

In the opinion of Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the 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 Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$94,315,000

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY

Refunding Revenue Bonds Series 2007A

(Los Angeles County Regional Park and Open Space District)

Dated: Date of Delivery

Due: October 1, as shown on the inside cover page

The Series 2007A Authority Bonds are being issued by the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity organized under the laws of the State of California (the "Authority"), pursuant to an Authority Master Indenture of Trust (the "Master Indenture") dated as of November 1, 1997 and an Authority Third Supplemental Indenture of Trust dated as of July 1, 2007 (the "Third Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each by and between the Authority and the Auditor-Controller of the County of Los Angeles, as fiscal agent (the "Fiscal Agent"). The proceeds of the Series 2007A Authority Bonds will be used together with other moneys of the Los Angeles County Regional Park and Open Space District (the "District"): (i) to pay and redeem all of the Authority's outstanding Revenue Bonds, Series 1997A (Los Angeles County Regional Park and Open Space District) (the "Series 1997A Authority Bonds"), (ii) to fund the 2007A Reserve Account, and (iii) to pay for costs of issuance incurred in connection with the issuance of the Series 2007A Authority Bonds and the Series 2007A District Bonds (as defined below). See "PLAN OF REFUNDING," "THE SERIES 2007A AUTHORITY BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS." The District shall levy and collect annual assessments on the approximately 2.2 million parcels within its boundaries, which are coterminous with the boundaries of the County of Los Angeles (the "County"), in an amount sufficient to provide for the debt service payments on the Series 2007A Authority Bonds, subject to a maximum annual assessment. See "SECURITY FOR THE SERIES 2007A AUTHORITY BONDS," Appendix A — "THE DISTRICT — Rate and Method of Assessment" and "— Excerpts of Engineer's Report," and Appendix C — "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS."

The Series 2007A Authority Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2007A Authority Bonds are being sold on a forward delivery basis, and, when sold and delivered, will be delivered in fully registered form only, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2007A Authority Bonds. Ownership interests in the Series 2007A Authority Bonds may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2007A Authority Bonds will be paid by U.S. Bank National Association, as paying agent (the "Paying Agent"), to DTC or its nominee, which will in turn remit such payment to its Participants for subsequent disbursement to the beneficial owners of interests in the Series 2007A Authority Bonds. See Appendix F — "BOOK-ENTRY-ONLY SYSTEM." Interest on the Series 2007A Authority Bonds is payable on April 1 and October 1 of each year, commencing on October 1, 2007. See "THE SERIES 2007A AUTHORITY BONDS."

The Series 2007A Authority Bonds are not subject to redemption prior to their stated maturities. See "THE SERIES 2007A AUTHORITY BONDS — Redemption."

THE SERIES 2007A AUTHORITY BONDS ARE SPECIAL, LIMITED OBLIGATIONS PAYABLE SOLELY FROM CERTAIN PAYMENTS RECEIVED BY THE AUTHORITY FROM THE DISTRICT, WHICH INCLUDE PLEDGED ASSESSMENTS. NEITHER THE SERIES 2007A AUTHORITY BONDS NOR THE OBLIGATION OF THE DISTRICT TO MAKE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE COUNTY, THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY. THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST ON THE SERIES 2007A AUTHORITY BONDS DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a Bond Insurance Policy to be issued concurrently with the delivery of the Bonds by MBIA Insurance Corporation. See "BOND INSURANCE" herein and Appendix G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.



This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision giving particular attention to the matters discussed under "CERTAIN FORWARD DELIVERY CONSIDERATIONS."

The Series 2007A Authority Bonds will be offered when, as and if issued, and received by the Underwriters, subject to the approval as to their legality by Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Authority and the District by the Los Angeles County Counsel. It is anticipated that the Series 2007A Authority Bonds will be available for delivery through the facilities of DTC in New York, New York on or about July 5, 2007.

UBS Investment Bank

Banc of America Securities LLC

\$94,315,000
Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds Series 2007A
(Los Angeles County Regional Park and Open Space District)

MATURITY SCHEDULE

Maturity Date (Oct. 1)	Amount	Interest Rate	Yield	CUSIP†	Maturity Date (Oct. 1)	Amount	Interest Rate	Yield	CUSIP†
2007	\$2,035,000	5.00%	3.52%	544738JK4	2014	\$10,640,000	5.00%	3.68%	544738JS7
2008	7,930,000	5.00	3.56	544738JL2	2015	11,170,000	5.00	3.74	544738JT5
2009	8,330,000	5.00	3.57	544738JM0	2016	3,845,000	5.00	3.82	544738JU2
2010	8,740,000	5.00	3.58	544738JN8	2017	4,035,000	5.00	3.86	544738JV0
2011	9,175,000	5.00	3.59	544738JP3	2018	4,235,000	5.00	3.90	544738JW8
2012	9,625,000	5.00	3.61	544738JQ1	2019	4,440,000	5.00	3.94	544738JX6
2013	10,115,000	5.00	3.64	544738JR9					

† CUSIP data, copyright 2007, American Bankers Association. CUSIP data herein are set forth for convenience of reference only. The District and the Authority assume no responsibility for the accuracy of such data.

**Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds Series 2007A
(Los Angeles County Regional Park and Open Space District)**

Board of Supervisors

Zev Yaroslavsky
Third District, Chairman

Gloria Molina
First District

Yvonne B. Burke
Second District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
*Executive Officer-Clerk
Board of Supervisors*

County Officials

David E. Janssen
Chief Administrative Officer

Raymond G. Fortner, Jr.
County Counsel

J. Tyler McCauley
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

Los Angeles County Regional Park and Open Space District Official

Russ Guiney
Director, Department of Parks and Recreation

Fiscal Agent

Auditor-Controller of the County of Los Angeles

Paying Agent

U.S. Bank National Association

Financial Advisor

Public Resources Advisory Group

Bond Counsel

Squire, Sanders & Dempsey L.L.P.

Verification Agent

Causey Demgen & Moore Inc.

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No dealer, broker, salesperson or other person has been authorized by the Authority, the County, the District or the Underwriters to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the District, the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2007A Authority 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 of the Series 2007A Authority 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 facts.

The information set forth in this Official Statement has been obtained from official sources and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. 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 Authority, the District or the County since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2007A Authority Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007A AUTHORITY BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2007A AUTHORITY BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

Other than with respect to information concerning MBIA Insurance Corporation (the “Bond Insurer”) contained under the caption “BOND INSURANCE” and Appendix G — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” herein, none of the information in this Official Statement has been supplied or verified by the Bond Insurer and the Bond Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2007A Authority Bonds; or (iii) the tax exempt status of the interest on the Series 2007A Authority Bonds.

**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS
IN THIS OFFICIAL STATEMENT**

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 “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in Appendix A—“THE DISTRICT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES 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 AND THE AUTHORITY ARE NOT OBLIGATED TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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\$94,315,000
Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds Series 2007A
(Los Angeles County Regional Park and Open Space District)

INTRODUCTION

The following introduction presents a brief description of certain information in connection with the Series 2007A Authority Bonds and is qualified in its entirety by reference to the entire Official Statement and the documents summarized or described herein. References to, and summaries of, provisions of the Constitution and the laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. Capitalized terms used in this Official Statement and not defined elsewhere herein have the meanings given such terms under the applicable indenture. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS - DEFINITIONS OF CERTAIN TERMS.”

General Description

This Official Statement, including the cover page, the inside cover page and attached Appendices (the “Official Statement”), provides certain information concerning the issuance by the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity organized under the laws of the State of California (the “Authority”) of its Refunding Revenue Bonds, Series 2007A (Los Angeles County Regional Park and Open Space District) (the “Series 2007A Authority Bonds”) in the aggregate principal amount of \$94,315,000. The Series 2007A Authority Bonds will be issued and delivered pursuant to an Authority Master Indenture of Trust dated as of November 1, 1997, as amended (the “Master Indenture”) and an Authority Third Supplemental Indenture of Trust dated as of July 1, 2007 (the “Third Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each by and between the Authority and the Auditor-Controller of the County of Los Angeles, as fiscal agent (the “Fiscal Agent”).

The proceeds of the Series 2007A Authority Bonds will be used together with other moneys of the Los Angeles County Regional Park and Open Space District (the “District”): (i) to pay and redeem all of the Authority’s outstanding Revenue Bonds, Series 1997A (Los Angeles County Regional Park and Open Space District) (the “Series 1997A Authority Bonds”) originally issued pursuant to the Master Indenture and a First Supplemental Indenture of Trust, dated as of November 1, 1997 (the “Prior Indenture”), (ii) to fund the 2007A Reserve Account, and (iii) pay for costs of issuance incurred in connection with the issuance of the Series 2007A Authority Bonds and the Series 2007A District Bonds (as defined below). See “PLAN OF REFUNDING,” “THE SERIES 2007A AUTHORITY BONDS” and “ESTIMATED SOURCES AND USES OF FUNDS.”

It is anticipated that the Series 2007A Authority Bonds will not be issued and delivered until July 5, 2007. See “CERTAIN FORWARD DELIVERY CONSIDERATIONS.”

General Terms of the Series 2007A Authority Bonds

The Series 2007A Authority Bonds will mature on the dates and in the principal amounts as set forth on the inside cover page of this Official Statement. Interest on the Series 2007A Authority Bonds is payable on April 1 and October 1, commencing on October 1, 2007, computed at the rates set forth on the inside cover page of this Official Statement on the basis of a 360-day year comprised of twelve 30-day months, until the maturity thereof (the “Interest Payment Dates”). The Series 2007A Authority Bonds

will be issuable in denominations of \$5,000 or any integral multiple thereof. The Series 2007A Authority Bonds are subject to redemption prior to maturity. See “THE SERIES 2007A AUTHORITY BONDS.”

Bond Insurance

The scheduled payment of principal of and interest on the Series 2007A Authority Bonds will be guaranteed under an insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the Series 2007A Bonds by MBIA Insurance Corporation. See “BOND INSURANCE” and “Appendix G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” See also “CERTAIN FORWARD DELIVERY CONSIDERATIONS—Bond Insurance Policy.”

Book-Entry Only

The Series 2007A Authority Bonds will be issued in fully registered form only and, when issued 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 the depository of the Series 2007A Authority Bonds and all payments due on the Series 2007A Authority Bonds will be made to DTC or its nominee. Ownership interests in the Series 2007A Authority Bonds may be purchased in book-entry form only. See Appendix F — “BOOK-ENTRY-ONLY SYSTEM.”

Source of Payment for the Series 2007A Authority Bonds and the Series 2007A District Bonds

The Series 2007A Authority Bonds are payable from and secured by, among other moneys, certain payments received by the Authority from the District, which include Pledged Assessments (as defined below) payable with respect to the \$94,315,000 aggregate principal amount of Los Angeles County Regional Park and Open Space District Limited Obligation Improvement Bonds, Series 2007A (the “Series 2007A District Bonds”) which are being purchased by the Authority simultaneously with the delivery of its Series 2007A Authority Bonds. See “SECURITY FOR THE SERIES 2007A AUTHORITY BONDS.”

The Authority has previously issued its Refunding Revenue Bonds Series, 2005A (Los Angeles County Regional Park and Open Space District) (the “Series 2005A Authority Bonds”). See “— Existing Parity Obligations” below. The Series 2007A Authority Bonds, the Series 2005A Authority Bonds, and any additional bonds which may be issued under the Master Indenture are collectively referred to herein as the “Authority Bonds.”

The District’s boundaries are coterminous with the boundaries of the County of Los Angeles (the “County”), encompassing 4,083 square miles and containing approximately 2.2 million parcels. The District was formed and the levy of the maximum annual initial assessment within the District was established at \$9.39 per benefit point (the “Initial Assessment”) pursuant to an official act of the County Board of Supervisors as set forth in its Order of March 17, 1992 (the “1992 Order”). The Initial Assessment was approved by 63.9% of voters within the County voting on the matter on November 3, 1992. The 1992 Order was amended by a resolution of the County Board of Supervisors adopted on June 18, 1996 (the “Resolution”) to establish the levy of an additional maximum annual assessment at \$5.07 per benefit point (the “Additional Assessment” and, together with the Initial Assessment, the “Assessment”). The Additional Assessment was approved by 65.1% of voters within the County voting on the matter on November 5, 1996. The 1992 Order, as amended by the Resolution (the “Order”) provides that a minimum of 80% (but not more than 85%) of all proceeds of annual Assessments collected by the District shall be used for capital outlay projects, including, but not limited to, the acquisition and improvement of real property and the servicing of bonds, notes or other evidences of indebtedness issued by the District. Pursuant to the Order, the Initial Assessment and the Additional

Assessment shall be levied for a period of twenty-two (22) years beginning with the fiscal year in which such assessment was first levied and collected by the District, subject to a maximum annual assessment. See “SECURITY FOR THE SERIES 2007A AUTHORITY BONDS,” and Appendix A — “THE DISTRICT — Rate and Method of Assessment” and “— Excerpts of Engineer’s Report.”

Under the provisions of the District Master Indenture of Trust, dated as of November 1, 1997, as amended (the “District Master Indenture”), a District Second Supplemental Indenture of Trust, dated as of February 1, 2005 (the “District Second Supplemental Indenture”) and a District Third Supplemental Indenture of Trust, dated as of July 1, 2007 (the “District Third Supplemental Indenture” and, together with the District Master Indenture and the District Second Supplemental Indenture, the “District Indenture”), each by and between the District and the Fiscal Agent, all Assessments and the proceeds of any foreclosure proceedings attributable thereto, less the amounts deducted and set aside for service, maintenance and administrative expenses in accordance with the Order (the “Pledged Assessments”), are pledged to payment of principal of, premium, if any, and interest on the Series 2007A District Bonds, the Los Angeles County Regional Park and Open Space District Limited Obligation Improvement Bonds, Series 2005A (the “Series 2005A District Bonds”), and any additional bonds which may be issued under the District Master Indenture (the Series 2007A District Bonds together with the Series 2005A District Bonds, are referred to herein as the “District Bonds”). Pursuant to applicable law and the Order, the annual Assessments shall include an amount sufficient to provide for annual debt service on the Series 2005A Authority Bonds and the Series 2007A Authority Bonds, subject to a maximum annual assessment, and shall be included on the regular County tax bills for parcels of property against which there are assessments. See “SECURITY FOR THE SERIES 2007A AUTHORITY BONDS,” Appendix A — “THE DISTRICT — Rate and Method of Assessment” and “— Excerpts of Engineer’s Report” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — The District Master Indenture.” Under the District Master Indenture, the District covenants that, unless otherwise required by applicable law, the District shall not take, or cause to be taken, any action that will result in the reduction of the amount of the levy of Pledged Assessments with respect to any Fiscal Year below an aggregate amount equal to 1.15 times the Maximum Annual Debt Service on all Outstanding District Bonds and any District Bonds that the District reasonably expects to be issued during the then-present Fiscal Year. See Appendix A — “THE DISTRICT” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE.”

The proceeds of any additional Authority Bonds hereafter issued will be applied to purchase additional District Bonds hereafter issued by the District in accordance with the Order and under and pursuant to the District Indenture. The District Bonds, including the Series 2007A District Bonds, are secured on a parity basis by a first lien and charge on and pledge of Pledged Assessments. Additional series of Authority Bonds may be issued under and pursuant to the provisions of the Master Indenture as is deemed appropriate by the Authority and the District to provide funds, through the purchase of additional District Bonds, to assist the District to finance capital outlay projects of the District, including, but not limited to, the acquisition and improvement of real property and the servicing of bonds, notes or other evidences of indebtedness issued by the District. The Series 2007A Authority Bonds, the Series 2005A Authority Bonds and such additional Authority Bonds issued from time to time in accordance with the Master Indenture and any supplemental indenture shall have an equal lien and charge upon the Pledged Revenues. See “SECURITY FOR THE SERIES 2007A AUTHORITY BONDS — Additional Bonds” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS - THE AUTHORITY MASTER INDENTURE.”

Reserve Account

A reserve account (the “2007A Reserve Account”) will be established within the Los Angeles County Regional Park and Open Space District Limited Obligation Improvement Bonds Reserve Fund (the “Reserve Fund”) held under the District Indenture in order to secure the payment of principal of and interest on the District Bonds. The Reserve Fund will be funded to equal the Reserve Requirement which is defined as an amount equal, as of any date of calculation, to the least of (i) 10% of the original principal amount of the District Bonds, (ii) 125% of the average amount of principal and interest becoming due and payable on the District Bonds during each full Fiscal Year after the date of calculation, or (iii) the greatest amount of principal and interest becoming due and payable on all District Bonds in any six calendar month period after the date of calculation. The initial deposit to the 2007A Reserve Account will be made from the transfer of amounts previously on deposit in the 1997A Reserve Account. See “ESTIMATED SOURCES AND USES OF FUNDS.” If on any interest payment date for the Series 2007A District Bonds the amounts on deposit under the District Indenture to pay the principal of and interest due on the Series 2007A District Bonds are insufficient therefor, amounts in the 2007A Reserve Account shall be applied to make up such deficiencies. Deposits are required to be made to the 2007A Reserve Account to restore any deficiency therein from Pledged Assessments and Investment Earnings to the extent required under the District Indenture. See “SECURITY FOR THE SERIES 2007A AUTHORITY BONDS — Reserve Account” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE — District Pledged Revenues and Funds — Reserve Fund; 2007A Reserve Account.”

Bondholder’s Risks; Forward Delivery Bond Purchase Agreement; Delayed Delivery

The delivery of the Series 2007A Authority Bonds is subject to satisfaction of certain conditions, and purchase of the Series 2007A Authority Bonds involves certain investment risks, which are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Series 2007A Authority Bonds should make an independent evaluation of all of the information presented in this Official Statement, including the information under the caption “CERTAIN FORWARD DELIVERY CONSIDERATIONS” in order to make an informed investment decision.

