C and could reduce the willingness and the ability of the property owners within Improvement Area C to pay the Special Taxes when due. See "SPECIAL RISK FACTORS—Additional and Overlapping Debt." See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." See also "SPECIAL RISK FACTORS—Assessed Values" and "—Additional and Overlapping Debt."

No Additional Bonds; Refunding Bonds

The District covenants not to issue any other bonds or any other evidence of indebtedness in addition to the Series 2012A Bonds that are on a parity with the Series 2012A Bonds and payable from and secured by the proceeds of the Special Taxes, except for bonds issued to refund the Series 2012A Bonds in whole or in part in compliance with the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

IMPROVEMENT AREA C

General

The following information regarding development and ownership of property in the District has been derived from sources which the District believes to be reliable but is not guaranteed as to accuracy or completeness. This information has been included because it may be considered relevant to an informed evaluation and analysis of the Series 2012A Bonds and the District. The inclusion in this Official Statement of the following information should not be construed to suggest that the Series 2012A Bonds or the Special Taxes that will be used to pay the Series 2012A Bonds are obligations of any owner of property within Improvement Area C payable other than from Special Taxes and foreclosure proceeds. The Series 2012A Bonds are secured solely by the Net Taxes and other amounts on deposit with the Fiscal Agent. See "SECURITY FOR THE SERIES 2012A BONDS" and "SPECIAL RISK FACTORS."

Originally planned in the late 1980s, Improvement Area C is located in Stevenson Ranch. Stevenson Ranch covers an area of over 4,000 acres, and is located west of the I-5 freeway, at the foothills of the Santa Susana Mountains. Stevenson Ranch has its own collection of retail and restaurant businesses, mainly in the Valencia Marketplace and Stevenson Ranch shopping center. It is also the location of Pico Canyon, and the historic oil town of Mentryville, founded in 1875, both protected by the Santa Monica Mountains Conservancy.

Stevenson Ranch is an affluent census-designated place in Los Angeles County, California. The community is located in the Santa Clarita Valley, within an unincorporated area of the County. Stevenson Ranch encompasses about 6.4 square miles (17 km^2). About 1,000 acres (4.0 km^2) are set aside as parks, recreation areas and open space. A master planned community, it was approved by the County in 1987. The population was 17,557 at the 2010 census.

Stevenson Ranch Elementary, Pico Canyon Elementary, Rancho Pico Junior High, and West Ranch High School are all award-winning schools located in Stevenson Ranch, and Six Flags Magic Mountain, an amusement park, is located about 3 miles north of the community.

Improvement Area C contains 140 completed single-family detached dwelling units, 567 completed apartment and 100 completed townhome units. The total assessed valuation for the properties located in Improvement Area C totaled $218,385,410 as of July 1, 2012, representing a 1.07% decrease from the previous fiscal year.

Summary of Formation Proceedings

Pursuant to the Act, the Board, acting as the legislative body of the District, adopted a resolution on April 25, 1989, stating its intention to establish the District and Improvement Area C and to authorize the levy of Special Taxes within the boundaries of Improvement Area C to pay principal of, and interest on, the Improvement Area C Bonds and stating its intent to have the District incur a bonded indebtedness in an amount not to exceed $15,000,000.

Following public hearings, conducted pursuant to the provisions of the Act, the County adopted a resolution on June 8, 1989 (the "Resolution of Formation"), establishing the District and Improvement Area C and determining the necessity to have the District incur up to $15,000,000 of bonded indebtedness for Improvement Area C. The Resolution of Formation called for a special election of the qualified electors in Improvement Area C to consider propositions to authorize the levy of the Special Tax and incur the bonded indebtedness.

At a special election held on June 9, 1989, the sole owner of the property within the boundaries of Improvement Area C authorized the District to incur a bonded indebtedness in an amount not to exceed

$15,000,000 for Improvement Area C and approved the Rate and Method of Apportionment of the Special Tax to pay the principal of and interest on the Improvement Area C Bonds. At a special election held on July 9, 2002 the sole owner of the property within the boundaries of Improvement Area C authorized the District to reduce the maximum bonded indebtedness from $15,000,000 to $9,000,000 and approved the Amended and Restated Rate and Method of Apportionment of the Special Tax. See Appendix A—"AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA C." The purpose of the indebtedness was to finance the acquisition or construction of various public improvements and facilities located in the District as specified therein.

Amended and Restated Rate and Method of Apportionment of Special Tax

The Amended and Restated Rate and Method of Apportionment of Special Tax generally provides that residential property will be taxed on the basis of the square footage per unit and on whether the unit is a single family detached, single family attached unit or apartment, while commercial/industrial property will be taxed on the basis of acreage.

The Amended and Restated Rate and Method of Apportionment of Special Tax classifies property to be taxed into developed property, which is all Assessor's Parcels in Improvement Area C for which a building permit has been issued as of May 1 of the preceding fiscal year ("Developed Property"), and undeveloped property, which is all other taxable property not classified as Developed Property or Other Taxable Property ("Undeveloped Property").

The Special Taxes to be levied on the taxable property within Improvement Area C are based on, among other factors, the benefits expected to be received by each parcel from the various public improvements financed with the proceeds of the Improvement Area C Bonds. The Amended and Restated Rate and Method of Apportionment of Special Tax sets out a five-step process by which the Board of Supervisors of the County will be able to determine the correct amount of money to be collected from the Developed Property and Undeveloped Property in the District for that fiscal year. This amount will be used to pay for current debt service on the District's indebtedness, create or replenish necessary reserve funds, and pay administrative and construction expenses to be paid from Special Tax proceeds. Subject to the Maximum Special Tax, the Board of Supervisors will follow the five-step process until the amount of the Special Tax levy equals the amount to be collected. See Appendix A—"AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA C."

The Maximum Special Tax (as defined in Appendix A hereto) that may be levied on a parcel depends upon the varying uses of the land and, with respect to residential properties, the size of the residential unit. Developed Property may be taxed at the higher of (i) the useable square footage of the parcel times the Base Maximum Special Tax Rate ($0.3526 per useable square foot) or (ii) the amounts determined by reference to Table A of Appendix A hereto. The special taxes shown on such Table A for residential properties will vary from a rate of $550 per unit for an apartment to a rate of $2,562 per unit for a single family detached dwelling with 2,700 square feet or more. The Table A special tax for commercial/industrial property is $15,360 per acre of land. For a more complete discussion of the varying tax rates, see Appendix A hereto.

The Special Taxes imposed by the District will be billed with property taxes and collected by the Treasurer. When received, such Special Taxes will be deposited with the Fiscal Agent to be held in the Special Tax Fund for the payment of Administrative Expenses and then for payment of debt service or for deposit in the Reserve Fund to restore the balance therein to the Reserve Requirement, subject to the Maximum Special Tax rates authorized by the qualified electors of Improvement Area C.

Although the Special Taxes will be levied against taxable parcels within the District, they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so. See "SPECIAL RISK FACTORS."

The Project

The District used the proceeds of Improvement Area C Bonds to acquire the public improvements necessary for the development of Improvement Area C.

Development Status

Improvement Area C is fully developed, with 140 completed single-family detached dwelling units, 567 completed apartment units and 100 completed townhome units. The various floor plans which are representative of the detached single family residences located within Improvement Area C generally feature three or four bedroom units. There are two apartment complexes located within Improvement Area C. The first, owned by NP Parc Chateaux Inc. since Fiscal Year 2007-08, consists of 295 units and was completed in 2005, and the second, owned by Fountainglen Properties LP since Fiscal Year 2007-08, consists of 272 units located on two parcels but comprising one complex and was completed in 2006. No additional units are expected to be completed.

Top Taxpayers

The following table shows the top taxpayers within the District based upon the Fiscal Year 2012-13 Special Tax levy. See "SPECIAL RISK FACTORS—Concentration of Ownership."

TOP PROPERTY OWNERS FOR FISCAL YEAR 2012-13

Property Owner[(1)]	*Number of Units*	*Percentage of Units*	*Fiscal Year 2012-13 Special Taxes*	*Percentage of Fiscal Year 2012-13 Special Taxes for Top Property Owners*
NP Parc Chateaux Inc.	295	36.56%	$ 118,295	20.69%
Fountainglen Properties LP	272	33.70	109,072	19.07
Individual Homeowners	240	29.74	344,507	60.24
Total	807	100.00%	$ 571,874	100.00%

(1) Property Owners are based on the Assessor's Roll as of July 1, 2012.

Tax Delinquencies

Under the provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Series 2012A Bonds are derived, will be billed to the properties within Improvement Area C on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future.

The following table shows the Special Tax levy and the percentages of delinquent Special Taxes for Fiscal Year 2002-2003 through Fiscal Year 2011-2012.