Existing Parity Obligations

The Authority has issued \$181,220,000 principal amount of its Series 2005A Authority Bonds, of which \$177,715,000 are currently outstanding. The proceeds of the Series 2005A Authority Bonds were used to purchase, and are payable from payments of principal of and interest on, the Series 2005A District Bonds. The 2005A Authority Bonds and the 2005A District Bonds were issued to refund a portion of the Series 1997A Authority Bonds. The Series 2005A District Bonds and the Series 2007A District Bonds are secured by and payable from the “Pledged Revenues” as defined in the District Indenture. The debt service requirements of the District Bonds, after the payment and redemption of the 1997A Authority Bonds, are set forth in the following table.

**DISTRICT BONDS
DEBT SERVICE SCHEDULE**

Period Ending	2005A District Bonds			2007A District Bonds			Total
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
10/1/2007	-	\$4,377,975	\$4,377,975	\$2,035,000	\$1,126,540	\$3,161,540	\$7,539,515
4/1/2008	-	4,377,975	4,377,975		2,307,000	2,307,000	6,684,975
10/1/2008	\$15,190,000	4,377,975	19,567,975	7,930,000	2,307,000	10,237,000	29,804,975
4/1/2009	-	4,028,225	4,028,225		2,108,750	2,108,750	6,136,975
10/1/2009	15,885,000	4,028,225	19,913,225	8,330,000	2,108,750	10,438,750	30,351,975
4/1/2010	-	3,654,350	3,654,350		1,900,500	1,900,500	5,554,850
10/1/2010	16,635,000	3,654,350	20,289,350	8,740,000	1,900,500	10,640,500	30,929,850
4/1/2011	-	3,277,694	3,277,694		1,682,000	1,682,000	4,959,694
10/1/2011	17,385,000	3,277,694	20,662,694	9,175,000	1,682,000	10,857,000	31,519,694
4/1/2012	-	2,858,069	2,858,069		1,452,625	1,452,625	4,310,694
10/1/2012	18,230,000	2,858,069	21,088,069	9,625,000	1,452,625	11,077,625	32,165,694
4/1/2013	-	2,402,319	2,402,319		1,212,000	1,212,000	3,614,319
10/1/2013	19,140,000	2,402,319	21,542,319	10,115,000	1,212,000	11,327,000	32,869,319
4/1/2014	-	1,923,819	1,923,819		959,125	959,125	2,882,944
10/1/2014	20,095,000	1,923,819	22,018,819	10,640,000	959,125	11,599,125	33,617,944
4/1/2015	-	1,421,444	1,421,444		693,125	693,125	2,114,569
10/1/2015	21,100,000	1,421,444	22,521,444	11,170,000	693,125	11,863,125	34,384,569
4/1/2016	-	893,944	893,944		413,875	413,875	1,307,819
10/1/2016	7,870,000	893,944	8,763,944	3,845,000	413,875	4,258,875	13,022,819
4/1/2017	-	687,356	687,356		317,750	317,750	1,005,106
10/1/2017	8,285,000	687,356	8,972,356	4,035,000	317,750	4,352,750	13,325,106
4/1/2018	-	469,875	469,875		216,875	216,875	686,750
10/1/2018	8,720,000	469,875	9,189,875	4,235,000	216,875	4,451,875	13,641,750
4/1/2019	-	240,975	240,975		111,000	111,000	351,975
10/1/2019	<u>9,180,000</u>	<u>240,975</u>	<u>9,420,975</u>	<u>4,440,000</u>	<u>111,000</u>	<u>4,551,000</u>	<u>13,971,975</u>
Totals*:	<u>\$177,715,000</u>	<u>\$56,850,063</u>	<u>\$234,565,063</u>	<u>\$94,315,000</u>	<u>\$27,875,790</u>	<u>\$122,190,790</u>	<u>\$356,755,855</u>

*Totals may not add due to rounding.

Additional Bonds

Under the Master Indenture, the Authority may issue additional Authority Bonds for the purpose of refunding bonds previously issued by the Authority and assisting the District with the financing of additional capital outlay projects and grants of the District set forth in the Order through the purchase of additional District Bonds. Under the District Indenture, the District may issue such additional District Bonds on parity with the Outstanding District Bonds so long as, among other things, there shall first be delivered to the Fiscal Agent a certificate of the County certifying that, based upon a review of the books and records maintained by the District for each fiscal year, the product of (i) the total number of benefit points in the District as of the last day of the Fiscal Year ended next prior to the date on which such District Bonds are to be issued times (ii) the maximum dollar amount per benefit point at which Assessments are authorized to be levied in each Fiscal Year thereafter during which District Bonds are scheduled to be Outstanding times (iii) 80% of the maximum dollar amount per benefit point at which Assessments are authorized to be levied in each Fiscal Year thereafter during which District Bonds are scheduled to be outstanding times (iv) the percentage, as certified by the Auditor-Controller of the County, of the County's secured property tax levy for such prior Fiscal Year actually collected during such prior Fiscal Year, equals at least 1.15 times the Maximum Annual Debt Service in any Fiscal Year

thereafter on all District Bonds to be Outstanding immediately subsequent to the issuance of the additional District Bonds. Under the District Indenture, the District may issue refunding bonds on parity with outstanding District Bonds without meeting the test set forth above so long as a certificate of the County is delivered showing that the Annual Debt Service in each year on the refunding bonds of the District will not exceed the Annual Debt Service in each year that would have been payable with respect to the refunded bonds of the District had the refunding bonds of the District not been issued. See “SECURITY FOR THE SERIES 2007A AUTHORITY BONDS” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE.”

The District does not currently plan to issue additional obligations (other than refunding obligations) payable on parity with the Series 2005A District Bonds and the Series 2007A District Bonds.

At the time of issuance of the Series 2007A District Bonds, the Authority and the District will certify that the requirements for the issuance of the Series 2007A Authority Bonds and Series 2007A District Bonds have been met.

The Authority

The Authority is a joint exercise of powers entity formed by agreement pursuant to Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code. For additional information regarding the Authority see “THE AUTHORITY.”

The District

The District is duly organized and existing under the laws of the State of California (the “State”), pursuant to Division 5 of the California Public Resources Code and the Order. The District’s boundaries are coterminous with the boundaries of the County. The District covers 4,083 square miles and includes approximately 2.2 million parcels. See “THE DISTRICT” and Appendix A — “THE DISTRICT.”

Limited Obligation

THE SERIES 2007A AUTHORITY BONDS ARE SPECIAL, LIMITED OBLIGATIONS PAYABLE SOLELY FROM CERTAIN PAYMENTS RECEIVED BY THE AUTHORITY FROM THE DISTRICT, WHICH INCLUDE PLEDGED ASSESSMENTS. NEITHER THE SERIES 2007A AUTHORITY BONDS NOR THE SERIES 2007A DISTRICT BONDS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE COUNTY, THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY. THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST ON THE SERIES 2007A AUTHORITY BONDS DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Continuing Disclosure

The District has covenanted in the District Indenture to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository and any public or private repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial

information and operating data of the type set forth herein including, but not limited to, its audited financial statements and, in a timely manner, notice of certain material events. See “Continuing Disclosure” for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the disclosure undertaking pursuant to which such reports and notices are to be made. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. The District has never failed to comply with said Rule regarding the filing of annual reports or notices of material events. The County 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.

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2007A Authority Bonds and the Authority will not provide any such information. The Authority shall have no liability to the holders of the Series 2007A Authority Bonds with respect to the disclosure obligations undertaken by the District.

CERTAIN FORWARD DELIVERY CONSIDERATIONS

General

The Authority and the District have entered into a forward delivery bond purchase agreement (the “Bond Purchase Agreement”) for the Series 2007A Authority Bonds with UBS Securities LLC, as representative (the “Representative”) of itself and the several underwriters named therein (collectively, the “Underwriters”). Subject to the terms of the Bond Purchase Agreement, the Authority expects to issue and deliver the Series 2007A Authority Bonds on or about July 5, 2007, or on such later date as is mutually agreed upon by the Authority, the District and the Representative (the “Delivery Date”).

The following is a description of certain provisions of the Bond Purchase Agreement. The following description is not to be considered a full statement of the terms of the Bond Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

Settlement

The issuance of the Series 2007A Authority Bonds and the Underwriters’ obligations under the Bond Purchase Agreement to purchase, accept delivery of and pay for the Series 2007A Authority Bonds on the Delivery Date are conditioned upon the Authority’s and the District’s performance of their respective obligations thereunder, including, without limitation, the delivery of an opinion, dated the Delivery Date, of Bond Counsel, substantially in the form and to the effect as set forth in “Appendix E — FORM OF BOND COUNSEL APPROVING OPINION” to this Official Statement, together with a reliance letter from Bond Counsel addressed to the Underwriters, and the delivery of written evidence satisfactory to the Representative that, as of the Delivery Date, Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies (“S&P”) and Fitch Ratings (“Fitch”) have each issued insured ratings on the Series 2007A Authority Bonds, and that such ratings are in full force and effect as of the Delivery Date. See “RATINGS” herein. The issuance of the Series 2007A Authority Bonds is further contingent upon the delivery of certain certificates and legal opinions, and the satisfaction of other conditions as of the Delivery Date. Included among the required certificates are certificates of the Treasurer of the District on behalf of the District and the Treasurer of the Authority on behalf of the Authority providing in each case substantially to the effect that, to the best of his knowledge, the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, and that, to the best of his knowledge, no events affecting the District or the Authority have occurred since the date of the Official Statement which should be disclosed in the

Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

Events which may prevent the Settlement conditions from being satisfied include, among others:

(a) the Authority or the District fails to comply with all of the conditions to Settlement (defined below) set forth in the Bond Purchase Agreement, except any such condition waived by the Representative in accordance with the Bond Purchase Agreement;

(b) there is a Change in Law (defined below);

(c) Legislative Action (defined below) has occurred relating to the federal taxation of interest received on obligations of the general character of the Series 2007A Authority Bonds, which, in the opinion of Bond Counsel has, or will have, the effect of such interest being subject to inclusion in gross income for purposes of federal income taxation (except to the extent such interest is intended to be includable in gross income) or such interest being subject to inclusion in State personal income taxation;

(d) As a result of any reason other than Legislative Action, Bond Counsel cannot issue an opinion to the effect that (i) interest on the Series 2007A Authority Bonds is excluded from gross income for federal income tax purposes, (ii) interest on the Series 2007A Authority Bonds is not a specific preference item for purposes of the federal alternative minimum tax, and (iii) interest on the Series 2007A Authority Bonds is exempt from State personal income taxation;

(e) legislation is enacted, or actively considered for enactment with an effective date prior to Settlement, or a decision by a court of the United States is rendered, the effect of which, in the judgment of the Representative, is that the Series 2007A Authority Bonds or the Authority Indenture or the District Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Federal Securities Act of 1933 (as the same shall from time to time be supplemented or amended, the "33 Act") or the Federal Securities Exchange Act of 1934 (as the same shall from time to time be supplemented or amended, the "34 Act") (excepting compliance with Rule 15c2-12), Federal Trust Indenture Act of 1939 (as the same shall from time to time be supplemented or amended, the "39 Act");

(f) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter is issued or made or any other event occurs, the effect of which, in the judgment of the Representative or the Authority and the District, is that the issuance, offering, or sale of the Series 2007A Authority Bonds, or the entry into the District Documents or the Authority Documents as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the 33 Act, the 34 Act, and the 39 Act;

(g) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, the effect of which on the financial markets of the United States being such as, in the judgment of the Representative, would make it impracticable for the Underwriters to market the Series 2007A Authority Bonds or to enforce contracts for the sale of the Series 2007A Authority Bonds;

(h) there shall have occurred a declaration of a general banking moratorium by any authority of the United States or the States of New York or California;

(i) an event of default has occurred and is continuing, technical or otherwise, under the Authority Indenture or the District Indenture;

(j) the Bond Insurance Policy is not delivered and in effect at Settlement;

(k) Additional restrictions not in force as of the date of this Forward Delivery Agreement are imposed upon trading in securities generally by any governmental authority or by any securities exchange that would, in the judgment of the Representative, materially adversely affect the market for the Bonds.

For purposes of the foregoing, “Change in Law” means any Legislative Action (defined below) which, in any such case, would, (i) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from underwriting the Bonds as provided herein or selling the Series 2007A Authority Bonds or beneficial ownership interests therein to the public as contemplated by the Official Statement, (ii) as to the Authority or the District, would make the issuance, sale or delivery of the Series 2007A Authority Bonds or the District Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized) or (iii) result in Bond Counsel being unable to give its approving opinion on the date of Settlement to the effect that interest on the Series 2007A Authority Bonds is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax and is exempt from State personal income taxes.

For purposes of the foregoing, the term “Legislative Action” means (i) an amendment to the Constitution of the United States of America (“United States”) or of the State, or to any federal, state or local legislation, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation (A) enacted by the Congress of the United States or (B) introduced therein or recommended to Congress for passage, by press release, or other form of notice or otherwise, by the President of the United States, the United States Treasury Department, the Internal Revenue Service, or by the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or (C) presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress or (D) favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration (if such enacted, introduced or recommended legislation has a proposed effective date which is on or before the Closing Date or the Settlement Date (hereinafter defined); (iii) any law, rule or regulation proposed or enacted by any governmental body (including the State), department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date which is on or before the Closing Date or the Settlement Date) or (iv) any decision of any court or administrative body of the United States or any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States.

For purposes of the foregoing, the term “Settlement” means the acceptance by the Underwriters of delivery of the Series 2007A Authority Bonds on the Delivery Date and the payment of the purchase price therefore by wire transfer in immediately available funds to the U.S. Bank National Association, as paying agent (the “Paying Agent”).

The Representative has advised the Authority that the Series 2007A Authority Bonds will be sold only to investors who execute the Delayed Delivery Contract in substantially the form included in Appendix H attached hereto. The Delayed Delivery Contract restricts the ability of purchasers of the Series 2007A Authority Bonds to transfer their interests in the Series 2007A Authority Bonds prior to the

Delivery Date, and no representation is made that any such transfer will be permitted. The proposed form of Delayed Delivery Contract is attached as Appendix H at the request and for the convenience of the Underwriters. Neither the Authority nor the District will be a party to the Delayed Delivery Contracts and neither the Authority nor the District is in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Additional Risks Related to the Delayed Delivery Period

During the period between the date of this Official Statement and the issuance and delivery of the 2007A Bonds (the “Delayed Delivery Period”), certain information contained in this Official Statement could change in a material respect. Any changes in such information will not permit the Underwriters to terminate the Bond Purchase Agreement unless the change reflects an event described under “—Settlement” above. In addition to the risks set forth above, purchasers of the Series 2007A Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk

The ratings assigned to the Series 2007A Bonds are based on the ratings assigned to the Bond Insurer’s claims paying ability by Moody’s, S&P, and Fitch. See “RATINGS” herein. No assurances can be given that the ratings assigned to the Series 2007A Authority Bonds on the Delivery Date will not be different from those currently assigned to long-term debt obligations insured by the Bond Insurer. Issuance of the Series 2007A Authority Bonds and the Underwriters’ obligations under the Bond Purchase Agreement are not conditioned upon the assignment of any particular insured or underlying ratings for the Series 2007A Authority Bonds or the maintenance of the initial ratings of the Series 2007A Authority Bonds.

Secondary Market Risk

The Underwriters are not obligated to make a secondary market in the Series 2007A Authority Bonds and no assurances can be given that a secondary market will exist for the Series 2007A Authority Bonds during the Delayed Delivery Period. Purchasers of the Series 2007A Authority Bonds should assume that the Series 2007A Authority Bonds will be illiquid throughout the Delayed Delivery Period.

Market Value Risk

The market value of the Series 2007A Authority Bonds as of the Delivery Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the Series 2007A Authority Bonds, the financial condition and business operations of the Authority or the District or the Bond Insurer and federal, state and local income tax and other laws. The market value of the Series 2007A Authority Bonds as of the Delivery Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series 2007A Authority Bonds and that difference could be substantial. Neither the Authority nor the District nor the Underwriters make any representation as to the expected market price of the Series 2007A Authority Bonds as of the Delivery Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the Series 2007A Authority Bonds as of the Delivery Date or thereafter or not have a materially adverse impact on any secondary market for the Series 2007A Authority Bonds.

Tax Law Risk

Subject to the additional conditions of settlement described under “—Settlement” above, the Bond Purchase Agreement obligates the Authority to deliver and the Underwriters to acquire the Series 2007A Authority Bonds if the Authority delivers an opinion of Bond Counsel substantially in the form and to the effect as set forth in “APPENDIX E—FORM OF BOND COUNSEL APPROVING OPINION” to this Official Statement. During the Delayed Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, promulgated or interpreted that might prevent Bond Counsel from rendering its opinion or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion of interest on the Series 2007A Authority Bonds for purposes of federal income taxation payable on “state or local bonds,” the Authority might be able to satisfy the requirements for the delivery of the Series 2007A Authority Bonds. In such event, the purchasers would be required to accept delivery of the Series 2007A Authority Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

Bond Insurance Policy

The Bond Insurer has issued a forward commitment to issue the Bond Insurance Policy pursuant to which the Bond Insurer will agree, upon the terms and conditions to be set forth therein, to issue on the Delivery Date, the Bond Insurance Policy to insure the scheduled payment of principal and interest on the Series 2007A Authority Bonds. No assurance is made that such conditions will be satisfied and that the Bond Insurance Policy will be delivered by the Bond Insurer. In the event the Bond Insurance Policy is not delivered by the Bond Insurer, the Series 2007A Authority Bonds will not be issued. See “BOND INSURANCE.”

Termination of Bond Purchase Agreement

The Representative, on behalf of the Underwriters, may terminate the Bond Purchase Agreement by notification to the Authority and the District at any time on or prior to the Delivery Date if any of the events described above in items (a) through (k) under “—Settlement” occurs.

PLAN OF REFUNDING

The proceeds of the Series 2007A Authority Bonds will be applied (together with other moneys of the District) (i) to pay and redeem all of the outstanding 1997A Authority Bonds, (ii) to fund the 2007A Reserve Account, and (iii) to pay for costs of issuance incurred in connection with the issuance of the Series 2007A Authority Bonds and the Series 2007A District Bonds. The Series 1997A Authority Bonds were issued to advance refund the outstanding principal amount of the Authority’s Revenue Bonds, Series 1994A (Los Angeles County Regional Park and Open Space District), and to assist the District in financing the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the District (the “Projects”). See “THE SERIES 2007A AUTHORITY BONDS” and “ESTIMATED SOURCES AND USES OF FUNDS.” The proceeds of the sale of the Series 2007A Authority Bonds to be applied to pay and redeem the Series 1997A Authority Bonds will be deposited into an Escrow Fund pursuant to an Escrow Agreement dated as of July 1, 2007 (the “Escrow Agreement”) by and between the Authority and U.S. Bank National Association, as escrow holder (the “Escrow Holder”), which amounts, together with amounts transferred from certain funds held under the District Indenture, and amounts transferred from the funds and accounts of the District, will be invested pursuant to the Escrow Agreement in Governmental Obligations (as defined in the Indenture) (the “Escrow Securities”).

The deposit to the Escrow Fund will initially be in an amount sufficient, without regard to interest or other earnings on the Escrow Securities, to fully prepay and redeem all of the outstanding 1997A Authority Bonds. The Authority may direct the Escrow Holder to reinvest the amounts held under the Escrow Agreement so as to provide an amount which, together with interest and other earnings on the Escrow Securities, will be sufficient to pay and redeem all of the outstanding 1997A Authority Bonds. Prior to the Delivery Date, the sufficiency of the amounts held under the Escrow Agreement to pay and redeem all of the outstanding will be verified by Causey Demgen & Moore Inc. (the “Verification Agent”). See “VERIFICATION” herein.

The Series 2007A Authority Bonds are being issued to pay and redeem the following Series 1997A Authority Bonds as set forth in the following table (such bonds, together with the Series 1997A Authority Bonds maturing on October 1, 2007, the redemption of which will be accomplished with a deposit of District funds under the Escrow Agreement, the “Refunded Bonds”).

**Refunded Bonds
1997A Authority Revenue Bonds**

Maturity Date <u>(October 1)</u>	<u>CUSIP*</u>	<u>Principal</u>	Date of Redemption <u>(October 1)</u>	<u>Price</u>
2007 ⁽¹⁾	544738DJ3	\$22,630,000 ⁽¹⁾	2007 ⁽²⁾	100%
2008	544738GL5	8,480,000	2007	101%
2009	544738GM3	8,950,000	2007	101%
2010	544738GN1	9,440,000	2007	101%
2011	544738GP6	9,960,000	2007	101%
2012	544738GQ4	10,505,000	2007	101%
2013	544738GS0	8,005,000	2007	101%
2013	544738GR2	3,080,000	2007	101%
2016	544738GT8	28,940,000	2007	101%
2019	544738GU5	<u>16,530,000</u>	2007	101%
TOTAL		\$126,520,000		

(1) The District is to contribute an amount sufficient to pay the Refunded Bonds maturing on October 1, 2007, together with interest accrued thereon. See “ESTIMATED SOURCES AND USES OF FUNDS.”

(2) Maturity.

* CUSIP data, copyright 2007, American Bankers Association. CUSIP data herein are set forth for convenience of reference only. The District and the Authority assume no responsibility for the accuracy of such data.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds are estimated to be as follows:

Sources of Funds:

Principal Amount of Series 2007A Authority Bonds	\$94,315,000.00
Original Issue Premium	6,154,519.05
Amounts held under the District Indenture ⁽¹⁾	17,721,922.41
District Contribution	23,238,181.25
Total Sources	<u>\$141,429,622.71</u>

Uses of Funds:

Escrow Fund ⁽²⁾	\$130,902,681.25
2007A Reserve Account	9,796,144.29
Costs of Issuance ⁽³⁾	730,797.17
Total Uses	<u>\$141,429,622.71</u>

(1) Represents moneys released from certain accounts under the District Indenture for the benefit of the Refunded Bonds.

(2) Escrow Fund sizing may change prior to the Delivery Date as described in "PLAN OF REFUNDING" above.

(3) Includes amounts for legal fees, Paying Agent fees, financial advisory fees, rating agency fees, printing costs, Underwriters' discount, bond insurance premium and other costs.

THE SERIES 2007A AUTHORITY BONDS

General

The Series 2007A Authority Bonds will mature on the dates and in the principal amounts, and the interest thereon shall be computed at the rates, all as set forth on the inside cover page of this Official Statement. Interest on the Series 2007A Authority Bonds is payable on April 1 and October 1 of each year, commencing on October 1, 2007, computed on the basis of a 360-day year comprised of twelve 30-day months, until the maturity thereof (the "Interest Payment Dates"). Ownership interests in the Series 2007A Authority Bonds may be purchased in denominations of \$5,000 or any integral multiple thereof in book-entry form only. Principal of and interest on the Series 2007A Authority Bonds are payable by the Paying Agent, to DTC, which is obligated in turn to remit such principal and interest to DTC Participants for subsequent disbursement to Beneficial Owners of the Series 2007A Authority Bonds, as described below. See Appendix F — "BOOK-ENTRY-ONLY SYSTEM."

Redemption

The Series 2007A Authority Bonds are not subject to redemption prior to their scheduled maturities.

BOND INSURANCE

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix G for a specimen of MBIA's policy (the "Bond Insurance Policy").

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurance Policy and MBIA set forth under the heading “BOND INSURANCE.” Additionally, MBIA makes no representation regarding the Series 2007A Bonds or the advisability of investing in the Series 2007A Bonds.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Authority to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007A Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Bond Insurance Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2007A Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a “Preference”).

The Bond Insurance Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007A Bonds. The Bond Insurance Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007A Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA’s Policy also does not insure against nonpayment of principal of or interest on the Series 2007A Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Series 2007A Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Series 2007A Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007A Bonds or presentment of such other proof of ownership of the Series 2007A Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007A Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2007A Bonds in any legal proceeding related to payment of insured amounts on the Series 2007A Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Series 2007A Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA Insurance Corporation (“MBIA”) is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or

claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007A Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007A Bonds. MBIA does not guaranty the market price of the Series 2007A Bonds nor does it guaranty that the ratings on the Series 2007A Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2005, MBIA had admitted assets of \$11.0 billion (audited), total liabilities of \$7.2 billion (audited), and total capital and surplus of \$3.8 billion (audited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2006, MBIA had admitted assets of \$10.9 billion (unaudited), total liabilities of \$6.9 billion (unaudited), and total capital and surplus of \$4.0 billion (unaudited), each as

determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006 and December 31, 2005 and for each of the three years in the period ended December 31, 2006, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2006 and the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following document filed by the Company with the Securities and Exchange Commission (the "SEC") is incorporated by reference into this Official Statement:

The Company's Annual Report on Form 10-K for the year ended December 31, 2006

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Series 2007A Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington, D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

In the event the Bond Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

SECURITY FOR THE SERIES 2007A AUTHORITY BONDS

Pledge of Assessments

The Series 2007A Authority Bonds are payable from and secured by, among other moneys, certain payments received by the Authority from the District, which include Pledged Assessments payable with respect to the Series 2007A District Bonds which are being purchased by the Authority simultaneously with the delivery of its Series 2007A Authority Bonds. See “INTRODUCTION” — Source of Payment for the Series 2007A Authority Bonds and Series 2007A District Bonds.” Pursuant to Section 5506.9 of the Public Resources Code and the Order, in each of the first 20 years after the date an assessment is levied and collected, at least 80% (but not more than 85%) of all proceeds of Assessments collected by the District shall be used for capital outlay projects, including, but not limited to, the acquisition and improvement of real property and the servicing of bonds, notes or other evidences of indebtedness issued by the District. Pursuant to the Order, on an annual basis, not less than 15% (nor more than 20% as determined by the County Board of Supervisors) of all proceeds of Assessments collected by the District shall be set aside to be used only to maintain and service capital outlay projects funded with Assessments or proceeds of bonds, notes or other evidences of indebtedness issued by the District and not more than 5% of all proceeds of Assessments collected by the District may be used for costs of administration of the District. Under the District Indenture, all Assessments and the proceeds of any foreclosure proceedings attributable thereto, less the amounts deducted and set aside for service, maintenance and administrative expenses, are pledged to payment of principal of, premium, if any, and interest on the District Bonds on a parity basis, including the Series 2007A District Bonds (the “Pledged Assessments”). Pursuant to applicable law and the Order, the annual Assessments shall include an amount sufficient to provide for annual debt service on all outstanding Authority Bonds, including the Series 2007A Authority Bonds, subject to a maximum annual assessment, and shall be included on the regular County tax bills for parcels of property against which there are Assessments. See Appendix A — “THE DISTRICT — Rate and Method of Assessment” and “— Excerpts of Engineer’s Report” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE.”

The District’s historic debt service coverage with respect to the Assessments and a summary of Projected Debt Service Coverage available to pay debt service on the Series 2007A Authority Bonds are set forth in Appendix A — “THE DISTRICT — Historical Debt Service Coverage” and “— Assessment Projection.” A summary statement of the District’s collections and delinquencies for fiscal years 2001-02 through 2005-06 with respect to the collection of the Assessments is set forth in Appendix A — “THE DISTRICT — Annual Assessment.”

The District has no obligation to institute judicial foreclosure proceedings in the event of a delinquency by any particular property owner in the payments of Assessments, but has covenanted to take such actions with respect to such delinquencies as are consistent with the policy of the County regarding delinquent property taxes generally. Assessments constitute fixed liens on the parcels assessed within the District and do not constitute personal indebtedness of the respective owners of such lots and parcels. Accordingly, in the event of delinquency, proceedings may be conducted only against the real property securing the delinquent Assessment. Under the District Master Indenture, the District covenants that, unless otherwise required by applicable law, the District shall not take, or cause to be taken, any action that will result in the reduction of the amount of the levy of Pledged Assessments with respect to any Fiscal Year below an aggregate amount equal to 1.15 times the Maximum Annual Debt Service on all Outstanding District Bonds and any District Bonds that the District reasonably expects to be issued during the then-present Fiscal Year. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE” and Appendix A — “THE DISTRICT.”

Limited Obligation

The Series 2007A Authority Bonds are special, limited obligations of the Authority payable solely from certain payments received by the Authority from the District, which include Pledged Assessments, and certain funds and accounts held under the Indenture. Under the Indenture, payments of principal of, premium, if any, and interest on the Series 2007A District Bonds constitute “Pledged Revenues” with respect to the Series 2007A Authority Bonds. The District Bonds are limited obligations of the District payable from and secured principally by the Pledged Assessments and also all moneys deposited and held in the funds and accounts established under the District Indenture, and all interest, profits and other income received from the investment of the Pledged Assessments. Neither the Series 2007A Authority Bonds nor the Series 2007A District Bonds constitutes an indebtedness of the Authority, the County, the District, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation, or a pledge of the faith and credit of the County. The obligation of the Authority to pay principal of or interest on the Series 2007A Authority Bonds does not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation. The Authority has no taxing power. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE AUTHORITY MASTER INDENTURE.”

Reserve Account

The 2007A Reserve Account will be established within the Reserve Fund held under the District Indenture in an amount equal, as of any date of calculation, to the least of (i) 10% of the original principal amount of the District Bonds, (ii) 125% of the average amount of principal and interest becoming due and payable on District Bonds during each full Fiscal Year after the date of calculation, or (iii) the greatest amount of principal and interest becoming due and payable on all District Bonds in any six calendar month period after the date of calculation. The initial deposit to the 2007A Reserve Account will be made from amounts available to the District under the Prior Indenture. See “ESTIMATED SOURCES AND USES OF FUNDS.” If on any interest payment date with respect to the Series 2007A District Bonds the amounts on deposit in the District Indenture to pay the principal of and interest due on the Series 2007A District Bonds are insufficient therefor, amounts in the 2007A Reserve Account shall be applied to make up such deficiencies. Deposits are required to be made to the 2007A Reserve Account to restore any deficiency therein from Pledged Assessments and Investment Earnings to the extent required under the District Indenture. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE — District Pledged Revenues and Funds — Reserve Fund; 2007A Reserve Account.”

At the option of the District, amounts required to be held in the 2007A Reserve Account may be initially provided or substituted, in whole or in part, by the deposit with the Fiscal Agent of a Reserve Fund Credit Policy in a stated amount equal to the amounts to be initially provided or so substituted, *provided* that prior to any substitution of such amounts held in the 2007A Reserve Account, the Rating Agencies shall have been notified of such proposed substitution and the substitution shall not result in a downgrading or withdrawal of any rating of any Authority Bonds or District Bonds then in effect by the Rating Agencies. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE — District Pledged Revenues and Funds — Reserve Fund; 2007A Reserve Account.”

Additional Bonds

Under the Master Indenture, the Authority may issue additional Authority Bonds for the purpose of refunding bonds previously issued by the Authority and of assisting the District with the financing of

additional capital outlay projects and grants of the District set forth in the Order through the purchase of additional District Bonds. Under the District Indenture, the District may issue such additional District Bonds on parity with the Outstanding District Bonds so long as, among other things, there shall first be delivered to the Fiscal Agent a certificate of the County certifying that, based upon a review of the books and records maintained by the District for each fiscal year, the product of (i) the total number of benefit points in the District as of the last day of the Fiscal Year ended next prior to the date on which such District Bonds are to be issued times (ii) the maximum dollar amount per benefit point at which Assessments are authorized to be levied in each Fiscal Year thereafter during which District Bonds are scheduled to be Outstanding times (iii) 80% of the maximum dollar amount per benefit point at which Assessments are authorized to be levied in each Fiscal Year thereafter during which District Bonds are scheduled to be outstanding times (iv) the percentage, as certified by the Auditor-Controller of the County, of the County's secured property tax levy for such prior Fiscal Year actually collected during such prior Fiscal Year, equals at least 1.15 times the Maximum Annual Debt Service in any Fiscal Year thereafter on all District Bonds to be Outstanding immediately subsequent to the issuance of the additional District Bonds. Under the District Indenture, the District may issue refunding bonds on parity with outstanding District Bonds without meeting the test set forth above so long as a certificate of the County is delivered showing that the Annual Debt Service in each year on the refunding bonds of the District will not exceed the Annual Debt Service in each year that would have been payable with respect to the refunded bonds of the District had the refunding bonds of the District not been issued. See Appendix C — "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE DISTRICT MASTER INDENTURE."

At the time of issuance of the Series 2007A District Bonds, the County will certify that the requirements to the issuance of the Series 2007A Authority Bonds and Series 2007A District Bonds have been met.

Existing Parity Obligations

The Authority has issued \$181,220,000 principal amount of its Series 2005A Authority Bonds, of which \$177,715,000 are outstanding as of the date hereof. The proceeds of the Series 2005A Authority Bonds were used to purchase, and are payable from payments of principal of and interest on, the Series 2005A District Bonds. The 2005A Authority Bonds and the 2005A District Bonds were issued to refund a portion of the Series 1997A Authority Bonds. The Series 2005A District Bonds and the Series 2007A District Bonds are secured by and payable on a parity basis from the "Pledged Revenues" as defined in the District Indenture. The District does not currently plan to issue additional obligations (other than refunding obligations) payable on parity with the Series 2005A Bonds and the Series 2007A Bonds.

Investment of Funds and Accounts

Pursuant to the Order, Assessments shall be deposited into the Assessment Revenue Fund. Such funds are generally included in the County Treasury to the credit of the proper fund of the District and invested in accordance with County investment policies. See Appendix D — "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS." Pursuant to the Master Indenture and the District Indenture, moneys held by the respective Fiscal Agent in any fund or account thereunder shall be invested in Permitted Investments pending application as provided therein. See Appendix C — "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS — THE AUTHORITY MASTER INDENTURE" and "—THE DISTRICT MASTER INDENTURE."

CERTAIN RISK FACTORS

This Official Statement discusses many matters any one of which may have an impact on the security for the Series 2007A Authority Bonds and the Series 2007A District Bonds. This section highlights certain risks inherent in the transaction, but is not, and is not intended to be, a complete list or discussion of the risks associated with this transaction.

General

Assessments securing the District Bonds are determined annually based on the size and use of each parcel. A change in land use or improvements of property in the District caused by economic factors beyond the District's and the Authority's control, such as the complete or partial destruction of such property caused by, among other unforeseen events, an earthquake, other natural disaster or civil unrest, or the exemption of a property from taxation by reason of a transfer in ownership by a non-taxable entity such as the federal government or another public agency, could cause a reduction in the Pledged Assessments securing the District Bonds. Such reduction of Assessments could have an adverse impact on the District's ability to make timely payments of principal and interest on the District Bonds to the Authority and, accordingly, the Authority's ability to pay principal of and interest to holders of the Series 2007A Authority Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the District's ability to make timely debt service payments to the Authority, and so effect the security of the Series 2007A Authority Bonds. The Authority has no power to levy and collect property taxes. See Appendix A — "THE DISTRICT."

Legislation or initiative measures impacting property, property tax allocation or the rate or rates of assessment may affect the security of the Series 2007A Authority Bonds. The implementation of any constitutional or legislative property tax decrease could reduce the Assessments, and accordingly, could have an adverse impact on the ability of the District to pay debt service on the District Bonds secured by the Pledged Assessments. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations which could adversely affect the security of the District Bonds.