DELINQUENCY RATE FOR
FISCAL YEARS 2002-03 THROUGH 2011-12

Fiscal Year (Ending June 30)	*Special Tax Levied*	*Collections*[(1)]	*Delinquency*[(1)]	*Delinquency Rate*[(1)(2)]	*Redemption Roll Collections* [(3)]	*Total Collection*[(4)]	*Percent Collected*[(5)]
2002-03	$737,637	$737,637	$ 0	0.00%	$ 0	$737,637	100.00%
2003-04	700,939	700,939	0	0.00	0	700,939	100.00
2004-05	665,892	664,971	921	0.14	0	664,971	99.86
2005-06	632,597	626,295	6,302	1.00	3,669	629,964	99.58
2006-07	619,945	606,206	13,739	2.22	7,314	613,520	98.96
2007-08	607,546	575,707	31,838	5.24	13,999	589,707	97.06
2008-09	595,394	567,855	27,540	4.63	30,829	598,683	100.55
2009-10	583,485	574,359	9,127	1.56	37,441	611,800	104.85
2010-11	577,650	573,085	4,565	0.79	11,828	584,913	101.26
2011-12	571,874	568,698	3,176	0.56	10,625	579,324	101.30

(1) As of the close of the tax roll for each fiscal year shown in the table.
(2) Delinquency column divided by Special Tax Levied column.
(3) Redemption Roll collections received during each fiscal year shown in the table.
(4) Collections column plus Redemption Roll Collections column.
(5) Total Collections column divided by Special Tax Levied column.
Source: Treasurer and Tax Collector of the County of Los Angeles.

See "SECURITY FOR THE SERIES 2012A BONDS—The Special Taxes" and "—Covenant for Superior Court Foreclosure" for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of Special Tax installments.

Debt Service Coverage

The following table shows the maximum and net amounts of revenues which would be derived in the bond years 2013 through 2032 if Special Taxes were levied and collected when due at the Maximum Special Tax rates permitted by the Amended and Restated Rate and Method of Apportionment of Special Tax on Developed Property. The following table also sets forth the coverage which the Net Taxes would provide for debt service on the Series 2012A Bonds, expressed in percentages, derived by dividing Net Taxes by the amount of debt service on the Series 2012A Bonds for appropriate bond years. See "SPECIAL RISK FACTORS—Tax Delinquencies" for information regarding delinquent Special Taxes. See also "—Special Tax Levy" above for additional information.

DEBT SERVICE COVERAGE FROM DEVELOPED PROPERTY

Bond Year Ending (September 1)	*Maximum Special Taxes*[1]	*Estimated Administrative Expenses*	*Maximum Net Taxes*[2]	*Aggregate Debt Service*[3]	*Coverage*[4]
2013	$784,364	$25,000	$759,364	$536,061	1.42
2014	784,364	25,000	759,364	536,894	1.41
2015	784,364	25,000	759,364	538,044	1.41
2016	784,364	25,000	759,364	533,056	1.42
2017	784,364	25,000	759,364	537,356	1.41
2018	784,364	25,000	759,364	535,350	1.42
2019	784,364	25,000	759,364	532,100	1.43
2020	784,364	25,000	759,364	534,900	1.42
2021	784,364	25,000	759,364	532,100	1.43
2022	784,364	25,000	759,364	535,550	1.42
2023	784,364	25,000	759,364	538,044	1.41
2024	784,364	25,000	759,364	534,544	1.42
2025	784,364	25,000	759,364	534,744	1.42
2026	784,364	25,000	759,364	534,344	1.42
2027	784,364	25,000	759,364	533,344	1.42
2028	784,364	25,000	759,364	536,225	1.42
2029	784,364	25,000	759,364	538,281	1.41
2030	784,364	25,000	759,364	533,944	1.42
2031	784,364	25,000	759,364	533,969	1.42
2032	784,364	25,000	759,364	537,531	1.41

(1) The Maximum Special Tax is the greater of the amount shown in Table A of the Amended and Restated Rate and Method of Apportionment of Special Tax or the Base Maximum Special Tax. The amount shown above reflects the Table A amount with respect to all Developed Property in Improvement Area C as of May 1, 2012. As provided in the Amended and Restated Rate and Method of Apportionment of Special Tax, Developed Property is based on the building permits issued as of May 1 of each year.
(2) Net Taxes are equal to Maximum Special Taxes less estimated Administrative Expenses. For purposes of this table, Administrative Expenses are assumed to be $25,000 without any adjustments for future years.
(3) See "DEBT SERVICE SCHEDULE."
(4) Net Taxes divided by aggregate debt service.
Source: David Taussig & Associates, Inc.

The following table shows the Special Taxes levied for fiscal year 2012-2013 and the percentages of such respective Special Tax amounts to be paid by the property owners within Improvement Area C. The Special Taxes assessed in fiscal year 2012-2013 are approximately 72.9% of the maximum Special Tax on Developed Property.

SPECIAL TAX LEVY SUMMARY – FISCAL YEAR 2012-13

Tax Class	*Land Use Type*	*Unit Size*	*Number of Units*	*Maximum Annual Special Tax Rate*	*FY 2012-13 Special Tax Rate*	*FY 2012-13 Total Maximum Annual Taxes[(1)]*	*FY 2012-13 Total Special Tax Levy*
1	Single Family Detached	Greater than 2,699 sq.ft	98	$ 2,562.00	$1,867.94	$251,076	$ 183,058
2	Single Family Detached	2,400 - 2,699 sq.ft.	24	2,268.00	1,653.58	54,432	39,686
3	Single Family Detached	Less than 2,400 sq.ft.	18	2,117.00	1,543.49	38,106	27,783
4	Single Family Attached	n/a	100	1,289.00	939.80	128,900	93,980
5	Apartment	n/a	567	550.00	401.00	311,850	227,368
6	Commercial/Industrial	n/a	0	15,360.00	0.00	0	0
TOTAL:			807			$784,364	$ 571,874

(1) The Maximum Special Tax is the greater of the amount shown in Table A of the Amended and Restated Rate and Method of Apportionment of Special Tax or the Base Maximum Special Tax. The amount shown above reflects the Table A amount with respect to all Developed Property in Improvement Area C as of May 1, 2012. As provided in the Amended and Restated Rate and Method of Apportionment of Special Tax, Developed Property is based on the building permits issued as of May 1 of each year.

Source: David Taussig & Associates, Inc.

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2012A Bonds. The discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Series 2012A Bonds, and the Official Statement should be read in its entirety for the purpose of making an informed investment decision. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area C to pay their Special Taxes when due. Such failure to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Series 2012A Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area C.

General Risks of Real Estate Investments

The Bondowners will be subject to the risks generally incident to an investment in real estate, including (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of homes in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including zoning laws) and fiscal policies; and (iii) natural disasters (including earthquakes and floods), which may result in uninsured losses.

No General Obligation of the County or District

The District's obligations under the Series 2012A Bonds and under the Indenture are limited obligations of the District and not of the County, and are payable equally and solely from Net Taxes and amounts in the Special Tax Fund, the Bond Service Fund, the Redemption Fund and the Reserve Fund. The Series 2012A Bonds are not general or limited obligations of the County, but are limited obligations of the District payable solely from the revenues and funds pledged therefor and under the Indenture. Neither the faith and credit of the District, the County or the State of California or any political subdivision thereof is pledged to the payment of the Series 2012A Bonds.

Assessed Values

The value of the property within Improvement Area C is a critical factor in determining the investment quality of the Series 2012A Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations or other events will adversely impact the value of the land upon which the Special Taxes are levied. See "IMPROVEMENT AREA C—Estimated Assessed Value-to-Lien Ratios."

The taxable property in Improvement Area C has an assessed value of $218,385,410 for Fiscal Year 2012-13. The assessed value of property within Improvement Area C does not necessarily reflect the market value of such property. Prospective purchasers of the Bonds should not assume that a home within Improvement Area C could be sold for its assessed value at a foreclosure sale for delinquent Special Taxes.

Under the Act, property within Improvement Area C that is delinquent may be sold for the amount of the delinquent Special Tax, plus penalties and interest thereon. A 10% penalty is charged after the date Special Taxes are due and interest accrues at 18% per annum from and after the July 1 following the delinquency date. Prospective purchasers of the Series 2012A Bonds should not assume that any property within Improvement Area C could be sold at a price equal to the assessed value or the assessed value at a foreclosure sale for delinquent Special Taxes or that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes, including penalties and interest accrued at the statutory rate. The actual value of the property is subject to future events which might affect land values. Reductions in Improvement Area C land values could occur due to a downturn in the economy, relocation of employers out of the area, physical events such as presence of hazardous substances, earthquakes or floods or other events all of which would adversely impact the security underlying the Special Tax.

Concentration of Ownership

The District contains a concentration of ownership. As shown in the table under the caption "IMPROVEMENT AREA C—Top Taxpayers," there are two apartment complexes within the District that are responsible for payment of approximately 40% of the Fiscal Year 2012-13 Special Tax levy. Because two properties are responsible for approximately 40% of the special tax levy, the inability or refusal of any or all of the owners of these two properties to pay Special Taxes when due could result in the depletion of the Bond Reserve Fund. Under such circumstances, there would be insufficient moneys with which to pay principal of and/or interest on the Bonds. Economic conditions may affect the willingness of the owners of the apartment complexes or any other property owner to pay the Special Tax installments on property and there is no assurance that any owner will pay such Special Tax installment even if financially able to do so.