Timing of Foreclosures

The District has no obligation to institute judicial foreclosure proceedings in the event of a delinquency by any particular property owner in the payments of Assessments, but has covenanted to take such actions with respect to such delinquencies as are consistent with the policy of the County regarding delinquent property taxes generally. Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer and Tax Collector of the County. Assessments are levied and collected with the County's general tax levy. Accordingly, the District anticipates collection rates equivalent with the County's general tax levy experience. During the past five years, delinquency rates have ranged from a high of 3.49% in Fiscal Year 2001-02 to a low of 2.94% in Fiscal Year 2003-04. Revenue projections contained in this Official Statement have assumed the Fiscal Year 2005-06 delinquency rate of 3.10%, a ten percent delinquency penalty, an average annual redemption penalty collection of nine percent and the County's existing assumptions regarding redemption recovery rates of 91% over five years based on a "sliding

scale” of 45% recovery for year one, 22% for year two, 11% for year three, nine percent for year four, and four percent for year five.

Proposition 218

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” or Proposition 218 (“Proposition 218”) was approved by the voters of the State of California at the November 5, 1996 general election. Proposition 218 added Article XIIC (“Article XIIC”) and Article XIID to the California constitution. According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Among other things, Section 3 of Article XIII 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.” 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 XIIC 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 Proposition 218 has not conferred on the voters the power to repeal or reduce the Assessments if such reduction would interfere with the timely retirement of the Series 2007A Authority Bonds.

Proposition 218 was construed by the California Supreme Court in a decision rendered on July 24, 2006 in *Bighorn-Desert View Water Agency v. Virgil (Kelley)* (“*Bighorn*”). In *Bighorn* the Supreme Court expressly declined to decide whether the initiative power is free of all limitations and whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. However, no assurance can be given that the voters within the District will not, in the future, approve an initiative which reduces or repeals the Assessment.

The Authority and the District are unable to predict whether and to what extent Proposition 218 may be judicially determined to be consistent with the United States Constitution or how its terms will be interpreted and applied by the courts. The Assessment is not subject to the procedures for imposing assessments under Proposition 218 because it was approved by a majority vote of the electorate prior to the effective date of Proposition 218. However, Proposition 218 purports to permit local initiative measures which could subject the Assessments to reduction, amendment or repeal. This initiative power is not limited by the terms of Proposition 218 and, absent the application of other legal authority, could result in a local initiative measure to retroactively reduce or repeal the Assessment. Such other legal authority includes Government Code Section 5854 discussed above and the prohibition of impairment of contracts under the contract clause of the United States Constitution. Other than any impact resulting from the exercise of this initiative power, presently neither the Authority nor the District believes that Proposition 218 will have any effect on the Assessment or the Series 2007A Authority Bonds.

Future Initiatives

Proposition 218 was adopted as a ballot measure that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts, including the District, to increase revenues or to increase appropriations which may affect the District's revenues or its ability to expend its revenues.

No Acceleration Provisions

The Series 2007A Authority Bonds do not contain a provision allowing for the acceleration of either the Series 2007A Authority Bonds or the Series 2007A District Bonds in the event of a payment default or other default under the terms of the Series 2007A Authority Bonds or the Indenture.

Funds Invested in the County Treasury

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 Assessments, such funds may be invested in the name of the Fiscal Agent for a period of time in the County Treasury. See Appendix D — "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS." 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 Bondholders do not have a valid and/or prior lien on the Assessments where such amounts are deposited in the County Treasury and may not provide the Bondholders with a priority interest in such amounts. In that circumstance, unless the Bondholders could "trace" the funds that have been deposited in the County Treasury, the Bondholders would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bondholders could successfully so "trace" the Assessments.

Parity Obligations

The Assessment 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 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 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 the District. 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 the District 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 parity with the Assessment. Accordingly, the liens on the property within the District could increase materially without any corresponding increase in the value of the property within the District and thereby reduce the ratio that exists at the time the bonds are issued between the value of the property and the debt secured by the taxes and assessments thereon. Further, the imposition of additional indebtedness could reduce the willingness and the ability of the property owners within the District to pay the Assessments when due. See Appendix A — "THE DISTRICT — Overlapping Debt" herein.

Limitations on Remedies

The enforceability of the rights and remedies of the holders of the Series 2007A Authority Bonds and the Fiscal Agent, and the obligations incurred by the District as described herein, may be subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the federal government of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the holders of the Series 2007A Authority Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations, or modifications of their rights.

THE AUTHORITY

The Authority is a public agency duly organized and existing pursuant to a Joint Exercise of Powers Agreement (the "JPA Agreement") between the Los Angeles County Flood Control District and the County dated May 18, 1993, as amended by a Certificate of Amendment dated April 26, 1994 and a Certificate of Amendment dated October 22, 1996 to, among other things, include the District as a member. The Authority is statutorily authorized by Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and is empowered under the JPA Agreement to issue its bonds for the purposes described herein. The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the members of the Authority, or any of them.

The Authority is administered by the members of the Board of Supervisors of the County acting *ex-officio* as the Board of Directors of the Authority. The Chair of the Board of Supervisors of the County, the Executive Officer-Clerk of the Board of Supervisors of the County, the Treasurer and Tax Collector of the County and the Auditor-Controller of the County shall act *ex-officio* as, respectively, the Chair, Secretary, Treasurer and Auditor-Controller of the Authority as provided in the JPA Agreement and pursuant to the California Government Code. All deputies or assistants of officers of the County shall be *ex-officio* deputies or assistants of such officers in their respective capacities as *ex-officio* officers of the Authority.

THE DISTRICT

The District was formed and the Assessments are levied pursuant to Division 5 of the California Public Resources Code, the Order and the Landscaping and Lighting Act of 1972 (Sections 22500 *et seq.* of the California Streets and Highways Code). The District is governed by the County Board of Supervisors acting as the legislative body of the District. The District's day-to-day operations are administered by the County Parks and Recreation Department (the "Department"). The District was established to improve the preservation of beaches, parks and wildlands, the construction, renovation and improvement of new and existing recreational facilities and the restoration of rivers, streams and trails in the County. The District's boundaries are coterminous with those of the County, encompass 4,083 square miles and contain approximately 2.2 million parcels. A full review of this Official Statement, including Appendix A — "THE DISTRICT," should be made by potential purchasers of the Series 2007A Authority Bonds.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel, under existing law, (i) interest on the Series 2007A Authority 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 2007A Authority Bonds is exempt from State of California personal income taxes. An opinion to those effects will be included in the legal opinion of Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E - “FORM OF BOND COUNSEL APPROVING OPINION.” Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2007A Authority Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the District to be contained in the transcript of proceedings for the Series 2007A Authority Bonds and that are intended to evidence and assure the foregoing, including that the Series 2007A Authority 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 those certifications and representations.

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 2007A Authority 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 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 in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Authority or the District may cause the interest on the Series 2007A Authority Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Series 2007A Authority Bonds. The Authority and the District have each covenanted to take the actions required of it for the interest on the Series 2007A Authority 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.

Under the Code, a portion of the interest on the Series 2007A Authority Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. In addition, interest on the Series 2007A Authority Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a 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 or other tax consequences will depend upon the particular tax status or

other tax items of the owner of the Series 2007A Authority Bonds. Bond Counsel will express no opinion regarding those consequences.

Purchasers of the Series 2007A Authority Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should consult their own tax advisers regarding other tax considerations such as the consequences of market discount or premium.

Original Issue Premium

Certain of the Series 2007A Authority Bonds (“Premium Bonds”) as indicated on the inside front cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. 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 accrues 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 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 in any period with respect to the Discount 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.

CERTAIN LEGAL MATTERS

Squire, Sanders & Dempsey L.L.P., Los Angeles, California, Bond Counsel, will render its legal opinion with respect to the Series 2007A Authority Bonds substantially in the form set forth in Appendix E — “FORM OF BOND COUNSEL APPROVING OPINION” attached hereto. At the time of delivery of the Series 2007A Authority Bonds, Bond Counsel will also render its legal opinion with respect to the Series 2007A District Bonds. Certain legal matters will be passed upon by for the Underwriters by their counsel Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Authority and the District by the County Counsel of the County of Los Angeles.

VERIFICATION

Causey Demgen & Moore Inc., a firm of independent certified public accountants, will verify the mathematical accuracy of computations relating to the adequacy of the Escrow Securities and the interest thereon and any initial cash deposit to the escrow fund to pay when due the scheduled payments of principal of, interest and redemption price on the Series 1997A Authority Bonds on October 1, 2007.

FINANCIAL ADVISOR

Public Resources Advisory Group served as Financial Advisor in connection with the issuance of the Series 2007A Authority Bonds and the Series 2007A District Bonds. The Financial Advisor has not been engaged, nor have they undertaken, to make an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement.

LITIGATION

According to the Authority and the District, there is no litigation for which service of process has been completed, or, to the best knowledge of the Authority and the District, otherwise pending or threatened, concerning the validity of the Series 2007A Authority Bonds or the Series 2007A District Bonds, the pledge of the Pledged Revenues, the Pledged Assessments or the validity of the Assessments, or challenging any action taken by the Authority or the District in connection with the authorization of the Indenture, the District Indenture, or any other document relating to the Series 2007A Authority Bonds or the Series 2007A District Bonds to which the Authority or the District is or is to become a party or the performance by the Authority or the District of any of their respective obligations under any of the foregoing.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") are expected to assign their municipal bond ratings of "Aaa", "AAA" and "AAA", respectively, to the Series 2007A Bonds based on the understanding that the Bond Insurer will deliver the Bond Insurance Policy upon delivery of the Series 2007A Bonds. Moody's, S&P, and Fitch have also assigned underlying ratings to the Bonds (without regard to the Bond Insurance Policy), of "Aa2," "AA," and "AA+," respectively. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS."

Such ratings reflect only the view of such organizations and an explanation of the significance of such ratings may be obtained from them as follows: Moody's Investors Service, 99 Church St., New York, New York 10007, (212) 553-0300; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2124; Fitch Ratings, One State Street Plaza, New York, New York 10004, (212) 908-0500. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of such rating agencies circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2007A Authority Bonds.

UNDERWRITING

The Series 2007A Authority Bonds are being purchased by the Underwriters listed on the cover page hereof (the "Underwriters"). The Underwriters have agreed to purchase the Series 2007A Authority Bonds at a price of \$100,161,844.80 (which represents the aggregate principal amount of the Series 2007A Authority Bonds, plus an original issue premium of \$6,154,519.05, less an Underwriters' discount of \$307,674.25). The contract of purchase pursuant to which the Series 2007A Authority Bonds are being purchased by the Underwriters provides that the Underwriters will purchase all of the Series 2007A Authority Bonds if any are purchased. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions as set forth in the Bond Purchase Agreement. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS."

The Underwriters may offer and sell the Series 2007A Authority Bonds to certain dealers and others at prices different from the prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

CONTINUING DISCLOSURE

The District has covenanted in the District Indenture for the benefit of holders of the Series 2007A Authority Bonds to provide, or cause to be provided no later than February 1 after the end of each fiscal year, commencing with the Fiscal Year ending June 30, 2007, to (i) each Nationally Recognized Municipal Securities Information Repository (a “National Repository”), and (ii) to the appropriate state information repository for the State of California, if any (a “State Repository”) certain “annual financial information” as described in Securities and Exchange Commission Rule 15c2—12 under the Exchange Act (the “Rule”) with respect to the District relating to the immediately preceding Fiscal Year of the District, which annual financial information shall, to the extent not generally included in the County’s comprehensive annual financial report or the District’s audited financial statements that are annually submitted to the National Repositories, generally contain information relating to (a) the receipts, expenditures and financial obligations of the District, generally as set forth in tabular form in Appendix A — “THE DISTRICT” under the captions “Budget,” “General Fund Revenues and Expenditures,” and “Rate and Method of Assessment,” (b) historical receipts and expenditures of the District, including but not limited to the financial and statistical information set forth in tabular form in Appendix A — “THE DISTRICT” under the captions “Historical Debt Service Coverage,” and “Assessment Levies and Collections,” (c) the delinquencies in payments of Assessments, including but not limited to the financial and statistical information set forth in tabular form in Appendix A — “THE DISTRICT” under the caption “Annual Assessment,” (d) the information set forth in Appendix D — “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS,” and (e) the audited financial statements of the District for the immediately preceding Fiscal Year prepared in accordance with generally accepted accounting principles. In addition, the District has agreed to provide, or cause to be provided, to each National Repository or the Municipal Securities Rulemaking Board (the “MSRB”) and a State Repository, in a timely manner notice of the following “Listed Events” if determined by the District to be material: (1) principal and interest payment delinquencies; (2) non—payment related defaults; (3) unscheduled draws on the debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of or failure to perform by any credit provider; (6) adverse tax opinions or events affecting the tax—exempt status of the Series 2007A Authority Bonds; (7) modifications to rights of holders of the Series 2007A Authority Bonds; (8) Series 2007A Authority Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2007A Authority Bonds; and (11) rating changes. In addition, the District covenants in a timely manner, to provide or cause to be provided to each National Repository or to the MSRB, and to the appropriate State Repository, if any, notice of the failure of the District to provide annual financial information on or before February 1 after the end of each fiscal year.

These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The District has never failed to comply with said Rule regarding the filing of annual reports or notices of material events. The County 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. The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2007A Authority Bonds and the Authority will not provide any such information. The Authority shall have no liability to the holders of the Series 2007A Authority Bonds with respect to the disclosure obligation undertaken by the District.

The District's obligations under the District Indenture with respect to continuing disclosure shall terminate upon payment in full of all of the District Bonds. If such termination occurs prior to the final maturity of the District Bonds, the District shall give notice of such termination in the same manner as for a Listed Event.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of interests in the Series 2007A Authority Bonds. Quotations and summaries and explanations of the Series 2007A Authority Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements of their provisions.

The Authority and the District regularly prepare a variety of annual reports, including audits, budgets and related documents. Any owner of a Series 2007A Authority Bond may obtain a copy of any such report as they become available or request additional information from the Authority at the address set forth below.

The preparation and distribution of this Official Statement have been authorized by the Authority and the District. Additional information regarding this Official Statement may be obtained by contacting:

GLENN BYERS
DIRECTOR, OFFICE OF PUBLIC FINANCE AND INVESTMENTS
COUNTY OF LOS ANGELES TREASURER'S OFFICE
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A
THE DISTRICT

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THE DISTRICT

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THE DISTRICT

Description of the District. The District was formed and the Assessment is levied pursuant to Division 5 of the California Public Resources Code, the Order (as defined below) and the Landscaping and Lighting Act of 1972 (Sections 22500 *et seq.* of the California Streets and Highways Code). On November 3, 1992, the District was established and the Initial Assessment (as defined below) was approved by a majority of the voters voting on the Safe Neighborhood Parks proposition of 1992. The District was established to improve the preservation of beaches, parks and wildlands; the construction, renovation and improvement of new and existing recreational facilities; and the restoration of rivers, streams and trails in the County. The District's boundaries are coterminous with those of the County, encompass 4,083 square miles and contain approximately 2.2 million parcels.

Pursuant to the Order (as defined below) and applicable law, the District is governed by the County Board of Supervisors acting as the legislative body of the District. The District's day-to-day operations are administered by the County Department of Parks and Recreation (the "Department"). The Department is responsible for the administration and funding of the District's programs and operations. In this capacity, the Department has coordinated the levy of the Assessment as well as the establishment of its accounting and budgetary systems. The Department has developed policies and procedures governing the application for and allocation of funds to projects.

Description and Purpose of the Assessments. The District's primary revenue source is from Assessments (defined below) which are levied annually on each of the approximately 2.2 million parcels within the District's boundaries, except for uninhabited agricultural lands, cemeteries, utilities and other exempt parcels. The District was formed and the levy of the maximum annual initial assessment within the District was established at \$9.39 per benefit point (the "Initial Assessment") pursuant to an official act of the County Board of Supervisors as set forth in its Order of March 17, 1992 (the "1992 Order"). The Initial Assessment was approved by 63.9% of voters within the County voting on the matter on November 3, 1992. The 1992 Order was amended by a resolution of the County Board of Supervisors adopted on June 18, 1996 (the "Resolution") to establish the levy of an additional maximum annual assessment at \$5.07 per benefit point (the "Additional Assessment" and, together with the Initial Assessment, the "Assessment"). The Additional Assessment was approved by 65.1% of voters within the County voting on the matter on November 5, 1996. The Resolution supplements the 1992 Order to provide for additional capital outlay projects, including, but not limited to, the acquisition and improvement of real property to benefit the District comparable to those adopted in the 1992 Order. However, the Resolution amended the 1992 Order and the Initial Assessment "to the extent and with the effect that the portion of any vacant parcel of land, and the vacant portion of any partially improved parcel of land, in excess of two and one-half acres (2.5) shall not be assessed." To clarify any inconsistencies between the 1992 Order and the Resolution, the Resolution provides that the method of assessment with respect to both the Initial Assessment and the Additional Assessment be identical in all respects; any such discrepancies, differences or variations in the method of assessment shall be resolved in favor of the Final Engineer's Report as hereinafter defined with respect to the Additional Assessment. Finally, the Resolution "capped" the Assessment at \$14.46 per benefit point per year. See "Rate and Method of Assessment" below. The 1992 Order, as amended by the Resolution (the "Order") provides that a minimum of 80% (but not more than 85%) of all proceeds of annual Assessments collected by the District shall be used for capital outlay projects, including, but not limited to, the acquisition and improvement of real property and the servicing of bonds, notes or other evidences of indebtedness issued by the District.

Pursuant to the Order, the Initial Assessment and the Additional Assessment are levied for a period of twenty-two (22) years beginning with the fiscal year in which such assessment, respectively, was first levied and collected by the District, subject to a maximum annual assessment per benefit point.

See “Rate and Method of Assessment” and “Excerpts of Engineer’s Report” below. The Initial Assessment was first levied in Fiscal Year 1993-94 and the Additional Assessment was first levied and collected in Fiscal Year 1997-98. With respect to Fiscal Year 2005-06, approximately \$79.805 million of Assessments and related revenues were collected. See “Historical Debt Service Coverage” below.