Hazardous Materials

The estimated appraised values referred to above do not take into account the possible reduction in marketability and value of any of the taxed parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel or from any other conditions of the property, subsoil, or structures that would impact the development or use of the property. The District is not aware of any conditions of the property, subsoil, or structures, including any hazardous substance condition of the property within Improvement Area C, that impacts the value of the property within Improvement Area C. In the event adverse conditions arise with respect to any of the taxed parcels from any of the foregoing conditions, whether now present or arising in the future, such adverse conditions could significantly affect the value thereof that is realizable at a foreclosure sale for delinquent Special Taxes.

Natural Disasters

The District is located in a seismically active region in Southern California. Active faults which could cause significant ground shaking in the District include, but are not limited to, the San Andreas Fault zone. Additionally, the District is located in an area of high fire risk. In the event of a severe earthquake or wildfire, there may be significant damage to both property and infrastructure in the District. As a result, property owners may be unable or unwilling to pay the Special Taxes when due, and the Reserve Fund may eventually become depleted. In addition, the value of land in Improvement Area C could be diminished in the aftermath of such natural events, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes. The improvements within Improvement Area C have been built in accordance with applicable building codes, including requirements relating to seismic safety.

Additional and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by David Taussig & Associates dated as of June 30, 2012. The Debt Report is included for general information purposes only. The District believes such information to be reliable but makes no representations as to its completeness or accuracy.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement Area C in whole or in part. Such long term obligations generally are not payable from property taxes, assessments or special taxes on land in Improvement Area C. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the District or other public agencies at any time.

COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 3, IMPROVEMENT AREA C
DIRECT AND OVERLAPPING DEBT SUMMARY

Overlapping District	*FY 2011-12 Total Levy*[1]	*FY 2012-13 Levy on Parcels in District*[2]	*Percent of Levy on Parcels in District*	*Total Debt Outstanding*[3]	*District Share of Total Debt Outstanding*
County Parks District	$80,684,185	$11,753	0.01%	$170,725,000	$ 24,869
Newhall Elementary School District	2,994,940	78,630	2.63	23,730,000	623,014
William S. Hart Union High School District	9,758,136	70,299	0.72	195,860,873	1,411,019
Santa Clarita Community College District	6,939,258	49,999	0.72	139,659,696	1,006,284
				Total Overlapping Debt	$ 3,065,187
				Plus: District Bonded Indebtedness	7,345,000
				Estimated Share of Direct and Overlapping Debt	$ 10,410,187

(1) Per County of Los Angeles Auditor-Controller.
(2) The Levy on Parcels in CFD No. 3C applicable to Newhall Elementary School District, William S. Hart Union High School District and Santa Clarita Community College were estimated by multiplying the FY 2012-13 assessed value of parcels subject to the CFD No. 3C special tax by the applicable overlapping debt Fiscal Year 2011-12 tax rate. Assessed valuation provided by County of Los Angeles Assessor's Office. Tax rates provided by County of Los Angeles Auditor-Controller's Office. The Levy on Parcels in CFD No. 3C applicable to County Park District based on actual amounts levied on parcels subject to CFD No. 3C.
(3) Total Debt Outstanding as of June 30, 2012.
Source: David Taussig & Associates, Inc.

Payment of the Special Tax is not a Personal Obligation of the Landowners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the owner.

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. The District, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within Improvement Area C. Such additional indebtedness, if issued, would be required to satisfy applicable statutory requirements with respect to the issuance of such indebtedness. Further, the landowners within Improvement Area C may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes or assessments will have a lien on such property on a parity with the Special Taxes. The imposition of additional indebtedness could reduce the willingness and the ability of the property owners within Improvement Area C to pay the Special Taxes when due. See "—Additional and Overlapping Debt" above.

The District has covenanted not to issue any obligations payable in whole or in part from the Net Taxes on a parity with the Series 2012A Bonds other than refunding bonds. However, the District has no control over the amount of additional debt payable from taxes or assessments on all or a portion of the property within Improvement Area C that may be issued in the future by other governmental entities or districts, including but not limited to a successor city, school districts, water districts or any other district having jurisdiction over all or a portion of the land within Improvement Area C. Nothing prevents the owners of land within Improvement Area C from consenting to the issuance of additional debt by other public agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or taxes, such assessments, special taxes and taxes will have a lien on the property within Improvement Area C on a parity with the lien of the Special Taxes.

Accordingly, the liens on the property within Improvement Area C could greatly increase without any corresponding increase in the value of the property within Improvement Area C and thereby reduce the ratio that exists at the time the Series 2012A Bonds are issued between the value of the property and the debt secured by the taxes and assessments thereon. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners within Improvement Area C to pay the Special Taxes when due.

Insufficiency of Special Taxes

The Amended and Restated Rate and Method of Apportionment of Special Tax governing the levy of the Special Tax provides that Exempt Property is not subject to the Special Tax. The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Series 2012A Bonds when due and a default could occur with respect to the payment of such principal and interest.

Disclosures to Future Purchasers

The District has recorded a Notice of Special Tax Lien in the office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a home or commercial facility or the lending of money thereon. Effective July 1, 1993, California law requires that in the case of the transfer of real property subject to a continuing lien securing the levy of special taxes the seller must make a good faith effort to notify the prospective purchaser of the lien in a format prescribed by statute. Failure to disclose the existence of the Special Taxes may affect the willingness and ability of future owners of land within Improvement Area C to pay the Special Taxes when due.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Series 2012A Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area C in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Series 2012A Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Series 2012A Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Secondly, the Bankruptcy Code might prevent moneys on deposit in the Special Tax Fund from being applied to pay interest on the Series 2012A Bonds and/or to redeem Series 2012A Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount and priority of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in procuring Superior Court foreclosure proceedings. If enough parcels were involved in bankruptcy proceedings, court delays would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Series 2012A Bonds and the possibility of delinquent tax installments not being paid in full.

The various legal opinions to be delivered concurrently with the delivery of the Series 2012A Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county and held that a state statute purporting to create a priority secured lien on a portion of such moneys was ineffective unless such moneys could be traced. Following payment of the Special Taxes to the Treasurer, such funds may be invested in the name of the Fiscal Agent for a period of time in the County Investment Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Bondowners do not have a valid and/or prior lien on the Special Taxes where such amounts are deposited in the County Investment Pool and may not provide the Bondowners with a priority interest in such amounts. In that circumstance, unless the Bondowners could "trace" the funds that have been deposited in the County Investment Pool, the Bondowners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bondowners could successfully so "trace" the Special Taxes.

No Acceleration Provisions

The Series 2012A Bonds do not contain a provision allowing for the acceleration of the Series 2012A Bonds in the event of a payment default or other default under the terms of the Series 2012A Bonds or the

Indenture. Pursuant to the Indenture, a Bondowner is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies described under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default and Remedies." So long as the Series 2012A Bonds are in book-entry form, DTC will be sole Bondowner and will be entitled to exercise all rights and remedies of Bondowners.

Loss of Tax Exemption

As discussed under the caption "CONCLUDING INFORMATION—Tax Matters," interest on the Series 2012A Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2012A Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Series 2012A Bonds are not subject to a special redemption and will remain Outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture.

Proposition 218

An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIIC and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the Series 2012A Bonds as described below.

Among other things, Section 3 of Article XIIIC states that "…the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that Article XIIIC has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Series 2012A Bonds.

It may be possible, however, for voters or the District or the Board of Directors acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Series 2012A Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Series 2012A Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within Improvement Area C, unless, (i) the District receives a certificate from one or more independent consultants which, when taken together, certifies that, on the basis of the parcels of land and improvements existing in Improvement Area C as of July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum on the estimated administrative expenses and debt service in that Bond Year on all Bonds to remain Outstanding after the reduction is approved, and (ii) the District hereby finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds. In connection with the foregoing covenant, the District has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Series 2012A Bonds. The District also has covenanted that, in the event an initiative is adopted which purports to alter the Amended and Restated Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants. See "SOURCES OF PAYMENT FOR THE SERIES 2012A BONDS—Special Taxes."

The interpretation and application of Article XIIIC and Article XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "—Limitations on Remedies."

Ballot Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Series 2012A Bonds, and no representation is made concerning the existence of any secondary market for the Series 2012A Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2012A Bonds, and no assurance can be given that the initial offering prices for the Series 2012A Bonds will continue for any period of time.

Enforceability of Remedies

The remedies available to the Fiscal Agent and the Bondowners upon a default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the Series 2012A Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Series 2012A Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally. See "—Bankruptcy and Foreclosure" above.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture and does not purport to be a complete restatement thereof Reference is hereby made to the Indenture for the complete terms thereof Copies of the Indenture are available from the District upon request for the cost of copying and delivery thereof.

Funds and Accounts

Special Tax Fund. The Fiscal Agent shall, on each date on which the Gross Taxes have been received by the Treasurer and deposited with the Fiscal Agent, deposit the Gross Taxes in the Special Tax Fund, such Gross Taxes to be held and transferred on the dates and in the amounts set forth in the Indenture and summarized below, in the following order of priority, to: (a) the Administrative Expense Fund; (b) the Bond Service Fund; and (c) the Reserve Fund. Any amounts remaining on deposit in the Special Tax Fund when there are no longer any Bonds Outstanding shall be transferred to the Rebate Fund, if necessary, and otherwise shall be transferred to the District and used for any lawful purpose under the Act.

Administrative Expense Fund. On or before the date amounts are needed to pay Administrative Expenses, the Fiscal Agent shall withdraw from the Special Tax Fund and place in the Administrative Expense Fund an amount necessary, together with amounts on deposit therein, to pay all Administrative Expenses. The Indenture defines Administrative Expenses as the ordinary and necessary costs of administering the levy and collection of the Special Taxes and all other administrative costs and incidental expenses related to the Improvement Area C Bonds or the Special Taxes, including, but not limited to, annual audit fees, Paying Agent fees, Fiscal Agent fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal government and costs of compliance with disclosure obligations of the District. The Fiscal Agent shall pay the Administrative Expenses upon written instruction of the District. The Fiscal Agent shall transfer all amounts remaining on deposit in the Administrative Expense Fund on the final maturity of the Improvement Area C Bonds, after payment of any accrued Administrative Expenses, to the Special Tax Fund.

Bond Service Fund. The principal and interest due on the Improvement Area C Bonds until maturity, otherwise than by optional or mandatory redemption, but including mandatory sinking fund payments, shall be paid by the Paying Agent from amounts transferred to the Bond Service Fund, after provision has been made for the payment of Administrative Expenses.

For the purpose of providing for the payment of principal of, and interest on, the Improvement Area C Bonds when due, the Fiscal Agent shall withdraw from the Earnings Fund, the Special Tax Fund and the Reserve Fund to the extent required, and place in the Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal (including mandatory sinking fund payments) and all of the interest due and payable on all of the Improvement Area C Bonds on the next Interest Payment Date. On or before the Business Day prior to each Interest Payment Date, the Fiscal Agent shall pay to the Paying Agent an amount equal to the interest and principal due and payable on the Improvement Area C Bonds on such Interest Payment Date. The Fiscal Agent shall transfer any moneys remaining in the Bond Service Fund when there are no longer any Improvement Area C Bonds Outstanding, to the Special Tax Fund.

Reserve Fund. The Indenture provides that in the Reserve Fund there shall be maintained an amount equal to the Reserve Requirement. Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Improvement Area C Bonds in the event that the moneys in the Bond Service Fund are insufficient therefor, and for that purpose the Fiscal Agent shall withdraw from the Reserve Fund, for deposit in the Bond Service Fund, moneys necessary for such purpose. If the amount on deposit in the Reserve Fund is less than the Reserve Requirement, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall collect such deficiency either through including such amount in the next annual Special Tax levy, to the extent permitted by law and the Ordinance, or otherwise. If amounts on deposit in the Reserve Fund are less than the Reserve Requirement, after making the required transfers to the Administrative Expense Fund and the Bond Service Fund, the Fiscal Agent shall transfer to the Reserve Fund from the first available moneys in the Special Tax Fund, an amount necessary to increase the balance therein to the Reserve Requirement. If on July 1 of each year, the amount on deposit in the Reserve Fund is in excess of the Reserve Requirement, the Fiscal Agent shall transfer such excess to the Project Account or the Bond Service Fund, as provided in the Indenture. Moneys in the Reserve Fund shall be transferred to the Bond Service Fund on the final maturity of the Improvement Area C Bonds and applied to the payment of principal of and interest on the last outstanding maturity of the Improvement Area C Bonds.

Rebate Fund. Upon the District's written direction, an amount equal to the Rebate Requirement specified to the Fiscal Agent shall be deposited into the Rebate Fund by the Fiscal Agent from balances in the following funds and accounts and in the following order of priority: (i) from the Earnings Fund, (ii) from the Special Tax Fund, (iii) from the Acquisition Fund, and (iv) from the Reserve Fund, so that the balance in the Rebate Fund after such deposit shall equal the Rebate Amount for the Bond Year (as such terms are defined in the Tax Certificate and not as such term is defined in the Indenture) calculated as of the most recent Calculation Date (as defined in the Tax Certificate). Computations of the Rebate Amount shall be furnished by or on behalf of the District in accordance with the Tax Certificate. The Fiscal Agent shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the District.

Upon receipt of the District's written directions, the Fiscal Agent shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, and the District so directs, the Fiscal Agent will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the District's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Improvement Area C Bonds and payment and satisfaction of any Rebate Amount shall be withdrawn and remitted to the District.

Redemption Fund. Prior to any redemption date, the Fiscal Agent shall deposit in the Redemption Fund moneys available for the purpose and sufficient to redeem, at the redemption prices payable as provided in the Indenture, the Improvement Area C Bonds designated for redemption. Such moneys must be set aside in the Redemption Fund solely for that purpose and shall be transferred to the Paying Agent on or before the applicable redemption date and be applied by the Paying Agent on or after the redemption date to the payment of the redemption price on the Improvement Area C Bonds to be redeemed upon presentation and surrender thereof. Any moneys remaining in the Redemption Fund when there are no longer Improvement Area C Bonds Outstanding shall be transferred to the Special Tax Fund.

Acquisition Fund. The Fiscal Agent shall, within the Acquisition Fund, establish the following accounts: Project Account and Costs of Issuance Account. The Fiscal Agent shall disburse money from the Costs of Issuance Account on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case in accordance with a Payment Request Form together with invoices therefor. Any amounts remaining on deposit in the Costs of Issuance Account on the earlier of the date on which the District has notified the Fiscal Agent in writing that all Costs of Issuance have been paid or one year after the initial deposit of such amounts in the Costs of Issuance Account shall be transferred to the Project Account of the Acquisition Fund. The Fiscal Agent shall, from time to time, disburse moneys from the Project Account to pay Project Costs, in each case promptly after receipt of a written request from the District, together with invoices therefor, all as further provided in the Indenture.

Earnings Fund. The Fiscal Agent shall establish and maintain for the administration and control of investment earnings on District receipts an "Earnings Fund" in which there will be established an "Exempt Earnings Account" and a "Non-Exempt Earnings Account." The Fiscal Agent shall directly deposit the investment earnings of the Special Tax Fund, the Bond Service Fund and the Exempt Earnings Account into the Exempt Earnings Account of the Earnings Fund; and shall directly deposit investment earnings of the Acquisition Fund, the Reserve Fund and the Non-Exempt Earnings Account into the Non-Exempt Earnings Account of the Earnings Fund. The Fiscal Agent shall at least annually transfer amounts in the Exempt Earnings Account to the Bond Service Fund. At the earlier of project completion or three years from the receipt of bond proceeds, the Fiscal Agent shall transfer all amounts in the Non-Exempt Earnings Account accrued to the transfer date, less any actual or estimated amounts due to the Rebate Fund, to the Project Account of the Acquisition Fund. Following the earlier of project completion or three years from the receipt of bond proceeds, the Fiscal Agent shall transfer at least annually all amounts in the Non-Exempt Earnings Account accrued to the transfer date, less any actual or estimated amounts due to the Rebate Fund, to the Bond Service Fund.

Investment of Moneys

Obligations purchased as investments of moneys in any fund or account in which investments are authorized shall be deemed at all times to be a part of such fund or account. Earnings on the investment of moneys on deposit in any fund or account established pursuant to the Indenture (except the Administrative Expense Fund and the Rebate Fund) shall be deposited to the Earnings Fund and applied pursuant to the Indenture. Earnings on the investment of any moneys on deposit in the Administrative Expense Fund or the Rebate Fund shall be held in each such fund or account. Subject to the restrictions set forth in the Indenture, moneys in said funds and accounts may be from time to time invested by the Fiscal Agent at the written direction of an authorized representative of the District, or if no such written direction is given, in any manner the Fiscal Agent deems appropriate, in Authorized Investments so long as:

(a) Moneys in the Acquisition Fund shall be invested in obligations which will by their terms mature as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition Fund;

(b) Moneys in the Administrative Expense Fund shall be invested in obligations which will by their terms mature no later than the date on which moneys must be available to meet scheduled payments of Administrative Expenses;

(c) Moneys in the Bond Service Fund shall be invested only in obligations which will by their terms mature on such dates so as to ensure the payment of principal and interest on the Improvement Area C Bonds as the same become due; and

(d) Half of the moneys in the Reserve Fund may be invested in Authorized Investments which shall mature not more than two years from the date of purchase by the Treasurer and the balance shall be invested in Authorized Investments which shall mature not more than five years from the date of purchase by the Treasurer; provided no such investment shall mature later than the final maturity of the Improvement Area C Bonds; provided further, if such investments may be redeemed at par on the Business Day prior to each Interest Payment Date, any amount of the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity of the Improvement Area C Bonds.

Subject to the restrictions set forth in the Indenture relating to federal tax requirements, the Treasurer shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their original cost. Notwithstanding anything herein to the contrary, the Treasurer shall not be responsible for any loss from any investments authorized pursuant to the Indenture.