Proceeds of the annual Assessments will be used as follows: (i) a minimum of 80% shall be used either to directly pay the costs of Projects authorized pursuant to the Order or to pay debt service on bonds, notes or other evidence of indebtedness issued therefor, (ii) not less than 15% (nor more than 20% as determined by the County Board of Supervisors) of all proceeds of Assessments levied and collected by the District shall be set aside to pay costs of maintaining and servicing Projects funded either with assessments or with proceeds of bonds, notes or other evidences of indebtedness issued by the District and for other purposes set forth in the Order, and (iii) no more than 5% shall be available for the payment of actual administrative costs associated with carrying out the purposes of the Order by the District. Annual assessment revenue (exclusive of the amounts retained by the District for administrative expenses and the amounts set aside in accordance with the Order in the servicing and maintenance fund established pursuant to the Order, which amounts are retained by the District) are to be paid first into the Debt Service Fund established under the District Indenture to the extent necessary to make scheduled debt service payments on the Outstanding District Bonds. The balance of assessment revenue is then retained by the District for capital outlay projects pursuant to the Order.

Budget. The District’s budget and accounting systems have been structured in accordance with the revenue flow and accounting requirements provided in the Order. Assessment revenues and interest earnings will initially be deposited into the District’s Assessment Revenue Fund and distributed in the following manner:

- A minimum of 80% of the Assessments will be used first for the payment of debt service, and thereafter for the payment of direct costs of approved Projects;
- Not less than 15% (nor more than 20% as determined by the County Board of Supervisors) of all proceeds of Assessments levied and collected by the District will be used for the maintenance and servicing of completed Projects; and
- Up to five percent of the Assessments will be used to pay for the District’s ongoing administrative expenses.

Separate accounts have been established within the Project Funds established under the District Indenture to account for projects funded by bond proceeds separate from those funded directly by assessments to assist in the monitoring of program expenditures and compliance with Internal Revenue Code requirements. Financial statements on the District’s operations and transactions are prepared annually and audited by an independent auditor. The District’s Final Fiscal Year 2005-06 Budget and the District’s Fiscal Year 2006-07 Budget are summarized below:

TABLE 1

**LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
Comparison of Fiscal Year 2005-06 Final Budget vs. Adopted 2006-07 Budget**

	Final 2005-06 <u>Budget (1)</u>	Adopted 2006-07 <u>Budget (2)</u>	Change From <u>2005-06</u>
REQUIREMENTS			
Project Funding			
Assessment Grant	\$ 94,921,000	\$ 74,126,000	\$(20,795,000)
Bond Funded Projects	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	\$ 94,921,000	\$ 74,126,000	(20,795,000)
Administration	\$ 4,769,000	\$4,819,000	50,000
Project Maintenance	64,805,000	66,912,000	2,107,000
Other Financing Uses/Designations	166,017,000	201,083,000	35,066,000
Bond Requirements:			
Debt Service	41,131,000	37,496,000	(3,635,000)
Cost of Issuance	<u>3,000</u>	<u>0</u>	<u>(3,000)</u>
TOTAL REQUIREMENTS	<u>\$371,646,000</u>	<u>\$384,436,000</u>	<u>\$12,790,000</u>
AVAILABLE FUNDS			
Benefit Assessment	\$ 78,010,000	\$ 78,236,000	\$ 226,000
Fund Balance	153,841,000	153,929,000	88,000
Cancellation of Reserve/Designations	27,282,000	43,061,000	15,779,000
Bond Proceeds	0	0	0
Premium/Accrued Interest on Bonds	0	0	0
Operating Transfers	0	101,050,000	(6,774,000)
Residual Equity Transfers	107,824,000	0	0
Use of Money and Property	<u>4,689,000</u>	<u>8,160,000</u>	<u>3,471,000</u>
TOTAL AVAILABLE FUNDS	<u>\$371,646,000</u>	<u>\$384,436,000</u>	<u>\$12,790,000</u>

(1) Reflects the Fiscal Year 2005-06 District Budget adopted by the Board of Supervisors on June 20, 2005 and subsequently adjusted on September 20, 2005 and September 26, 2006.

(2) Reflects the Fiscal Year 2006-07 District Budget adopted by the Board of Supervisors on June 26, 2006 and subsequently adjusted on September 26, 2006.

Source: Los Angeles County Regional Park and Open Space District and CAO Budget Status Report.

General Fund Revenues and Expenditures

The District's Audited General Fund Revenues and Expenditures for the Fiscal Years ended June 30, 2003, 2004, 2005, and 2006 are summarized below:

TABLE 2

**LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
Fiscal Years Ended June 30, 2003, 2004, 2005, and 2006
(Dollars in thousands)**

REVENUES	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006
Charges for Services	\$78,433	\$78,875	\$79,907	\$78,580
Investment Income	10,219	3,578	5,755	10,391
Net change in fair value of investments	-	(695)	-	-
Miscellaneous	1,240	214	-	1,202
TOTAL REVENUES	\$89,892	\$81,972	\$85,662	\$90,173
EXPENDITURES				
Services and Supplies	\$ 4,369	\$ 4,760	\$ 1,194	\$ 2,042
Park Improvements	41,921	39,505	31,636	31,136
Maintenance and servicing costs	13,439	12,316	15,552	12,266
TOTAL EXPENDITURES	\$59,729	\$56,581	\$48,382	\$45,444
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$30,163	\$25,391	\$37,280	\$44,729
OTHER FINANCING SOURCES (USES):				
Operating transfers to other funds ⁽¹⁾	\$(38,632)	\$(38,888)	\$(37,053)	\$(37,443)
Operating transfers from other funds				
Total Other Financing Sources (Uses)	\$(38,632)	\$(38,888)	\$(37,053)	\$(37,443)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ (8,469)	\$(13,497)	\$ 227	\$ 7,286
PRIOR YEAR FUND BALANCE	\$260,451	\$252,072	\$238,575	\$238,802
FUND BALANCES (June 30)	\$252,072	\$238,575	\$238,802	\$246,088

¹ Represents transfers to the Debt Service Fund.

Sources: Los Angeles County Regional Park and Open Space District Independent Auditor's Report and Financial Statements for the Fiscal Years Ended June 30, 2003, 2004, 2005, and 2006.

Administrative Expense; Retirement and Other Post-Employment Health Care Benefits.

The County is responsible for providing all necessary employees to the District for performing District functions. The Order provides that the County shall be reimbursed from District revenue for actual costs of administration of the District. Accordingly, the District has no salaries and employee benefit expenditures or supplies. The Order generally provides that during the first 20 years after the date an Assessment is levied and collected not less than 80% of the proceeds of such Assessments are to be used for capital outlay projects including the payment of debt service on bonds issued under the Order, and the Order further provides that not more than five percent of the proceeds of Assessments levied are available for payment of administrative expense.

Therefore, all employee costs relating to the District functions, including pension costs and post retirement health care costs of such employees, are paid from funds other than those pledged to pay debt service on bonds, including the District Bonds, issued under the Order.

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association (“LACERA”). LACERA operates as a cost-sharing multi-employer defined benefit plan for the County of Los Angeles and four minor participating agencies. LACERA’s membership total as of June 30, 2005 was 143,133. Based on current estimated Plan assets and liabilities as of June 30, 2006, LACERA’s actuary has projected that the funded ratio will increase from 85.8% on June 30, 2005 to 91.2% on June 30, 2006. This increase is primarily the result of investment gains in the prior three fiscal years. The most recent annual valuation approved by the Board of Investments was for the fiscal year ending June 30, 2005. As of June 30, 2005, the funded ratio of the Plan was 85.8%.

The employee expense that the County can pass through to the District also includes post-employment healthcare benefits. The Governmental Accounting Standards Board (“GASB”) has issued two statements that address other postemployment benefits (OPEB), which are defined to include post retirement health care benefits. GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes financial reporting standards for OPEB in a manner similar to those currently in effect for pension benefits. GASB 43 is focused on the entity that administers such benefits on behalf of the County (currently LACERA) and requires an actuarial valuation to determine the funded status of benefits accrued. LACERA intends to comply with GASB 43 by the fiscal year ending June 30, 2007, as required under GASB 43. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. Currently, OPEB are accounted for by the County on a pay-as-you-go basis, which does not require the accrual of costs associated with future OPEB payments. GASB 45 is focused on the County’s financial statements and related note disclosures and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. OPEB costs would become measurable on an accrual basis of accounting and actuarially determined contribution rates would be prescribed for funding such costs. The County intends to comply with the provisions of GASB 45 by no later than the fiscal year ending June 30, 2008.

Rate and Method of Assessment. The rate and method of apportionment for use in levying the Assessment for various categories of property is as set forth in the Final Engineer’s Report for County of Los Angeles Landscaping and Lighting District No. 92-1, Additional Assessment Changes and Modifications, which was adopted by the Board on June 18, 1996 (as amended, the “Final Engineer’s Report”). Pursuant to the Final Engineer’s Report, the level of each Assessment is based on the size and use of each parcel and the resulting benefit each parcel will receive from the proposed Projects. The estimation of such benefit is quantified in benefit points. The annual rate of each Assessment may not exceed \$9.39 per benefit point (pursuant to the 1992 Order and Initial Assessment) and \$5.07 per benefit point (pursuant to the Order and Additional Assessment). The Assessment for any parcel will consequently equal the annual rate determined by the Board of Supervisors multiplied by the number of benefit points applicable to each parcel. The 2006-07 Assessment for a single family residence on a median sized parcel is \$19.28 (based on 1.333 benefit points). Excerpts of the Final Engineer’s Report are set forth below under the caption “Excerpts of Engineer’s Report.”

The overall level of the District’s Assessment will increase if parcels are subdivided and vacant property is developed. Properties owned by public agencies, such as cities, the County, the State or the federal government, will not be assessed except when such property is not devoted to a public use. Rights-of-way owned by utilities, railroad operating rights-of-way, uninhabited agricultural lands, cemeteries and certain other properties are also exempt from the Assessments. Individuals who qualify for the California Property Tax Postponement Program (Section 20581 *et seq.* of the California Revenue and Taxation Code), which generally provides for the postponement of certain payments by individuals

62 years of age or older of property taxes attributable to residential dwellings, may also qualify for postponement of payment of Assessments levied by the District.

In the event of any allegation of errors of the Assessment, including circumstances that do not precisely fit the intent of the Order, such alleged errors are reported to a committee appointed by the County Board of Supervisors. The function of this committee is to recommend corrections or adjustments that are consistent with the concept, intent and parameters of the Order and the District's program of levying and collecting the Assessment. Unless the committee's proposed corrections and adjustments are appealed to the County Board of Supervisors, they are incorporated into the Assessment roll.

The Assessments actually levied for the current year, by the type of land use, are comprised as follows:

TABLE 3
ASSESSMENT LEVY BY TYPE OF LAND USE
For the 2006-07 Annual Assessment

Land use	Total Assessment		Percentage of
	Levy	Benefit Points	Total Assessment
			Levies
Residential	\$56,155,657	3,883,517.064	71.63%
Commercial	20,044,797	1,386,223.885	25.57
Institutional	1,349,485	93,325.362	1.72
Recreational	848,728	58,694.871	1.08
Miscellaneous*	(1,587)	(109.774)	(0.00)
TOTALS	\$78,397,079	5,421,651.408	100.00%

Source: Los Angeles County Regional Park and Open Space District

* Includes enrollment losses.

No single taxpayer is responsible for more than 0.1% of the annual Assessment. In the aggregate, the top 30 taxpayers in the District account for less than one percent of the 2006-07 Annual Assessment.

Annual Assessment. The Assessment is collected in semi-annual installments on the County's tax roll on which general taxes on real property are collected. Each Assessment is payable and becomes delinquent at the same time and bears the same rate of penalty and interest after delinquency as do general property taxes in the County, and the property upon which each Assessment is levied is subject to the same provisions for sale and redemption as are properties for nonpayment of such taxes. Taxpayers are obligated to pay the total of general and specific tax levies appearing on County tax bills; partial payments of the total tax levy are applied *pro rata* among all individual taxes appearing on the tax bill. The District has covenanted in the District Master Indenture that, unless otherwise required by applicable law, it shall not take, or cause to be taken, any action that would result in the reduction in the amount of the levy of Pledged Assessments with respect to any Fiscal Year below an aggregate amount equal to 1.15 times the Maximum Annual Debt Service on all Outstanding District Bonds and any District Bonds that the District reasonably expects to issue during the then present Fiscal Year.

Pursuant to the District Master Indenture, the District shall not directly or indirectly extend or defer the payment of any Pledged Assessments if, following such extension or deferral, the value of the Pledged Assessments not subject to such extension or deferral would be less than 1.15 times the

Maximum Annual Debt Service on all Outstanding District Bonds theretofore issued. This restriction does not, however, limit the District's ability to defer Assessments pursuant to Section 170 and 1994-5 of the California Revenue and Taxation Code and Chapter 4.64 of the Los Angeles County Code. See Appendix C - "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS - The District Master Indenture - Covenants of the District."

The District has no obligation to institute judicial foreclosure proceedings in the event of a delinquency by any particular property owner in the payments of Assessments, but has covenanted to take such actions with respect to such delinquencies as are consistent with the policy of the County regarding delinquent property taxes generally. Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer and Tax Collector of the County. Assessments are levied and collected with the County's general tax levy. Accordingly, the District anticipates collection rates equivalent with the County's general tax levy experience. During the past five years, delinquency rates have ranged from a high of 3.49% in Fiscal Year 2001-02 to a low of 2.94% in Fiscal Year 2003-04. Revenue projections contained in this Official Statement have assumed the Fiscal Year 2005-06 delinquency rate of 3.10%, a ten percent delinquency penalty, an average annual redemption penalty collection of nine percent and the County's existing assumptions regarding redemption recovery rates of 91% over five years based on a "sliding scale" of 45% recovery for year one, 22% for year two, 11% for year three, nine percent for year four, and four percent for year five.

The following table provides a summary statement of the District's Assessment levies and collections for Fiscal Years 2001-02 through 2005-06.

TABLE 4

**LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
SUMMARY OF ASSESSMENT LEVIES AND COLLECTIONS
FISCAL YEARS 2001-02 THROUGH 2005-06
(Unaudited)**

Year	Total Current Assessment Levy	Total Current Assessment Collections	Current Delinquent Assessments	Ratio of Delinquency To Current Assessments Levy
2001-02	\$77,240,823	\$74,544,114	\$2,696,709	3.49%
2002-03	77,571,254	75,032,289	2,538,965	3.27
2003-04	78,281,288	75,976,919	2,304,369	2.94
2004-05	78,232,791	79,029,391	2,370,425	3.03
2005-06	78,377,175	78,602,795	2,433,102	3.10

Source: Los Angeles County Auditor-Controller's Tax Apportionment Ledger for the Secured Roll.

Assessments constitute fixed liens on the parcels assessed within the District and do not constitute personal indebtedness of the respective owners of such lots and parcels. Accordingly, in the event of

delinquency, proceedings may be conducted only against the real property securing the delinquent Assessment. The District has no obligation to institute judicial foreclosure proceedings in the event of a delinquency by any particular property owner in the payments of Assessments, but has covenanted to take such actions with respect to such delinquencies as are consistent with the policy of the County regarding delinquent property taxes generally. Under the District Master Indenture, the District has covenanted that, unless otherwise required by applicable law, the District shall not take, or cause to be taken, any action that will result in the reduction of the amount of the levy of Pledged Assessments with respect to any Fiscal Year below an aggregate amount equal to 1.15 times the Maximum Annual Debt Service on all Outstanding District Bonds and any District Bonds that the District reasonably expects to be issued during the then-present Fiscal Year. See Appendix C - "SUMMARY OF LEGAL DOCUMENTS - The District Master Indenture."

Historical Debt Service Coverage. The following tables provide a summary statement of the District's collection of Assessments and related revenue and the debt service coverage ratio of Pledged Assessments to the Outstanding District Bonds.

TABLE 5

**SUMMARY ASSESSMENT AND OTHER REVENUE COLLECTIONS
Fiscal Year 2001-02 to Fiscal Year 2005-06**

Fiscal Year	Base Assessments	Less: Appeals	Less: Delinquencies	Collection of Prior Delinquencies	Penalties	Assessment Adjustments	Total Assessment and Other Revenue Collections⁽¹⁾
2001-02	\$77,597,000	-\$356,000	-\$2,697,000	\$2,792,000	\$826,000	-\$731,000	\$77,431,000
2002-03	77,816,000	-245,000	-2,539,000	2,785,000	925,000	-398,000	78,344,000
2003-04	77,900,000	-381,000	-2,304,000	2,962,000	1,269,000	-636,000	78,810,000
2004-05	78,233,000	-165,000	-2,370,000	3,041,000	1,125,000	380,000	80,244,000
2005-06	78,378,000	-287,000	-2,433,000	2,943,000	1,203,000	1,000	79,805,000

(1) May not add due to rounding.

Source: Los Angeles County Auditor-Controller's Tax Apportionment Ledger for the Secured Roll, and the Los Angeles County Regional Park and Open Space District.

TABLE 6

HISTORICAL DEBT SERVICE COVERAGE

Year	Assessment and Other Revenue Collections	Maintenance & Servicing (15%)	Administration (5%)	Pledged Assessments	District Bonds Annual Debt Service	Annual Coverage Ratio
2001-02	\$77,431,000	\$11,615,000	\$3,872,000	\$61,944,000	\$39,227,000	1.58
2002-03	78,344,000	11,752,000	3,917,000	62,675,000	39,227,000	1.60
2003-04	78,810,000	11,822,000	3,941,000	63,047,000	39,229,000	1.61
2004-05	80,244,000	12,037,000	4,012,000	64,195,000	38,385,000	1.67
2005-06	79,805,000	11,971,000	3,990,000	63,844,000	38,073,000	1.68

Source: Los Angeles County Auditor-Controller's Tax Apportionment Ledger for the Secured Roll, and the Los Angeles County Regional Park and Open Space District.