"Authorized Investments" means any legal investments of the District's funds, which presently include the following:

(1) Bonds issued by the County, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the County or by a department, board, agency or authority thereof;

(2) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the fill faith and credit of the United States are pledged for the payment of principal and interest;

(3) Registered warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the State or by a department, board, agency or authority thereof;

(4) Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority of the local agency;

(5) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise;

(6) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by the Federal Reserve System (purchases of bankers' acceptances may not exceed 180 days maturity);

(7) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P and Moody's (eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of $500,000,000, and having an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P and Moody's, and purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation);

(8) Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal association (as defined by section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank;

(9) Investments in repurchase agreements or reverse repurchase agreements of any securities enumerated above, if the Fiscal Agent shall have received a perfected security interest in such securities securing such repurchase agreement and the Fiscal Agent shall hold such obligations free and clear of the claims of third parties. The terms "repurchase agreement" and "counterparty" shall have the meanings provided in the Indenture;

(10) Medium-term notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (notes eligible for investment under this paragraph must be rated A/A or its equivalent by Moody's and S&P);

(11) Shares of beneficial interest issued by money market funds investing in the securities and obligations as authorized by paragraphs (1) to (10), inclusive, of this definition and which comply with the investment restrictions of Articles 1 and 2 of Chapter 4 of Title 5 of the California Government Code (commencing with Section 53630) (to be eligible for investment pursuant to this paragraph (11) these money market funds shall either: (i) attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or (ii) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations as authorized by paragraphs (1) to (10), inclusive, of this definition and with assets under management in excess of $500,000,000; the purchase price of shares of beneficial interest purchased pursuant to this paragraph (11) may not include any commission that these companies may charge);

(12) An Investment Agreement (as described in the Indenture);

(13) The Los Angeles County Treasury Pool; and

(14) Any legal investments of the District's funds authorized pursuant to Section 53601 of the California Government Code and consistent with the County of Los Angeles Investment Policy, including the County Investment Pool.

Covenants

The District has made the following covenants in the Indenture, among others:

(a) The District will duly and punctually pay or cause to be paid the principal of and interest on every Improvement Area C Bond issued under the Indenture to the extent Net Taxes are available therefor, in strict conformity with the terms of the Improvement Area C Bonds and the Indenture and will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture as it may be amended from time to time.

(b) Subject to the limitations on the rate of Special Taxes, the District shall levy or cause to be levied the Special Taxes in an amount anticipated to be sufficient (after taking into account anticipated delinquencies in the payment of Special Taxes), together with any moneys on deposit in the Special Tax Fund or the Bond Service Fund (and, with respect to the final Bond Year, in the Reserve Fund) and anticipated to be available in the next succeeding Bond Year, to pay principal of and interest on the Improvement Area C Bonds, Administrative Expenses and any amounts required to maintain the Reserve Fund at the Reserve Requirement.

(c) If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property to pay Special Taxes when due, the District shall commence and diligently prosecute to completion such foreclosure proceedings as may be necessary to restore the Reserve Fund balance to the Reserve Requirement.

(d) The District will keep proper books of records and accounts, separate from all other records and accounts of the County, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or the Bondowners of not less than 10% of the principal amount of the Improvement Area C Bonds then Outstanding or their representatives authorized in writing.

(e) In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Improvement Area C Bonds, the District covenants in the Indenture to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code in that the District agrees to comply with the Tax Certificate for each Series of Improvement Area C Bonds issued thereunder, as each such Tax Certificate may be amended from time to time, as a source of guidance for compliance with such provisions. The Fiscal Agent and the Paying Agent each agree to comply with any written instructions received from the District which the District indicates must be followed in order to comply with the Tax Certificate. The Indenture provides that the tax covenant shall survive the payment, redemption or defeasance of the Improvement Area C Bonds.

(f) The District covenants that it shall not initiate proceedings to reduce the maximum Special Tax rates for Improvement Area C, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in Improvement Area C as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment of Special Taxes then in effect for Improvement Area C) in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum on the estimated Administrative Expenses and debt service in that Bond Year on all Bonds to remain Outstanding after the reduction is approved, and (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds.

(g) The District covenants that in the event that any initiative is adopted by the qualified electors in Improvement Area C which purports to reduce the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

No Additional Bonds; Refunding Bonds

The District covenants not to issue any other bonds or any other evidence of indebtedness in addition to the Series 2012A Bonds payable from and secured by the proceeds of the Special Taxes, except for bonds issued to refund the Series 2012A Bonds in whole or in part in compliance with the Indenture.

Supplemental Indentures

The District, the Paying Agent and the Fiscal Agent may from time to time, and at any time, without notice to or consent of any of the Bondowners, enter into such Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Indenture (which Supplemental Indentures or agreements shall thereafter form a part of the Indenture) for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the Indenture or in any Supplemental Indenture, provided that such action shall not adversely affect the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) to authorize the issuance of additional Bonds, subject to the terms of the Indenture; and

(d) to modify, alter, amend or supplement the Indenture for any reason in any other respect which is not materially adverse to the interests of Bondowners.

Exclusive of the Supplemental Indentures referred to above, the Bondowners of not less than 60% in aggregate principal amount of the Improvement Area C Bonds then Outstanding shall have the right to consent to and approve the execution of such Supplemental Indentures as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture or agreement; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Improvement Area C Bond, (b) a reduction in the principal amount of, or redemption price of, any Improvement Area C Bond or the rate of interest thereon, (c) a preference or priority of any Improvement Area C Bond or Bonds over any other Improvement Area C Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Improvement Area C Bonds the Bondowners of which are required to consent to such Supplemental Indenture, without the consent of the Bondowners of all Improvement Area C Bonds then Outstanding. Nothing in the Indenture, however, shall be construed as making necessary the approval by Bondowners of the execution of any Supplemental Indentures or agreements.

Defeasance

The Indenture provides that if the District shall pay or cause to be paid, or there shall otherwise be paid, to the Bondowners of all Outstanding Improvement Area C Bonds the interest due thereon, the principal thereof, at the times and in the manner stipulated in the Bonds and in the Indenture, then the Bondowners shall cease to be entitled to the pledge of Net Taxes, and all covenants, agreements and other obligations of the District to the Bondowners under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied, except the District's obligations to comply with the tax covenants in the Indenture. In the event that all Outstanding Bonds are defeased in accordance with the Indenture, the Fiscal Agent and the Paying Agent, as appropriate, shall execute and deliver to the District such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent and the Paying Agent, as appropriate, shall pay over or deliver to the District all money or securities held by them pursuant to the Indenture which are not required for the payment of the interest due on and the principal of such Improvement Area C Bonds.

Improvement Area C Bonds for the payment of which money shall have been set aside (through deposit by the District or otherwise) to be held in trust by the Paying Agent for such payment at the maturity date thereof shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the above paragraph.

Any Outstanding Improvement Area C Bonds shall prior to the maturity date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section above if (a) there shall have been deposited with the Paying Agent either money in an amount which shall be sufficient, or Federal Securities (as defined below) the principal of and the interest on which when paid will provide money which, together with the money, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the interest due and to become due on such Improvement Area C Bonds on and prior to the maturity date thereof, the principal of such Improvement Area C Bonds and (b) the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Bondowners that the deposit required by (a) above has been made with the Paying Agent and that such Improvement Area C Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity date upon which money is to be available for the payment of the principal of such Improvement Area C Bonds. The sufficiency of any such deposit, other than money alone, must be verified by the report of an independent certified public accountant.

Neither Federal Securities nor money deposited with the Paying Agent pursuant to the Indenture nor interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Improvement Area C Bonds; provided that any cash received from such interest or principal payments on such Federal Securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of such Improvement Area C Bonds on and prior to such maturity thereof, and interest earned from such reinvestments shall be deposited in the Special Tax Fund. "Federal Securities" mean, subject to applicable law, United States Treasury Obligations - State and Local Government Series or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for corporations, federal land banks, federal intermediate credit banks, federal home loan banks, and the Federal Home Loan Bank Board. Such Federal Securities must not be subject to redemption prior to their maturity.

Events of Default and Remedies

The Indenture states that any one or more of the following events shall constitute an "Event of Default" thereunder:

(a) Default in the due and punctual payment of the principal of, or redemption premium, if any, on any Improvement Area C Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Improvement Area C Bond when and as the same shall become due and payable; or

(c) Default by the District in the observance of any of the agreements, conditions or covenants on its part in the Indenture or in the Improvement Area C Bonds contained (other than a payment default referred to in subparagraph (a) and (b) above), and the continuation of such default for a period of 60 days after the District shall have been given notice in writing of such default by the Fiscal Agent; provided that if within 60 days the District has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Following the occurrence of an event of default, the Indenture provides that any Bondowner shall have the right for the equal benefit and protection of all Bondowners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Bondowners as provided in the Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Bondowners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in the Indenture, or in the Improvement Area C Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Improvement Area C Bonds to the respective Bondowners thereof at the respective dates of maturity, as provided in the Indenture, out of the Net Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Bondowners to institute a suit to enforce such payment by virtue of the contract embodied in the Improvement Area C Bonds and in the Indenture.

Paying Agent and Fiscal Agent

Under the terms of the Indenture, the District has appointed the Treasurer as the Paying Agent and the Auditor as the Fiscal Agent. The Treasurer has contracted with U.S. Bank National Association, to act as agent for the Paying Agent. The Paying Agent is authorized under the Indenture to and shall distribute interest payments to the Bondowners, select Improvement Area C Bonds for redemption, give notice of redemption and meetings of Bondowners, and maintain the Bond register. The Paying Agent is authorized to pay the principal on the Improvement Area C Bonds when the same are duly presented to it for payment at maturity or on call and redemption, provide for the registration of transfer and exchange of Bonds presented to it for such purposes, provide for the cancellation of Improvement Area C Bonds, all as provided in the Indenture, and provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in the Indenture. The Paying Agent shall keep accurate records of all Improvement Area C Bonds paid and discharged by it.

The Fiscal Agent is authorized under the Indenture to and shall maintain and administer the funds and accounts established pursuant to the Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it.

The Paying Agent and Fiscal Agent initially appointed and any successor thereto may each be removed by the District and a successor or successors may be appointed. So long as any Improvement Area C Bonds are Outstanding and unpaid the Paying Agent, the Fiscal Agent and any successor or successors thereto designated by the District shall continue to be Paying Agent and Fiscal Agent, respectively, of the District for all of said purposes until the designation of a successor or successors.

CONCLUDING INFORMATION

No Rating

The District has not made, and does not contemplate making, application to any rating organization for a rating on the Series 2012A Bonds.

Underwriting

The Series 2012A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated dba "Stone & Youngberg, a division of Stifel Nicolaus" (the "Underwriter"). The Underwriter has agreed to purchase the Series 2012A Bonds at an aggregate purchase price of $7,253,648.70 (equal to the aggregate principal amount of the Series 2012A Bonds less a net original issue discount of $38,100.05 and less an Underwriter's discount of $53,251.25). The Underwriter may offer and sell the Series 2012A Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Certain Legal Matters

Legal matters incident to the issuance of the Series 2012A Bonds will be subject to the final approving opinion of Squire Sanders (US) LLP, Los Angeles, California, substantially in the form contained in Appendix B. Certain legal matters will be passed upon for the District by County Counsel of the County. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. The various legal opinions to be delivered concurrently with the delivery of the Series 2012A Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Tax Matters

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2012A Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2012A Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2012A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the District's certifications and representations or the continuing compliance with the District's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2012A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations ("Regulations") under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the District may cause loss of such status and result in the interest on the Series 2012A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012A Bonds. The District has covenanted to take the actions required of it for the interest on the Series 2012A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2012A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2012A Bonds or the market value of the Series 2012A Bonds.

A portion of the interest on the Series 2012A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2012A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2012A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2012A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2012A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2012A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2012A Bonds will not have an adverse effect on the tax status of interest on the Series 2012A Bonds or the market value or marketability of the Series 2012A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2012A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year 2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Series 2012A Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Series 2012A Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2012A Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2012A Bonds ends with the issuance of the Series 2012A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Series 2012A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2012A Bonds, under current IRS procedures, the IRS will treat the District as the taxpayer and the beneficial owners of the Series 2012A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2012A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2012A Bonds.

Original Issue Discount and Original Issue Premium. Certain of the Series 2012A Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2012A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2012A Bonds ("Premium Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, 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 that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Bonds or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

No Litigation

The District is not aware of any litigation pending or threatened concerning the validity of the Series 2012A Bonds, the formation of the District or contesting the authority of the District to levy and collect the Special Taxes or contesting the District's authority to issue the Series 2012A Bonds.

Judicial Validation

On June 19, 1989, the County filed an action in the Superior Court of the State of California in and for the County of Los Angeles (No. C728049) for the judicial examination, approval and confirmation of the validity of all proceedings and relating to the validity of the special tax to be levied within each improvement area within the District and the issuance of the bonds to finance public facilities in and for the improvement areas within the District secured by special taxes levied with each such improvement area, pursuant to California Code of Civil Procedure Sections 860 through 870 inclusive and the Act. On August 2, 1989, a judgment was rendered providing, among other things, (i) that the Court has examined and inquired into the proceedings relating to the validity of the issuance of bonds to finance public facilities in and for the improvement areas within the District and the levy of certain special taxes within each such improvement area, and approved and confirmed the validity of all such proceedings and (ii) that all conditions, things and acts required by law to exist, happen or be performed prior to the adoption of an ordinance authorizing the levy of the aforementioned special taxes, including the adoption of the resolutions and voter approval of the special taxes, have existed, happened and been performed in the time, form and manner required by law.

Pursuant to Code of Civil Procedure Section 870, defendants, and each of them, are permanently enjoined from instituting any action challenging the validity of the bonds and/or the aforementioned special taxes. Defendants, and each of them, are also permanently enjoined from bringing any action against the

County with regard to the District, the bonds, the special taxes and/or raising any issue as to which the judgment is binding and conclusive.

Miscellaneous

Bond Counsel and Underwriter's Counsel will receive compensation contingent upon the sale and closing of the Series 2012A Bonds.

All of the preceding summaries of the Indenture, other applicable legislation, agreements and documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Series 2012A Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The preparation and delivery of this Official Statement has been duly authorized by the Board, acting in its capacity as the legislative body of the District.

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX A

AMENDED AND RESTATED

Rate and Method of Apportionment of Special Tax
For County of Los Angeles
Community Facilities District No. 3

Improvement Area C

A special tax (the "Special Tax") applicable to each Assessor's parcel in Improvement Area C of Community Facilities District No. 3 ("CFD No. 3-C") shall be annually levied and collected according to the tax liability determined by the Board of Supervisors of the County of Los Angeles (the "Board") acting in its capacity as the legislative body of CFD No. 3-C through the application of the appropriate amount or rate for Taxable Property, as defined below. All of the property in CFD No. 3-C, unless exempted by law or by the provisions of Section IV below, shall be taxed for the .purposes, to the extent, and in the manner herein provided.

I. Category of Land Use Class.

On July 1 of each Fiscal Year, all Taxable Property within CFD No. 3-C shall be categorized either as Developed Property, Undeveloped Property, or Other Taxable Property and shall be subject to the Special Tax in accordance with the rates and the method of apportionment determined pursuant to Sections II and III below. Taxable Property is defined as all property located within the boundaries of CFD No. 3-C which is not exempt from the Special Tax pursuant to Section IV below. Fiscal Year means the period starting on July 1 and ending the following June 30.

Developed Property is defined as all Taxable Property in CFD No. 3-C for which a building permit has been issued as of May 1 of the preceding Fiscal Year; provided, however, that Developed Property shall not include Other Taxable Property. Developed Property that has been subdivided but for which such subdivision is not reflected on the Assessor's secured tax roll shall be treated as subdivided for purposes of the Special Tax (i.e., each lot of Taxable Property created by such subdivision shall be separately classified as Developed Property, Undeveloped Property, or Other Taxable Property.) Undeveloped Property is defined as all Taxable Property other than Developed Property and Other Taxable Property.

II. Maximum Special Tax Rates.

Maximum Special Tax means the maximum Special Tax, determined in accordance with this section that can be levied by the Board in any Fiscal Year on any Assessor's Parcel.

A. Developed Property.

For purposes of determining the applicable Maximum Special Tax, Developed Property shall be assigned to the Classes in Table A below based upon (i) the land use type (i.e. Single Family Detached, Single Family Attached, Apartments, or Commercial/Industrial) and (ii) in the case of Single Family Detached homes, the square footage of the dwelling unit to be constructed as set forth in the original building permit issued for such home, including options constructed by the builder. Square footage of the dwelling unit means the internal living space of each unit, exclusive of garages or other structures not used as living spaces.

Single Family Detached means any detached residential unit, including detached condominiums. Single Family Attached means any residential unit attached to one or more residential units, excluding Apartments. Apartment means a residential unit located in a building or buildings comprised of residential units available for rental, but not purchase, by the general public and under common management. Single Family Detached, Single Family Attached, and Apartment include all residential units for which a building permit has been issued (whether or not construction of the residential unit has been completed.) Commercial/Industrial property means all Developed Property not classified as Single Family Detached, Single Family Attached, or Apartments.

The Maximum Special Tax for an Assessor's parcel within CFD No. 3-C classified as Developed Property shall be the greater of the following:

i) The applicable Maximum Annual Tax Rate listed in Table A, or

ii) The Base Maximum Special Tax.

The amount of the Base Maximum Special Tax is $0.3526 per Usable Square Foot of an Assessor's parcel. The term Usable Square Foot(age) is defined as follows:

a) For Single Family Detached, the pad size of each Assessor's parcel, as depicted in the most recent tentative tract map on file with the County of Los Angeles Department of Regional Planning. If the final map is not in substantial conformance with the tentative map with respect to number and configuration of lots, Usable Square Footage shall be based on the pad size area shown on the most recently approved grading plan prior to recordation of the final subdivision map.

b) For Single Family Attached and Apartment, the total land area of the lot on which such unit is located as shown on the Assessor's parcel map of the Assessor of the County of Los Angeles. The Base Maximum Special Tax for each unit of Single Family Attached and Apartment shall be computed by dividing the aggregate Base Maximum Special Tax attributable to the lot on which such units are or are to be constructed (pursuant to the building permits issued for such units) by the number of units.

The Base Maximum Special Tax shall not apply to Developed Property classified as Commercial/Industrial.

Notwithstanding the preceding, for Developed Property in Classes 4 and 5, a portion of the acreage in each final subdivision shall be taxed as Undeveloped Property if building permits for all of the units shown in the applicable approved tentative tract map were not issued as of May 1 of the previous Fiscal Year. The acreage in to be taxed as Undeveloped Property shall equal the proportion of the units shown in the tentative tract map for a given lot for which building permits had not been issued by the previous May 1, multiplied by the total acreage for the lot on which such units are to be constructed.