Projected Debt Service Coverage. Estimated Assessments available to pay debt service on the Series 2007A District Bonds, and accordingly, the Series 2007A Authority Bonds, are based upon certain assumptions with regard to the land use, level of development and improvements and percentage of Assessments collected, the amount available for investment and the interest rate at which funds are invested. See "Assessment Projection" below. In order to estimate the total revenues available to pay debt service on the Series 2007A District Bonds, the District has made certain assumptions with regard to the land use, level of development and improvement valuations and percentage of Assessments collected, the amount available for investment and the interest rate at which funds are invested. The District's revenue projection set forth in the table below is based on an Initial Assessment of approximately \$51.0 million in accordance with the 1992 Order and an Additional Assessment of approximately \$27.5 million starting in Fiscal Year 2006-07 in accordance with the Resolution with projections through Fiscal Year 2018-19, and incorporates the following assumptions: (1) future benefit point growth of 0.32% per year for residential properties and future benefit point decline of 0.19% per year for commercial/industrial properties with growth and decline based on annual historic compounding, of the respective categories of properties, for the period between Fiscal Year 1996-97 through Fiscal Year 2005-06; (2) an annual investment earnings rate of 1.25% per annum; and (3) a 3.04% per annum delinquency rate with a recovery rate of 91% over a five year period. The District believes these assumptions to be reasonable, but to the extent the Assessment is collected or the amount of funds available for investment or the interest rate at which funds are invested are less than the District's assumptions, the total Assessment available to pay debt service on the Series 2007A District Bonds and any other outstanding District Bonds may be less than projected.

TABLE 7**SUMMARY REVENUE PROJECTION
Fiscal Year 2006-07 to Fiscal Year 2018-19**

Fiscal Year	Base Assessments	Less: Appeals	Parcel Enrollment Losses	Gross Assessments	Less: Delinquencies	Collection of Prior Delinquencies	Penalties	Total Available Revenues
2006-07	\$78,515,866	(\$165,308)	(\$929)	\$78,349,629	(\$2,378,974)	\$2,180,024	\$607,300	\$78,757,979
2007-08	78,654,278	(165,599)	(931)	78,487,748	(2,383,168)	2,162,694	597,425	78,864,699
2008-09	78,793,340	(165,892)	(932)	78,626,515	(2,387,382)	2,162,541	595,792	78,997,467
2009-10	78,933,054	(166,186)	(934)	78,765,933	(2,391,615)	2,168,855	598,215	79,141,388
2010-11	79,073,421	(166,482)	(936)	78,906,003	(2,395,868)	2,172,699	599,276	79,282,110
2011-12	79,214,442	(166,779)	(937)	79,046,727	(2,400,141)	2,176,552	600,337	79,423,475
2012-13	79,356,121	(167,077)	(939)	79,188,105	(2,404,433)	2,180,423	601,403	79,565,498
2013-14	79,498,457	(167,377)	(941)	79,330,140	(2,408,746)	2,184,312	602,475	79,708,181
2014-15	79,641,453	(167,678)	(942)	79,472,833	(2,413,079)	2,188,219	603,551	79,851,525
2015-16	27,974,447	(58,898)	(331)	27,915,219	(847,606)	2,192,145	604,632	29,864,390
2016-17	28,025,049	(59,004)	(332)	27,965,714	(849,139)	1,489,667	471,499	29,077,740
2017-18	28,075,884	(59,111)	(332)	28,016,441	(850,679)	1,146,989	375,646	28,688,397
2018-19	28,126,953	(59,219)	(333)	28,067,401	(852,226)	976,380	312,431	28,503,986

Source: Public Resources Advisory Group, financial consultant to the District.

The following table illustrates the use of Assessments in accordance with the Order and the annual coverage ratio of available Assessments to estimated debt service payments on the Series 2007A District Bonds and other Outstanding District Bonds.

TABLE 8
PROJECTED DEBT SERVICE COVERAGE

Bond Year Ending 10/1	Available Revenues	Maintenance & Servicing (15%)	Administration (5%)	Pledged Assessments	Series 1997A and Series 2005A District Bonds Annual Debt Service	Series 2007A District Bonds Annual Debt Service	Total District Bonds Annual Debt Service	Annual Coverage Ratio
2007	\$78,757,979	(\$11,813,697)	(\$590,685)	\$66,353,597	\$38,073,513 ⁽¹⁾	\$3,161,540	\$41,235,053	1.60
2008	78,864,699	(11,829,705)	(591,485)	66,443,509	23,945,950	12,544,000	36,489,950	1.82
2009	78,997,467	(11,849,620)	(592,481)	66,555,366	23,941,450	12,547,500	36,488,950	1.82
2010	79,141,388	(11,871,208)	(593,560)	66,676,619	23,943,700	12,541,000	36,484,700	1.82
2011	79,282,110	(11,892,317)	(594,616)	66,795,178	23,940,388	12,539,000	36,479,388	1.83
2012	79,423,475	(11,913,521)	(595,676)	66,914,278	23,946,138	12,530,250	36,476,388	1.83
2013	79,565,498	(11,934,825)	(596,741)	67,033,932	23,944,638	12,539,000	36,483,638	1.83
2014	79,708,181	(11,956,227)	(597,811)	67,154,142	23,942,638	12,558,250	36,500,888	1.83
2015	79,851,525	(11,977,729)	(598,886)	67,274,910	23,942,888	12,556,250	36,499,138	1.84
2016	29,864,390	(4,479,659)	(223,983)	25,160,749	9,657,888	4,672,750	14,330,638	1.75
2017	29,077,740	(4,361,661)	(218,083)	24,497,996	9,659,713	4,670,500	14,330,213	1.70
2018	28,688,397	(4,303,259)	(215,163)	24,169,974	9,659,750	4,668,750	14,328,500	1.68
2019	28,503,986	(4,275,598)	(213,780)	24,014,608	9,661,950	4,662,000	14,323,950	1.67

(1) Includes debt service on Series 1997A District Bonds maturing October 1, 2007, which will be paid by means of a District contribution to the Escrow Fund.

Source: Public Resources Advisory Group, financial consultant to the District.

Excerpts of Engineer's Report. The following are summary excerpts from the Final Engineer's Report, as amended June 18, 1996, Section V, "Rate and Method of Assessment." Such excerpts are not to be considered a full description of the text of the Final Engineer's Report.

General. The Landscaping and Lighting Act of 1972 provides that assessments may be apportioned by any formula or method which fairly distributes the assessment among all assessable lots or parcels in proportion to the estimated benefits to be received by each lot or parcel from the improvements.

Benefit to Property from Park and Recreation Facilities. Studies in a number of communities, including counties and cities throughout the United States, have indicated that recreation areas and facilities, if well maintained and wisely administered, have caused a marked increase in property values of parcels in the community. Consequently, such recreation and park facilities have proved a potent factor in maintaining a sound economic condition and a high standard of livability in the community. These studies confirm the opinion long held by planning authorities as to the economic value of open space in a community.

Property values in a community are increased when public infrastructure such as parks, open space and recreation facilities are in place, improved, operable, safe, clean and maintained. Facilities that are unsafe or destroyed by the elements or vandalism decrease surrounding property values. Park and recreation facilities are less likely to attract crime if they are well lit, clean and maintained. Clean and safe parks increase public safety, help to reduce crime and enhance the overall quality of life and desirability of an area. Property values in an area also increase when there is an increase in the number of parks, recreation centers, trail systems, sports facilities and open space areas. Conversely, property values decrease when park and recreation facilities are in disrepair, old, unsafe, unclean and unusable.

The improvements to be funded by the District are acquisition, development, improvement and restoration projects for park, recreation, community centers, museum, beach and open space purposes. These improvement projects include: regional facilities which benefit the entire District; regional facilities which benefit large areas of the District; and neighborhood facilities which benefit smaller, local areas of the District. The improvements are distributed between these different categories of regional use to ensure that all areas of the District will benefit. Funds for improvements are also distributed throughout all geographic areas of the District, and between all of the cities and the unincorporated areas of the County.

Specific criteria were established to identify regional park and recreation projects throughout the County which would benefit all areas of the District. Each specific project was required to be environmentally sound, regionally significant and strongly supported; each project also had to show documentation of regional significance and regional use. The regional significance of each project was required to be documented through:

- evidence that the project is a significant natural resource;
- letters or studies documenting the regional use of the proposed project by surrounding communities;
- evidence that the project is or will be made available or advertised on a regional basis; and
- evidence that the project is the only one of its kind in the surrounding region.

All eighty-eight incorporated cities located in the District were contacted by the Department and over seventy cities in the District, county departments, civic leaders and citizen organizations participated in the process to identify specific regional park, recreation and open space projects. All of the specific improvements (Projects, as defined herein) meet the established criteria and hundreds of letters were received documenting the regional significance of the specific improvement projects located within cities.

Regional projects, by their definition, are of area-wide benefit; therefore, the regional facilities in the County cumulatively benefit all properties within the District. As described above, the local projects are distributed throughout the proposed District and are of regional significance. The acquisition, improvement, and restoration of both local and regional parks, beaches and open space lands and recreation facilities are distributed throughout the proposed District and therefore are of direct and specific benefit to all parcels within the District. All areas benefit equally from the proposed improvements with benefit to parcels varying with their land use.

Benefit Points. To establish the benefit to the individual parcels with their varying land uses a benefit point system is used. Each parcel is assigned benefit points in proportion to the benefit the property receives. The number of points are then divided into the annual revenue requirement necessary to fund the proposed parks, recreation areas and open space improvements to determine the dollar value of benefit for each point. Since the number of benefit points for each parcel has been established, the benefit obligation for each parcel is established and thus the amount of assessment for each parcel is established.

Land Value Benefit. In order to fairly allocate benefit from the proposed improvements to parcels throughout the District, it is necessary to address the benefits to land and to land use. The benefit received by land varies as land varies in size. It was found that larger parcels benefit more than smaller parcels. The benefit point system is based on establishing separately the benefit for each of two elements, land value and land use. To facilitate this procedure, the median single-family home is used as a standard to which all other properties are related. The median single-family home in the County is located on a lot of approximately 1/7 of an acre in areas with the relative valuation between the home and the lot being 75% and 25% respectively. This relative valuation is based upon the opinion of professional appraisers, appraising current market property values for real estate in Southern California. The land value portion typically ranges from 20 to 30 percent; the Final Engineer's Report used approximately 25 percent. This evaluation is based upon current market values, not on assessed values which are skewed by the impact of Proposition 13.

The lot, therefore, has 1/3 the value of the improvement ($.25 \div .75$). Assigning one benefit point to a house as the standard and using the 1/3 ratio, the lot would then represent 1/3 benefit point, see the discussion on "Land Use (Improvement) Benefits" below where one benefit point is assigned to a single-family house. As stated above, the median single-family home is located on a lot of approximately 1/7 of an acre; therefore, the median density for single-family residential property in the County is 7 units per acre, thus the benefit point for the typical acre occupied by single-family homes would be $7 \times 1/3$, or 2.33 benefit points per acre. This 2.33 benefit points per acre is used as the basis for assessing the land value benefit to all assessable parcels within the District.

Land Use (Improvement) Benefit. That portion of the benefit that is associated with land use or improvement value will, of course, vary with the type of land use. This benefit for land use is condensed and segregated into three categories below, and each category is assigned

portions of a benefit point (BP) relative to the percentage of improvement value it provides (see discussion under “Benefit to Property from Park and Recreation Facilities” above).

- 1) Economic Value: The increase to improved property value due to increased economic activity and health, expanded employment opportunities and increased capacity to draw business, home buyers, renters, tourists, etc., to the District .50BP
- 2) Environmental Quality: The increase to improved property value due to the improved quality of air, water, visual aesthetics, attractiveness of the District as a place to live and work, etc. .25BP
- 3) Recreation Enhancement: The increase to improved property value due to the availability of useable and safe parks, beaches, and recreation facilities. .25BP

Land use is designated and classified in accordance with the Los Angeles County Assessor’s use codes as of the date of the Final Engineer’s Report. Benefits to land uses vary; therefore, the above factors are assigned to each land use classification.

Single-Family Residence. A single-family residence receives all three of the above benefits, therefore 1.0 BP is assigned to each single-family residence. The land upon which the home is located receives a separate benefit which is 2.33 times the acreage of the lot upon which the home is situated. The benefit to a typical single-family residence is the summation of these two, i.e., one plus 2.33 times the area of the parcel in acres.

To assess land use benefit equitably, it is necessary to relate the different parcel classifications to each other. Using one benefit point for a single-family residential unit, all other uses are related to this land use.

Multiple-Residential and Mobile Home. Multiple-residential and mobile home land use equivalencies are reduced by multiplying the number of home units on each parcel by .75 and .50, respectively, due to the relative population density of these types of dwelling units compared to the typical density of single-family units. Studies have consistently shown that an apartment unit impacts infrastructure approximately 75% as much as a single family residence, and mobile homes impact infrastructure approximately 50% (Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition, 1991. Metcalf and Eddy, Wastewater Engineering Treatment Disposal Reuse, Third Edition, 1991). The reduced impact on park and recreational facility use by residents of multiple-residential and mobile homes results in a lesser enhancement per unit to property values. Therefore, the Economic Value, Environmental Quality, and Recreation Enhancement benefit points for multiple-residential and mobile homes have been uniformly reduced to 75% and 50%, respectively.

The benefit points assigned to a multiple-residential or a mobile home parcel for the Land Use (Improvement Value) portion of the assessment are calculated based on the number of house units and the appropriate benefit point per house unit. The benefit points for multi-residential (.75) are multiplied by the number of dwelling units on the parcel to determine the total Land Use (Improvement Value) benefit points for the parcel. The total Land Use (Improvement Value) benefit points for a mobile home parcel is calculated by multiplying the benefit point per home unit (.50) by the number of units on the parcel. The benefit points for the land value portion of the assessment are calculated by multiplying the land area in acres by 2.33 benefit points per acre.

These two amounts are then added together to obtain the total number of benefit points for the parcel.

Commercial/industrial - Other. For determining the land use benefit points to be assigned for properties in commercial/industrial use, these properties are first related to the basic single-family unit. The median home in the District has a lot size of approximately 1/7 of an acre, therefore the typical single-family residential density is seven dwelling units per acre. All properties that are developed for commercial/industrial are thus assigned seven benefit points per acre for the land use portion of the parcel. Each land use category of commercial/industrial property is then evaluated as to whether or not the three components of the land use benefit point (i.e., Economic Value, Environmental Quality and Recreation Enhancement) applies to the particular land use category.

Commercial/industrial properties that have been found to receive the same benefits as residential properties from increased economic activity and health, expanded employment opportunities and increased capacity to attract business as residential properties receive .50 BP for Economic Value, as do residential properties. Certain commercial/industrial properties, such as warehouses, storage facilities and mineral processing, mining and petroleum facilities, receive no economic benefit because these properties receive negligible benefit, if any, from park and recreation improvements. All commercial/industrial properties benefit from increased environmental quality as a result of the improvements; therefore, all commercial/industrial properties are assigned a factor of .25 BP for Environmental Quality. Those properties which are used by or which serve people are benefited by improved and increased park and recreational facilities; these properties are assigned a factor of .25 BP for Recreational Enhancement.

Additionally, a higher level of use for commercial/industrial property is identified when a structural improvement has multiple stories or occupies a greater percentage of the parcel than that which is the norm. To account for this, the benefit points for the property use is multiplied by a number which is proportional to the intensity of the structural improvements contained on the property.

The typical coverage of commercial/industrial parcel with a structure is 33%. Using this as the standard, the square footage of a structural improvement on a parcel, as this value is set forth in the Los Angeles County Assessor's records or as determined through appeal, is divided by one-third of the area of the parcel in square feet. The number then becomes proportional to the intensity of development on the parcel and represents an equivalent number of stories that may be found on a parcel. For the purpose of identifying this factor, it is set forth as "equivalent stories" in the benefit point equation. A minimum of one "equivalent story" will be applied to any improved (non-vacant) commercial/industrial property.

A paved lot which is used exclusively for parking and which does not have a structural improvement on the parcel will be assigned one equivalent story.

When a commercial/industrial building and a parking lot structure are located on one parcel, the improved square footage of the parking structure will be added to the improved square footage of the commercial/industrial building, resulting in the total improved square footage used to calculate equivalent stories.

Vacant Property. Vacant property has no Land Use Benefits associated with it. Even if a vacant parcel is designated as commercial/industrial or residential, it receives no additional

benefits because of its designation as there are no improvements constructed upon it; therefore, vacant property receives only Land Value Benefit of 2.33 benefit points per acre.

The Land Value benefit received by property varies as the property varies in size. However, there is a decreasing marginal utility to the benefit vacant land receives from parks, recreation facilities and open space that results in a benefit limit to larger vacant parcels. As vacant parcels increase in size, the vacant portion of a larger parcel functionally serves as open space. Consequently, as a basis for this limitation, a vacant parcel will not be assigned more benefit points than the total benefit points assigned to an acre of median single-family residence parcels. As vacant parcels increase in size beyond 2.5 acres, the marginal benefit they receive from park improvements is negligible. Therefore the portion of any vacant parcel in excess of 2.5 acres shall not be subject to the assessment. The maximum benefit points that will be assigned to a vacant parcel is 5.83 (2.33 BP's x 2.5 acres).

This finding modifies and amends the finding stated in the 1992 Engineer's Report that vacant parcels up to 5 acres benefited. To the extent that present conclusions are inconsistent with previous findings, present findings are regarded as more accurately reflecting the benefits received.

In addition, the unused portion of any partially improved single parcel that is in excess of 2.5 acres will not be assessed. Such parcels that are partially improved will often appear on the Assessor's roll as improved. Those parcels that are found to be partially improved after review will have their assessments revised per this report.