TABLE A

Class	*Land Use Type*	*Maximum Annual Tax Rate**
1	Single Family Detached (Greater than 2,699 sq. ft.)	$2,562 per unit
2	Single Family Detached (2,400 - 2,699 sq. ft.)	$2,268 per unit
3	Single Family Detached (Less than 2,400 sq. ft.)	$2,117 per unit
4	Single Family Attached	$1,289 per unit
5	Apartment	$550 per unit
6	Commercial/Industrial	$15,360 per acre

* The Base Maximum Special Tax may exceed these levels. The Base Maximum Special Tax will exceed these levels if the Usable Square Footage is greater than 7,266 in Class 1, greater than 6,432 in Class 2, and greater than 6,003 in Class 3.

The Base Maximum Special Tax would also apply to Classes 4 and 5 if densities are less than 12 units per acre for Class 4 and 28 units per acre for Class 5.

B. Undeveloped Property and Other Taxable Property.

The Maximum Special Tax for Undeveloped Property and Other Taxable Property in CFD No. 3-C shall be 520,315 per acre.

III. Method of Apportionment of Special Tax.

Each Fiscal Year, the Board shall determine the amounts of Special Taxes to be collected from Taxable Property in CFD No. 3-C. Such amounts shall include all sums necessary to pay for the construction or acquisition of public facilities to be provided for CFD No. 3-C, to pay debt service on indebtedness of CFD No. 3-C, to create or replenish reserve funds determined necessary by CFD No. 3-C for existing or future bonded indebtedness, to account for any reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal. Year or otherwise reasonably expected, and to pay administrative expenses of CFD No. 3-C (together the "CFD No. 3-C Obligations".) The Board shall levy the Special Taxes, as follows, until the amount of the levy equals the amount necessary to fund CFD No. 3-C Obligations:.

First: The Special Taxes shall be levied on the Developed Property within CFD No. 3-C up to 87% of the Maximum Annual Tax Rates listed in Table A.

Second: If additional revenue is required to fund the CFD No. 3-C Obligations after the first step is completed, then the Special Tax shall be levied up to 100% of the applicable Maximum Special Tax on each acre, or portion thereof, of Undeveloped Property in CFD No. 3-C.

Third: If additional revenue is needed to fund CFD No. 3-C Obligations after the first two steps are completed, then the levy of the Special Tax on Developed Property shall be increased in equal percentages for each Class listed in Table A, up to 100% of the Maximum Annual Tax Rates listed in Table A.

Fourth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first three steps are completed, then the Special Tax shall be levied proportionately on each Assessor's parcel of

Developed Property for which the Base Maximum Special Tax is greater than the Maximum Annual Tax Rate specified in Table A, in an amount no greater than the difference between the Base Maximum Special Tax and the Maximum Annual Tax Rate for such parcel as shown in Table A.

Fifth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first four steps have been completed, then the Special Tax shall be levied proportionately up to 100% of the applicable Maximum Special Tax, or portion thereof, on each acre of Other Taxable Property.

IV. Exemptions.

The Board shall not impose any Special Tax on up to 38.98 acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned, by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed. Any such ownership, conveyance, or irrevocable offer must be established as of the May 1 of the preceding Fiscal Year. Notwithstanding, no Single Family Detached, Single Family Attached, or Apartment property shall be exempt from the Special Tax. Furthermore, if a public agency owns any property and then proceeds to grant a leasehold or other possessory interest which is subject to the Special Tax pursuant to Section 53340.1 of the Mello-Roos Community Facilities Act of 1982; as amended, of the Government Code of the State of California (the "Act"), the Special Tax shall, notwithstanding Section 53340 of the Act, be levied on the leasehold or possessory interest and shall be payable by the holder of the leasehold or possessory interest. Property exempt from the Special Tax is as follows:

- 8.42 acres for a public school site,
- 5.02 acres for a public park,
- 0.48 acres of property restricted in use as open space and owned by a public agency,
- 22.28 acres of property restricted in use as a detention basin and/or flood control channel and owned by a public agency, and
- 2.78 acres of additional property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; or property owned by a homeowner's association on which no residential units are or will be constructed.

If the total number of acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed exceeds 38.98 acres, then the acres exceeding such total shall be classified as Other Taxable Property and shall be taxed as set forth in Sections II and HI above.

V. Term of Special Tax.

The Special Tax shall be levied as necessary, but in no circumstances shall it be levied more than four years after the final maturity of the bonds.

VI. Appeals.

Any land owner or resident who feels that the amount of the Special Tax is in error may file a notice with CFD No. 3-C appealing the levy of the Special Tax. A representative of CFD No. 3-C will then review the appeal and, if necessary, meet with the applicant. If the findings of the CFD No. 3-C representative verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

VII. Interpretation of Rate and Method of Apportionment.

Interpretations may be made by the Board by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, tax rate, method of apportionment or definition applicable to this Rate and Method of Apportionment of Special Tax.

VIII. Manner of Collection.

The Special Taxes for CFD No. 3-C will be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 3-C may collect Special Taxes at a different time or in a different manner if necessary to meet the CFD No. 3-C Obligations.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX B

FORM OF APPROVING OPINION OF BOND COUNSEL

October 11, 2012

To: Board of Supervisors
County of Los Angeles, acting as the
Legislative Body of Community Facilities District No. 3 of the County of Los Angeles
Los Angeles, California

Re: Community Facilities District No. 3 (Valencia/Newhall Area)
of the County of Los Angeles
Improvement Area C Special Tax Refunding Bonds, Series 2012A

We have acted as bond counsel to the Board of Supervisors (the "Board") of the County of Los Angeles (the "County"), acting as the legislative body of Community Facilities District No. 3 of the County of Los Angeles (the "District"), in connection with the issuance by the District of $7,345,000 aggregate principal amount of Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles Improvement Area C Special Tax Refunding Bonds Series 2012A (the "Bonds"), pursuant to and by authority of the provisions of the Mello-Roos Community Facilities Act of 1982 (being Section 53311 *et seq.* of the Government Code of the State of California, as amended) and Article 11 (commencing with Section 53580 of the Government Code of the State of California (collectively, the "Bond Law"), and pursuant to the Indenture, dated as of May 1, 2003 (the "2003 Indenture"), executed by the District, acting through the Board as the legislative body, the Treasurer and Tax Collector of the County, as paying agent, and the Auditor-Controller of the County, as fiscal agent, and the First Supplemental Indenture, dated as of October 1, 2012 (the "First Supplemental Indenture" and together with the 2003 Indenture, the "Indenture"), executed by the District, acting through the Board as the legislative body, the Treasurer and Tax Collector of the County, as paying agent, and the Auditor-Controller of the County, as fiscal agent. Capitalized terms used herein and not otherwise defined shall have the meanings given thereto in the Indenture.

The District authorized the issuance of the Bonds in Resolution No. 12-4288, adopted by the Board on September 18, 2012, and signed by the Executive Officer-Clerk of the Board of Supervisors of the County on September 18, 2012 (the "Resolution").

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

1. The Bonds constitute the valid and binding special tax obligations of the District, payable solely from Net Taxes (as that term is defined in the Indenture) levied in Improvement Area C relating to the Bonds, and certain funds held under the Indenture to the extent specified in the Indenture.

2. The Indenture has been duly and lawfully adopted, executed and delivered by, and constitutes the valid and binding obligation of, the District.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds is also exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Bonds.

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

In rendering those opinions with respect to the treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the District. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles (the "District") in connection with the $7,345,000 Improvement Area C Special Tax Refunding Bonds, Series 2012A (the "Bonds"). The Bonds are being issued pursuant to an Indenture (the "Original Indenture") dated as of May 1, 2003 by and among the District acting through the Board of Supervisors of the County, the Treasurer and Tax Collector of the County, as Paying Agent (the "Paying Agent"), and the Auditor-Controller of the County, as Fiscal Agent (the "Fiscal Agent"), as amended and supplemented by a First Supplemental Indenture, dated as of October 1, 2012 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"). The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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. The term "Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term "Beneficial Owner" means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

Fiscal Year. The term "Fiscal Year" means the one-year period ending on the last day of June of each year.

Holder. The term "Holder" means a registered owner of the Bonds.

Listed Events. The term "Listed Events" means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term "Official Statement" means the Official Statement dated September 27, 2012 delivered in connection with the issuance of the Bonds.

Participating Underwriter. The term "Participating Underwriter" means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than February 1 following the end of its Fiscal Year (commencing with Fiscal Year 2013) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in substantially the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the County for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed 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 filed in the same manner as the Annual Report when they become available;

(b) Principal amount of the Bonds outstanding and principal amount of Bonds authorized for the Improvement Area;

(c) Balance in Reserve Fund and a statement of the Reserve Requirement;

(d) Balance in other funds and accounts of the District related to the Bonds;

(e) Total assessed value of all parcels subject to the Improvement Area C Special Tax;

(f) Delinquency information on all parcels within Improvement Area C, including the Special Tax levied, the number of parcels subject to the levy and the delinquency rate;

(g) Status of special tax foreclosure proceedings and summary of results of foreclosure sales, if available; and

(h) Identity of any delinquent taxpayer (by specific title holder and excluding related entities) representing in the aggregate more than 5% of the Improvement Area C special tax levy).