Exempt Properties. Several land uses were determined to be exempt from the assessment because they either do not benefit from the proposed improvements or they have restricted uses that would not be in the public interest to acquire in the event of foreclosure. Examples are common areas, open spaces, green belts, sliver parcels, and public properties. Also exempt by law, are parcels designed as uninhabited and non-vacant agricultural and timber property.

Modifications. It is recognized, that when dealing with the millions of parcels that will be part of this Assessment District, using the information on the Los Angeles County Assessor's Roll as the primary source for the assessment formula may lead to some errors and some circumstances that do not precisely fit the intent of this program.

Where such circumstances are discovered, either by the persons administrating this program, or by the owners of the properties affected, such circumstances shall be reported to a committee appointed by the Board of Supervisors. The function and the authority of the committee will be to recommend such corrections or adjustments with such proposed changes being consistent with the concept, intent and parameters of the District's program of levying and collecting the Assessments. Unless such proposed changes are appealed to the Board of Supervisors, they will be incorporated into the assessment roll.

The total assessment to be levied on each parcel shall be the annual assessment per parcel times the number of years over which assessment will be levied. The annual assessment for each parcel shall remain in effect until the characteristics which affect the property's benefit points are updated, at which time the assessment for that parcel will be recalculated.

Financial Reports and Certifications. The District is required to prepare annual financial statements, which are audited by independent certified public accountants. Certain information contained in this Official Statement was obtained from such reports. In addition, the District is required to report

quarterly to the Board of Supervisors the status of allocations, commitments and payments to Projects. The District's audited financial statements for the year ended June 30, 2006 are set forth herein. See "Appendix B — AUDITED FINANCIAL STATEMENTS OF THE DISTRICT."

Overlapping Debt. The District contains numerous municipalities, school districts, and special purpose districts which have issued general obligation bonded indebtedness, which is set forth on the statement below. Some of the indebtedness may be payable from self-supporting enterprises of revenue sources other than property taxation. Revenue bonds, tax allocation bonds and special assessment bonds are not included in this statement; lease revenue obligations payable from general fund or equivalent sources are included in this statement.

TABLE 9

DIRECT AND OVERLAPPING DEBT - LOS ANGELES COUNTY

2006-07 Assessed Valuation: \$933,516,272,489 (includes unitary valuation)
 Redevelopment Incremental Valuation: 111,489,615,303
 Adjusted Assessed Valuation: \$822,026,657,186

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/07</u>
Los Angeles County	100. %	\$ 8,395,000
Los Angeles County Flood Control District	100.	113,800,000
Metropolitan Water District	46.196	165,896,765
Los Angeles Community College District	100.	1,005,200,000
Other Community College Districts	Various	1,120,940,127
Beverly Hills Unified School District	100.	140,894,198
Glendale Unified School District	100.	148,150,000
Inglewood Unified School District	100.	121,350,000
Long Beach Unified School District	100.	247,115,000
Los Angeles Unified School District	100.	6,005,825,000
Pasadena Unified School District	100.	207,165,000
Pomona Unified School District	100.	153,225,000
Other Unified School Districts	100.	2,105,765,670
High School and School Districts	Various (1)	963,798,828
City of Los Angeles	100.	1,411,898,000
City of Los Angeles Special Tax Lease Revenue Bonds	100.	126,485,000
City of Industry	100.	197,945,000
Other Cities	100.	45,735,000
Special Districts	100.	10,130,000
Community Facilities Districts	100.	769,643,019
Los Angeles County Regional Park & Open Space Assessment District	100.	304,235,000 (2)
1915 Act and Benefit Assessment Bonds - Estimate	100.	220,803,406
Los Angeles County Metropolitan Transportation Authority		
Benefit Assessment District Bonds	100.	<u>63,640,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$15,658,035,013

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School District, Fullerton Union High School District and Community College District, and the schools and special districts included in them.

(2) Excludes refunding issue to be sold.

(continued next page)

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/07</u>
Los Angeles County General Fund Obligations	100. %	\$1,095,976,959
Los Angeles County Pension Obligations	100.	737,082,395
Los Angeles County Office of Education Certificates of Participation	100.	19,817,270
Community College District Certificates of Participation	Various (1)	99,425,083
Los Angeles Unified School District Certificates of Participation	100.	402,219,455
Pomona Unified School District Certificates of Participation	100.	65,910,000
Other Unified School District Certificates of Participation	100.	440,556,298
High School and School District General Fund Obligations	Various (1)	176,850,973
City of Beverly Hills General Fund Obligations	100.	217,015,000
City of Los Angeles General Fund and Judgment Obligations	100.	1,508,800,000
City of Long Beach General Fund Obligations	100.	304,830,000
City of Long Beach Pension Obligations	100.	91,865,000
City of Pasadena General Fund Obligations	100.	407,699,972
City of Pasadena Pension Obligations	100.	134,145,000
Other Cities' General Fund Obligations	100.	1,171,079,853
Los Angeles County Sanitation Districts General Fund Obligations	100.	390,990,000
Walnut Valley Water District General Fund Obligations	100.	<u>14,075,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$7,278,338,258
Less: School District self-supporting bonds		47,347,905
Cities' self-supporting bonds		179,652,871
Walnut Valley Water District General Fund Obligations		<u>14,075,000</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$7,037,262,482
GROSS COMBINED TOTAL DEBT		\$22,936,373,271 (2)
NET COMBINED TOTAL DEBT		\$22,695,297,495

- (1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School District, Fullerton Union High School District and Community College District, and the schools and special districts included in them.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2006-07 Assessed Valuation:

Direct Debt (\$8,395,000)	0.001%
Total Direct and Overlapping Tax and Assessment Debt.....	1.68%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$1,841,454,354)	0.22%
Gross Combined Total Debt	2.79%
Net Combined Total Debt	2.76%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$884,789

- (1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School District, Fullerton Union High School District and Community College District, and the schools and special districts included in them.
- (2) Excludes refunding issue to be sold.

Source: California Municipal Statistics, Inc.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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LOS ANGELES COUNTY REGIONAL PARK
AND OPEN SPACE DISTRICT

Financial Statements and
Supplementary Information

Year Ended June 30, 2006

(With Independent Auditors' Report Thereon)

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LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Financial Statements and Supplementary Information

Year Ended June 30, 2006

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Board of Supervisors
Los Angeles County Regional Park and Open Space District
Los Angeles, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Los Angeles County Regional Park and Open Space District (the "District"), a component unit of the County of Los Angeles, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from the District's 2005 financial statements which were audited by Conrad and Associates, L.L.P., who merged with Mayer Hoffman McCann P.C. as of January 1, 2006, and whose report dated November 21, 2005 expressed unqualified opinions on the respective financial statements of the governmental activities and each major fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America and State regulations governing special districts.

The information identified in the accompanying table of contents as *Management's Discussion and Analysis* and *Required Supplementary Information* are not a required part of the basic financial statements but are supplementary information required by accounting standards generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
November 16, 2006

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2006

Management's discussion and analysis of the Los Angeles County Regional Park and Open Space District (the District) provides a narrative overview of the District's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information.

Financial Highlights

- As more fully explained in the government-wide financial analysis below and in footnote 10 to the financial statements, net assets were negative \$19 million at June 30, 2006.
- During the current year, the District's net assets increased by \$28 million.
- The District's General Fund fund balance increased to \$246 million.
- The District reduced its outstanding debt during fiscal year 2005 by \$23.4 million.

Financial Statement Overview

This annual report consists of a series of financial statements: 1) government-wide financial statements, 2) fund based financial statements, and 3) notes to the financial statements. In addition to the financial statements, this report contains required supplementary information and additional supplementary schedules.

Government-wide financial statements: The government-wide financial statements are designed to provide a broad overview of the District's activities and present a longer-term view of the District's finances.

- The Statement of Net Assets presents all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator to determine whether the financial position of the District is improving or deteriorating.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
Management's Discussion and Analysis
(Continued)

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year. All changes in net assets (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. uncollected assessment revenues, and accrued but unpaid interest expenses).

The government-wide financial statements can be found on pages 9-10 of this report.

Fund based financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District are Governmental fund types.

- Governmental Funds - All of the District's activities are reported in governmental funds. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed view of the District's operations. Governmental fund information helps to determine the amounts of financial resources used to finance the District's programs.

Net asset/net equity differences between the government-wide and fund based statements are highlighted on page 12 and are primarily the result of the inclusion of bonds payable, unamortized bond premium and refunding charges, accrued interest on bonds payable, and deferred revenue in the government-wide liabilities.

The difference between the changes in net assets/fund balances on the government-wide versus fund based statements is highlighted on page 14 and is primarily the result of reporting the repayment of bond principal as an expenditure in the fund based statements.

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund based financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
Management's Discussion and Analysis
(Continued)

Government-wide Financial Analysis

Our government-wide analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) for the District's governmental activities.

Table 1
Net Assets
(in Thousands)

	Governmental Activities	
	FY 2006	FY 2005
Current and other assets	\$ 326,208	\$ 317,986
Total assets	326,208	317,986
Long-term debt outstanding	332,117	355,494
Other liabilities	13,250	9,440
Total liabilities	345,367	364,934
Net assets-		
Unrestricted	(19,159)	(46,948)
Total net assets	(19,159)	(46,948)

GASB Statement 34 requires that the government-wide statements reflect a liability for the \$332.1 million in outstanding bonds issued to finance grants made to other governmental agencies, but does not permit the recognition of assets for future assessment revenues that are pledged for the annual debt service payments on the bonds. Amounts distributed to the cities and other eligible entities are recorded as expenses by the District and no capital assets are recorded. As a result, the Statement of Net Assets shows negative net assets of approximately \$19 million. The bond covenants require the County to levy property taxes in future years to specifically repay the principal and interest on the bonds. Accordingly, the deficit related to these bonds is expected to be funded by the dedicated tax levy and the deficit will gradually diminish as the bonds are redeemed.

Total assets of the District increased by 2.5% from the prior year to \$326 million due to a \$10 million increase in pooled cash and investments, a \$0.5 million increase in interest receivable, and a \$2.3 million decrease in assessments receivable.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
Management's Discussion and Analysis
(Continued)

Total liabilities of the District decreased by 5.4% from the prior year to \$345.4 million due to a \$23.4 million decrease in long-term liabilities (bonds payable) and a \$3.8 million increase in project related expenditure accruals and interest payable.

Total net assets increased \$27.8 million to negative \$19.2 million due to an excess of general revenues (\$90.7 million in assessment revenue and investment income) over government expenses (\$62.9 million in grants to other agencies, bond interest expense, maintenance and administration).

Table 2
Changes in Net Assets
(in Thousands)

	Governmental Activities	
	Summary of Statement of Activities <u>FY 2006</u>	<u>FY 2005</u>
Revenues		
General revenues		
Assessment	\$ 77,825	\$ 79,244
Investment income	11,683	6,449
Other revenue	<u>1,202</u>	<u>-</u>
Total revenues	90,710	85,693
Expenses		
General government	45,444	48,382
Interest expense	<u>17,477</u>	<u>14,896</u>
Total expenses	<u>62,921</u>	<u>63,278</u>
Increase (decrease) in net assets	<u>\$ 27,789</u>	<u>\$ 22,415</u>

Investment income increased by \$5.2 million in 2006 due to higher investment yields. The District spent \$2.9 million less on park improvements and maintenance in 2006 but interest expense on bonds increased by \$2.6 million.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
Management's Discussion and Analysis
(Continued)

Fund Based Financial Analysis

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$312.3 million, an increase of \$5 million from the prior year. Current year revenues from the governmental funds were \$90.7 million, an increase of 5.8% from the previous year. Expenditures in the current year were \$62.9 million, a decrease of 4.6% from the previous year.

Debt Management

At June 30, 2006, the District had Bonds Payable of \$332,116,816, the proceeds of which are being used to fund various park improvement projects and a debt service reserve fund. The debt service payments are secured by the District's annual benefit assessment to each assessable parcel as approved by the voters in 1992 and 1996. The District reduced its outstanding debt by \$23.4 million during fiscal year 2006.

Budgets

No material adjustments were made to either the District's original General Fund budget or the District's original Debt Service Fund budget.

In the District's General Fund, the budgeted expenditures included encumbrances of \$91.7 million reflecting the District's obligations to fund future park improvements. These future expenditures will be funded with additional debt proceeds or assessment revenues. During fiscal year 2006, the District spent much less than the amount budgeted for park grants, projects, and maintenance. No new bonds were issued during the fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street Room 525, Los Angeles, CA 90012.

BASIC FINANCIAL STATEMENTS

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Statement of Net Assets

June 30, 2006

(in Thousands)

ASSETS:	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Pooled cash and investments (note 5)	\$317,476	307,428
Assessments receivable	6,850	9,199
Interest receivable	<u>1,882</u>	<u>1,359</u>
Total assets	<u>326,208</u>	<u>317,986</u>
 LIABILITIES:		
Accounts payable	2,011	506
Accrued interest payable	4,149	4,426
Due to Los Angeles County (note 4)	7,090	4,508
Long-term liabilities (note 6):		
Due within one year	21,475	23,980
Due in more than one year	<u>310,642</u>	<u>331,514</u>
Total liabilities	<u>345,367</u>	<u>364,934</u>
 NET ASSETS:		
Unrestricted (note 9)	<u>(19,159)</u>	<u>(46,948)</u>
Total net assets (deficit)	<u>\$ (19,159)</u>	<u>(46,948)</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Statement of Activities

Year Ended June 30, 2006

(in Thousands)

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>	
					<u>2006</u>	<u>2005</u>
Governmental activities:						
Recreation and cultural services	\$45,444	-	-	-	(45,444)	(48,382)
Interest expense	<u>17,477</u>	-	-	-	<u>(17,477)</u>	<u>(14,896)</u>
Totals	<u>\$62,921</u>	-	-	-	<u>(62,921)</u>	<u>(63,278)</u>
General revenues:						
Assessment revenue					77,825	79,244
Investment income					11,683	6,449
Other revenue					<u>1,202</u>	<u>-</u>
Total general revenues					<u>90,710</u>	<u>85,693</u>
Change in net assets					27,789	22,415
Net assets (deficit) at beginning of year					<u>(46,948)</u>	<u>(69,363)</u>
Net assets (deficit) at end of year					<u>\$(19,159)</u>	<u>(46,948)</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Balance Sheet

Governmental Funds

June 30, 2006

(in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u>	
			2006	2005
<u>Assets</u>				
Pooled cash and investments (note 5)	\$ 251,468	66,008	317,476	307,428
Assessments receivable	6,850	-	6,850	9,199
Interest receivable	<u>1,726</u>	<u>156</u>	<u>1,882</u>	<u>1,359</u>
Total assets	<u>\$ 260,044</u>	<u>66,164</u>	<u>326,208</u>	<u>317,986</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 2,011	-	2,011	506
Due to Los Angeles County (note 4)	7,090	-	7,090	4,508
Deferred revenue	<u>4,855</u>	<u>-</u>	<u>4,855</u>	<u>5,610</u>
Total liabilities	<u>13,956</u>	<u>-</u>	<u>13,956</u>	<u>10,624</u>
Fund balances:				
Reserved:				
Encumbrances	99,691	-	99,691	91,734
Debt Service	-	66,164	66,164	68,560
Unreserved:				
Undesignated	<u>146,397</u>	<u>-</u>	<u>146,397</u>	<u>147,068</u>
Total fund balances	<u>246,088</u>	<u>66,164</u>	<u>312,252</u>	<u>307,362</u>
Total liabilities and fund balances	<u>\$ 260,044</u>	<u>66,164</u>	<u>326,208</u>	<u>317,986</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

Governmental Funds

June 30, 2006

(in Thousands)

Fund balances of governmental funds	\$ 312,252
Amounts reported for governmental activities in the statement of net assets are different because:	
Revenues that do not provide current financial resources are not reported as revenues in the funds.	4,855
The following long-term liabilities, are not due and payable in the current period therefore are not reported in the funds:	
Bonds Payable	(325,710)
Unamortized Bond Refunding Charge	12,755
Unamortized Bond Premium	(19,162)
Accrued liabilities in the statement of net assets differ from the amount reported in governmental funds due to accrued interest on Bonds Payable.	<u>(4,149)</u>
Net assets (deficit) of governmental activities	<u>\$ (19,159)</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2006

	(in Thousands)		Totals	
	General	Debt Service	2006	2005
Revenues:				
Assessments	\$ 78,580	-	78,580	79,907
Investment income	10,391	1,292	11,683	6,449
Other revenue	1,202	-	1,202	-
Total revenues	90,173	1,292	91,465	86,356
Expenditures:				
Current:				
Services and supplies	2,042	-	2,042	1,194
Park improvements	31,136	-	31,136	31,636
Maintenance and servicing costs	12,266	-	12,266	15,552
Debt service:				
Principal	-	23,980	23,980	19,565
Interest	-	17,151	17,151	15,385
Total expenditures	45,444	41,131	86,575	83,332
Excess (deficiency) of revenues over (under) expenditures	44,729	(39,839)	4,890	3,024
Other financing sources (uses):				
Transfers in (note 7)	-	37,443	37,443	37,053
Transfers out (note 7)	(37,443)	-	(37,443)	(37,053)
Issuance of refunding bonds	-	-	-	181,220
Bond premium	-	-	-	19,539
Payment to bond escrow agent	-	-	-	(201,911)
Total other financing sources (uses)	(37,443)	37,443	-	(1,152)
Net changes in fund balances	7,286	(2,396)	4,890	1,872
Fund balances at beginning of year	238,802	68,560	307,362	305,490
Fund balances at end of year	\$ 246,088	66,164	312,252	307,362

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2006

(in Thousands)

Net changes in fund balances - total governmental funds	\$ 4,890
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(755)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets.	23,980
Amortization of bond premium and refunding charges are not reported as expenditures in the funds. They are an increase/decrease in long-term liabilities in the statement of net assets.	(603)
Accrued interest for Bonds Payable. This is the net change in accrued interest for the current period.	<u>277</u>
Change in net assets of governmental activities	<u>\$ 27,789</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2006

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Los Angeles County Regional Park and Open Space District (the "District"):

(a) History and Organization

General

Proposition A was passed by the voters on November 3, 1992, which provided for the formation of the assessment district "Regional Park and Open Space District" (the "District"). The District was formed and the assessments levied pursuant to Sections 5538.9 and 5539.9 of the California Public Resources Code. The objectives of the District are to improve the quality of life in the County of Los Angeles through the preservation of beaches, parks, and wild lands; the construction, renovation and improvement of new and existing recreational facilities; and the restoration of rivers, streams, and trails. These powers are exercised through the County of Los Angeles (the "County") Board of Supervisors, which acts as the governing body of the District. Among its duties, it approves the District's budget, determines the District's assessment rates, approves contracts, and determines when to issue bonds authorized by the voters of the District. On November 5, 1996, the voters approved the Safe Neighborhood Parks Proposition, which provided for the District to levy additional assessments and to amend the method of assessments within the District.