(i) A land ownership summary listing ownerships from records of the County Assessor responsible for more than 5% of the Improvement Area C Special Tax Levy for the current fiscal year, percentage of levy and whether land is categorized as "Developed Property" or as "Undeveloped Property" pursuant to the Amended and Restated Rate and Method of Apportionment of Special Tax of the District for Improvement Area C.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or the County or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

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

6. tender offers;

7. defeasances;

8. ratings changes; and

9. bankruptcy, insolvency, receivership or similar proceedings.

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

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. modifications to the rights of Bondholders;

3. optional, unscheduled or contingent Bond calls;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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; and

7. appointment of a successor or additional paying agent or fiscal agent or the change of the name of a paying agent or fiscal agent.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District'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 District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount 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 District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 11, 2012

COMMUNITY FACILITIES DISTRICT NO. 3 (VALENCIA/NEWHALL AREA) OF THE COUNTY OF LOS ANGELES

By: ______________________________

Mark J. Saladino
Treasurer and Tax Collector of the
County of Los Angeles

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles
Name of Bond Issue:	Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles Improvement Area C Special Tax Refunding Bonds Series 2012A
Date of Issuance:	October 11, 2012

NOTICE IS HEREBY GIVEN that Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of _________, 2012. [The Issuer anticipates that the Annual Report will be filed by ________.]

Dated: ______________

_________________________________,
as Dissemination Agent

cc: County of Los Angeles

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2012A Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the Series 2012A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2012A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2012A Bonds. The Series 2012A Bonds will be executed and delivered 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 bond will be executed and delivered for each annual maturity of the Series 2012A Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC 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.

Purchases of Series 2012A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012A Bonds, except in the event that use of the book-entry system for the Series 2012A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012A Bond documents. For example, Beneficial Owners of Series 2012A Bonds may wish to ascertain that the nominee holding the Series 2012A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012A Bonds within 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2012A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2012A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Series 2012A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2012A Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2012A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2012A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2012A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2012A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2012A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Series 2012A Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2012A Bonds will be printed and delivered to DTC.

THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2012A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION

OF THE SERIES 2012A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX E

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF LOS ANGELES

The following information concerning Community Facilities District No. 3 (the "District") and the County of Los Angeles (the "County") and the State of California (the "State") is included only for the purpose of supplying general background information regarding the community

General Description

The District is located in the northern portion of the County of Los Angeles, California (the "County"). Improvement Area C consists of a portion of the master planned community known as "Stevenson Ranch."

Stevenson Ranch is an affluent census-designated community in the County. The community is located in the Santa Clarita Valley. Often incorrectly referred to as part of the City of Santa Clarita, the community does not actually fall within the Santa Clarita city limits, and is instead in an unincorporated area. Stevenson Ranch encompasses about 6.4 square miles (17 km2). About 1,000 acres (4.0 km2) are set aside as parks, recreation areas and open space. Stevenson Ranch is set in the foothills of the Santa Susana Mountains and lies west of Interstate 5. This area backs up to the historic, oil-mining town of Mentryville, founded in 1875. A master planned community, it was approved by the county in 1987. The population was 17,557 at the 2010 census.

The County encompasses an area of approximately 4,081 miles in southwestern California. The 88 cities within the County encompass about 35% of the County, while more than 65% of the County remains unincorporated. The County has the largest population of any county in the nation with more than 10 million inhabitants as of 2012, nearly twice as many as the next largest county. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County, and on the west by Ventura County and the Pacific Ocean.

Population

The population of the County and the State is shown below for calendar years 2008 through 2012.

County of Los Angeles and State of California
Population Estimates

Year	*County of Los Angeles*	*State of California*
2008	9,785,474	36,704,375
2009	9,801,096	36,966,713
2010	9,822,121	37,223,900
2011[(1)]	9,847,712	37,253,956
2012[(1)]	9,884,632	37,678,563

[(1)] Based on 2010 Census results. Data from prior years has not been updated to reflect the 2010 Census results and is NOT consistent nor comparable with data released in May 2011.
Source: *California Department of Finance, Demographic Research Unit.*

Employment

The following table sets forth the recent civilian labor force, employment and unemployment figures for the County.

LOS ANGELES COUNTY
Civilian Labor Force, Employment and Unemployment
Annual Averages
2007-2011

	2007	2008	2009	2010	2011
Civilian Labor Force	4,872,500	4,934,800	4,904,300	4,910,500	4,924,400
Employment	4,625,600	4,565,500	4,335,200	4,291,400	4,318,900
Unemployment	246,900	369,300	569,000	619,100	605,500
Unemployment Rate	5.1%	7.5%	11.6%	12.6%	12.3%

Source: *State of California Employment Development Department.*

Industry

The District and Stevenson Ranch are included in the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area. The distribution of employment in the Los Angeles-Long Beach-Glendale area is presented in the following table for calendar years 2007 through 2011. These figures are multi-county-wide statistics and may not necessarily accurately reflect employment trends within the District or Stevenson Ranch.

INDUSTRY BY EMPLOYMENT
Los Angeles-Long Beach-Glendale Metropolitan Statistical Area
2007-2011

	2007	2008	2009	2010	2011
Total Farm	7,500	6,900	6,200	6,200	5,500
Mining and Logging	4,400	4,400	4,100	4,100	4,000
Construction	157,600	145,200	117,300	104,500	103,500
Manufacturing:					
Durable Goods	250,900	243,200	217,500	207,000	202,800
Nondurable Goods	198,300	191,200	171,600	166,200	162,600
Service Providing:					
Wholesale Trade	227,000	223,700	204,500	203,300	207,200
Retail Trade	426,000	416,500	387,000	386,000	390,900
Transportation, Warehousing & Utilities	165,600	163,100	151,200	150,600	149,900
Information	209,800	210,300	191,200	191,500	195,600
Financial Activities	243,800	233,300	216,000	209,500	209,400
Professional & Business Services	605,400	582,600	529,800	527,500	540,400
Education & Health Services	492,700	505,800	514,600	522,000	534,800
Leisure & Hospitality	397,900	401,600	385,600	384,800	392,800
Other Services	147,100	146,100	137,900	136,700	135,000
Government	595,700	603,700	595,800	576,600	565,200
Total (all industries)	4,129,600	4,077,600	3,830,300	3,779,300	3,799,600

Source: *State of California Employment Development Department.*

Largest Employers

The table below lists the twenty largest private employers in the Los Angeles County Area.

LARGEST PRIVATE-SECTOR EMPLOYERS
Los Angeles County
2011

Rank	Company	Los Angeles County Employees	Description
1.	Kaiser Permanente	33,600	Non-profit health plan
2.	Northrop Grumman Corp.	21,000	Defense contractor
3.	University of Southern California	16,180	Private university
4.	Target Corp.	15,000	Retailer
5.	Ralphs/Food 4 Less (Division of Kroger Co.)	13,500	Grocery retailer
6.	Cedars-Sinai Medical Center	12,068	Medical center
7.	Bank of America Corp.	12,000	Banking and financial services
8.	Boeing Co.	11,520	Integrated aerospace and defense systems
9.	Providence Health & Services Southern California	10,616	Medical centers
10.	The Home Depot	10,250	Home improvement specialty retailer
11.	Vons	10,152	Grocery retailer
12.	Wells Fargo	9,723	Diversified financial services
13.	Edison International	9,171	Electric utility
14.	AT&T Inc.	8,500	Telecommunications
15.	California Institute of Technology	8,400	Private university, operator of Jet Propulsion Laboratory
16.	ABM Industries Inc.	8,300	Facility services, janitorial, parking, security, engineering and lighting
17.	FedEx Corp.	8,000	Shipping and logistics
18.	Catholic Healthcare West	7,192	Hospitals
19.	JP Morgan Chase	6,500	Banking and financial services
20.	Amgen Inc.	6,200	Biotechnology

Source: *Los Angeles Business Journal*, September 2011.

Personal Income

The following table summarizes per capita personal income for the County, the State of California and the United States for 2000 to 2011.

PER CAPITA PERSONAL INCOME
Los Angeles County, State of California, and United States of America
2000-2011

Year	Los Angeles County	State of California	United States of America
2000	$29,878	$33,404	$30,318
2001	31,523	33,896	31,145
2002	32,080	34,049	31,462
2003	32,995	34,975	32,271
2004	34,534	36,887	33,881
2005	36,498	38,767	35,424
2006	39,610	41,567	37,698
2007	41,273	43,240	39,461
2008	42,881	43,853	40,674
2009	40,356	42,395	39,635
2010	41,791	42,514	39,937
2011	--	44,481	41,663

Note: Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in current dollars (not adjusted for inflation).
Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Commercial Activity

Summaries of historic taxable sales within the County is shown in the following table.

TAXABLE SALES
County of Los Angeles
2007-2011[1]
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2007	142,380	96,095,711	290,344	137,820,418
2008	146,999	89,810,309	289,802	131,881,744
2009	175,461	78,444,115	264,928	112,744,722
2010	182,491	82,175,416	271,293	116,942,334
2011[1]	177,900	20,705,740	264,818	29,260,271

Source: *"Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.*
[1] Through First Quarter 2011.

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