Reporting Entity

The District is a component financial reporting unit of the County of Los Angeles, as the governing board of the County also serves as the District's governing board, and the County is financially accountable for the District.

The District is included as a component unit in the County financial reporting entity and is included in the County's comprehensive annual financial report for the year ended June 30, 2006.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(a) History and Organization, (Continued)

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by generally accepted accounting principles ("GAAP"). The District does not have any components units.

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. These statements include separate columns for the government and business-type activities of the primary government. The District does not have business-type activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they are allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the District.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside of the reporting District's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program. The District did not have any program revenues for the year then ended.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. The District has no non-major funds.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

Governmental Fund Types

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. For this purpose, the District uses an availability period of 60 days for assessment revenues and 1 year for investment income.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the district.

Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they are imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available expendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available expendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available expendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

As a result of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as government fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources and then from unrestricted resources.

(c) Major Funds

The major funds of the District are as follows:

General Fund:

The General Fund is available for any authorized purpose and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund:

The Debt Service Fund is used to account for accumulation of resources for, and the payment of principal and interest.

(d) Cash and Investments

Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are reported as *net change in fair value of investments*. *Investment income* includes interest earnings and any gains or losses realized upon the liquidation, maturity, or sale of investments.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(d) Cash and Investments, (Continued)

All cash and investment balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. Each fund's share in this pool is displayed in the accompanying financial statements as pooled *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on fund's average cash and investment balance, as provided by California Government Code Section 53647.

(e) Capital Assets

The District provides funding to other entities, including the County, for purposes of acquiring real property. Title to properties acquired is recorded in the name of the purchasing entity, not the District. Accordingly, there are no capital assets recorded on the statement of net assets.

(f) Deferred Revenue

Deferred revenue in the fund financial statements represents receivables at year end that will not be collected soon enough to finance current year expenditures.

(g) Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

2. RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS

In accordance with the provisions of Section 29000-29144 of the Government Code of the State of California (the "Government Code"), commonly known as the County Budget Act, a District budget is adopted on or before August 30 for each fiscal year. Budgets are adopted for the General Fund and Debt Service Fund on a basis of accounting, which is different from generally accepted accounting principles ("GAAP").

For budgetary purposes, encumbrances and other reserves are also recorded as other financing uses at the time they are established. For encumbrances, this occurs at the time contracts or other purchase agreements are entered into. Other reserves are also recognized as other financing uses to indicate that certain assets (such as inventories) are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.

Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

Expenditures are controlled on the object level for all District budgets. Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance as provided for in the County Budget Act. There were no excesses of expenditures over the related appropriations within any fund at June 30, 2006.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

2. RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS, (CONTINUED)

The District's Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types has been prepared on the modified accrual basis of accounting in accordance with GAAP. The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General and Debt Service Funds have been prepared on the budgetary basis, which is different from GAAP.

The following schedule is a reconciliation of the budgetary and GAAP excess (deficiency) of revenues over (under) expenditures as of June 30, 2006 (in Thousands):

	<u>General Fund</u>	<u>Debt Service</u>
Excess (deficiency) of revenues over (under) expenditures – budgetary basis	\$55,026	(39,890)
Adjustments:		
Changes in accruals	<u>(10,297)</u>	<u>51</u>
Fund balance – GAAP basis	<u>\$44,729</u>	<u>(39,839)</u>

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

3. BENEFITS ASSESSMENTS

The District's primary revenue source is the assessments which are levied annually on each of the approximately 2.2 million parcels within the District's boundaries. The District, as authorized by the Government Code, levied an assessment on each parcel of real property within the District. The rate and method of apportionment used in levying annual assessments for various categories of property is established in the Engineer's Report for County of Los Angeles Landscaping and Lighting District No. 92-1. The level of each assessment is based on the size and use of each parcel and the resulting benefit each parcel will receive from the proposed projects. The estimation of such benefit is quantified by benefit points, which is based on the 1996 Proposition.

The annual rate of each assessment may not exceed \$14.46 per benefit point. The annual assessment for any parcel will consequently equal the annual rate multiplied by the number of benefit points applicable to each parcel. The assessment may be levied annually for a period of 22 years.

The expenditures of the District that are funded from the proceeds of the annual assessments levied and collected are distributed as follows: a minimum of 80% (but not more than 85%) of the assessments are used for the payment of debt service on bonds, notes and other obligations issued by the District and for the direct capitalized costs incurred on approved projects; 15% of assessments are used for maintenance and servicing of completed projects; and up to 5% of the assessment are used to pay for the District's ongoing administrative expenses.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

4. TRANSACTIONS WITH THE COUNTY AND OTHER AGENCIES

The County is responsible for providing all necessary employees to the District for purposes of performing all District functions. Costs related to these employees are billed to the District based upon actual time spent providing District services. Accordingly, the District has no salaries and employee benefit expenditures or supplies inventory. Accrued expenditures in the amount of \$7,090,000 as of June 30, 2006, for services provided by the County and other agencies for reimbursable projects, have been recorded as "Due to Los Angeles County".

5. CASH AND INVESTMENTS

Pooled Cash and Investments

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Pooled cash and investments	<u>\$317,476,631</u>
Total cash and investments	<u>\$317,476,631</u>

Cash and investments as of June 30, 2006 consist of the following:

Equity in County investment pool	<u>\$317,476,631</u>
Total cash and investments	<u>\$317,476,631</u>

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

5. CASH AND INVESTMENTS, (CONTINUED)

Equity in the Cash and Investment Pool of the County of Los Angeles

The District has no separate bank accounts or investments other than the District's equity in the Los Angeles County Treasury Pool. The District is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Los Angeles County Treasurer and Tax Collector.

The District has not adopted an investment policy separate from that of the County. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value calculated by the County for the entire County portfolio. The balance available for withdrawal is based on the accounting records maintained by the Los Angeles County Auditor Controller, which are recorded on an amortized cost basis.

Investments Authorized by Debt Agreements

Investment of debt proceeds is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County's investment policy. The table below identifies the investment types that are authorized. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Minimum Rating</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None	None
U.S. District Securities	AA	None	None	None
Federal Agency Securities	None	None	None	None
Banker's Acceptances	AA	270 days	None	None
Commercial Paper	AA	None	None	None
Negotiable Certificates of Deposit	AA	None	None	None
Repurchase Agreements	AA	None	None	None
Mortgage Securities	AA	None	None	None
Medium Term Notes	AA	5 years	None	None
Money Market Mutual Funds	AAA	N/A	None	None
LA County Treasury Pool	None	None	None	None

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

5. CASH AND INVESTMENTS, (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County of Los Angeles manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the District's exposure to interest rate risk as a result of its equity in the cash and investment pool of the County of Los Angeles is provided by disclosures in the notes to the basic financial statements of the County of Los Angeles that shows the distribution of the County's investments by maturity.

Information about the sensitivity of the fair values of the District's investments with the County to market interest rate fluctuations is provided by the following table that shows the distribution of these investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>More Than 24 Months</u>
LA County Treasury Pool	<u>\$317,476,631</u>	<u>317,476,631</u>	<u>-</u>	<u>-</u>
Total	<u>\$317,476,631</u>	<u>317,476,631</u>	<u>-</u>	<u>-</u>

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

5. CASH AND INVESTMENTS, (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the County's investment policy, or debt agreements, and the actual rating as of year end for each investment type. The County investment policy establishes minimum acceptable credit ratings for investments from any two nationally recognized statistical rating organizations. These guidelines are summarized in the notes to the basic financial statements of the County of Los Angeles.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>AAA</u>	<u>Not Rated</u>
LA County Treasury Pool	<u>\$317,476,631</u>	None	-	-	<u>\$317,476,631</u>
Total	<u>\$317,476,631</u>		-	-	<u>\$317,476,631</u>

Concentration of Credit Risk

There are no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. All investments of the District are in an investment pool. Although the District has no limitations on the amount that can be invested in any one issuer beyond those stipulated by the California Government Code, all investments are in the Los Angeles County Treasury Pool which is subject to the County investment policy limitations on the amount of pooled funds that may be invested in any one issuer.

Custodial Credit Risk

The District does not have significant separate certificates of deposit or demand accounts with fiscal agent that are subject to disclosable custodial credit risk (as defined by GASB Statement No. 40). The District does not have direct investments in securities subject to disclosable custodial credit risk (as defined by GASB Statement No. 40).

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

6. LONG-TERM OBLIGATIONS

The following is a summary of the changes in outstanding bonded indebtedness during the fiscal year ended June 30, 2006:

<u>Issuance</u>	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>	<u>Amount Due Within One Year</u>
1997 A Bonds	\$168,470,000	-	(20,475,000)	147,995,000	21,475,000
2005 A Bonds	181,220,000	-	(3,505,000)	177,715,000	-
Refunding	(13,735,808)	-	981,129	(12,754,679)	-
Premium	<u>19,539,409</u>	<u>-</u>	<u>(377,914)</u>	<u>19,161,495</u>	<u>-</u>
	<u>\$355,493,601</u>	<u>-</u>	<u>(23,376,785)</u>	<u>332,116,816</u>	<u>21,475,000</u>

1997 A Bond Issuance

On November 1, 1997, the District issued \$510,185,000 in Limited Obligation Improvement Bonds, Series 1997A, with interest rates ranging from 4.2% to 6.0%. The bonds were issued to advance refund the outstanding principal of the Series 1994A Bonds, and for acquisition, restoration, improvement, and preservation of beach, park, wildlife, and open space resources within the District. The bonds are payable from the proceeds of annual assessments levied on parcels within the district boundaries. Interest is payable April 1 and October 1 of each year. Final bonds mature in 2019. The outstanding balance as of June 30, 2006 is \$147,995,000. The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of \$17,721,922 as of June 30, 2006.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

6. LONG-TERM OBLIGATIONS, CONTINUED

2005 A Bond Issuance

On January 20, 2005, the District issued \$181,220,000 in Revenue Refunding Bonds, Series 2005A, with interest rates ranging from 3.0% to 5.25%. The bonds were issued to advance refund \$188,175,000 of the outstanding principal of the Series 1997A Bonds. The net proceeds of the bonds plus a portion of the 1997 bond reserve were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 1997 bonds. As a result, that portion of the 1997 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The 2005 bonds are payable from the proceeds of annual assessments levied on parcels within the district boundaries. Interest is payable April 1 and October 1 of each year. Final bonds mature in 2019. The outstanding balance as of June 30, 2006 is \$177,715,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of \$17,757,350 as of June 30, 2006. The funding in such amount provides a source of security that facilitated the marketing of the bonds at the interest rates provided thereon, was necessary for the District to obtain ratings from the rating agencies, was a vital factor in marketing the bonds, and is not in excess of the amount reasonably necessary for such purposes.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

6. LONG-TERM OBLIGATIONS, CONTINUED

The minimum annual requirements to amortize bonds as of June 30, 2006 are presented in the following schedule.

Year Ending <u>June 30,</u>	<u>1997 Bonds</u>		<u>2005 Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium Amortization</u>
2007	21,475,000	7,264,703	-	8,755,950	-
2008	22,630,000	6,079,381	-	8,755,950	-
2009	8,480,000	5,238,000	15,190,000	8,406,200	1,637,808
2010	8,950,000	4,758,675	15,885,000	7,682,575	1,712,744
2011	9,440,000	4,252,950	16,635,000	6,932,044	1,793,610
2012	9,960,000	3,719,450	17,385,000	6,135,763	1,874,477
2013	10,505,000	3,156,662	18,230,000	5,260,387	1,965,586
2014	11,085,000	2,570,638	19,140,000	4,326,137	2,063,703
2015	11,680,000	1,981,500	20,095,000	3,345,263	2,166,673
2016	12,265,000	1,382,875	21,100,000	2,315,388	2,275,033
2017	4,995,000	951,375	7,870,000	1,581,300	848,555
2018	5,245,000	695,375	8,285,000	1,157,231	893,301
2019	5,505,000	426,625	8,720,000	710,850	940,203
2020	<u>5,780,000</u>	<u>144,500</u>	<u>9,180,000</u>	<u>240,975</u>	<u>989,802</u>
Total	<u>\$147,995,000</u>	<u>42,622,709</u>	<u>177,715,000</u>	<u>65,606,013</u>	<u>19,161,495</u>

7. INTERFUND TRANSFERS

Transfers in and out for the year ended June 30, 2006 are as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$37,443,000 (1)

(1) To transfer funds to cover debt service payments.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Basic Financial Statements

(Continued)

8. CONTINGENT LIABILITIES

Claims and suits have been filed against the District in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact of the financial condition of the District.

9. UNRESTRICTED NET ASSETS

GASB Statement No. 34 requires that local governments record in the statement of net assets the local government's liability for debt issued to finance the construction and acquisition of assets to be owned by other parties. GASB Statements No. 33 and 34 do not permit the recognition of assets for future tax increment revenues that are pledged for the annual retirement of bonded debt issuances. The negative equity resulting from the reporting of the District's liability for this debt is required by GASB No. 34 to be reported as unrestricted net assets.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund

Year Ended June 30, 2006

(in Thousands)

	General Fund				
	Original Budget	Final Budget	2006 Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	2005 Actual (Budgetary Basis)
Revenues:					
Assessments	\$ 78,010	78,010	78,621	611	78,923
Fines, forfeitures and penalties	984	984	1,202	218	1,126
Investment income	<u>3,423</u>	<u>3,423</u>	<u>10,435</u>	<u>7,012</u>	<u>5,626</u>
Total revenues	<u>82,417</u>	<u>82,417</u>	<u>90,258</u>	<u>7,841</u>	<u>85,675</u>
Expenditures:					
Recreation and cultural services:					
Services and supplies	4,020	4,023	3,460	563	4,663
Other charges	<u>160,475</u>	<u>160,475</u>	<u>31,772</u>	<u>128,703</u>	<u>123,642</u>
Total expenditures	<u>164,495</u>	<u>164,498</u>	<u>35,232</u>	<u>129,266</u>	<u>128,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,078)</u>	<u>(82,081)</u>	<u>55,026</u>	<u>137,107</u>	<u>(42,630)</u>
Other financing sources (uses):					
Transfers in	60,577	60,577	63,409	2,832	69,659
Transfers out	(107,824)	(107,824)	(100,851)	6,973	(106,711)
Appropriation for contingencies	(5,268)	(5,268)	-	5,268	-
Changes in reserves and designations	<u>6,059</u>	<u>6,059</u>	<u>7,957</u>	<u>1,898</u>	<u>82,968</u>
Other financing sources (uses)	<u>(46,456)</u>	<u>(46,456)</u>	<u>(29,485)</u>	<u>16,971</u>	<u>45,916</u>
Net change in fund balance	(128,534)	(128,537)	25,541	154,078	3,286
Fund balance at beginning of year	<u>129,047</u>	<u>129,047</u>	<u>129,047</u>	<u>-</u>	<u>125,761</u>
Fund balance at end of year	<u>\$ 513</u>	<u>510</u>	<u>154,588</u>	<u>154,078</u>	<u>129,047</u>

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Required Supplementary Information

Year ended June 30, 2006

1. BUDGETS AND BUDGETARY INFORMATION

In accordance with the provisions of Section 29000-29144 of the Government Code of the State of California (the "Government Code"), commonly known as the County Budget Act, a District budget is adopted on or before August 30 for each fiscal year. Budgets are adopted for the General Fund on a basis of accounting, which is different from generally accepted accounting principles ("GAAP").

For budgetary purposes, encumbrances and other reserves are also recorded as other financing uses at the time they are established. For encumbrances, this occurs at the time contracts or other purchase agreements are entered into. Other reserves are also recognized as other financing uses to indicate that certain assets (such as inventories) are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.

Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

Expenditures are controlled on the object level for all District budgets. Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance as provided for in the County Budget Act. There were no excesses of expenditures over the related appropriations within any fund at June 30, 2006.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Notes to the Required Supplementary Information

(Continued)

2. RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS

The District's Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types has been prepared on the modified accrual basis of accounting in accordance with GAAP. The Budgetary Comparison Schedule – General Fund has been prepared on the budgetary basis, which is different from GAAP.

The following schedule is a reconciliation of the budgetary and GAAP fund balances as of June 30, 2006 (in Thousands):

	<u>General Fund</u>
Fund balance – budgetary basis	\$154,588
Reserves and designations	<u>99,691</u>
Subtotal	254,279
Adjustments:	
Change in accruals	<u>(8,191)</u>
Fund balance – GAAP basis	<u>\$246,088</u>

OTHER SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund

Year Ended June 30, 2006

(in Thousands)

	Debt Service Fund				
	Original Budget	Final Budget	2006 Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)	2005 Actual (Budgetary Basis)
Revenues:					
Investment income	\$ 279	279	1,241	962	665
Miscellaneous	-	-	-	-	19,540
Total revenues	<u>279</u>	<u>279</u>	<u>1,241</u>	<u>962</u>	<u>20,205</u>
Expenditures:					
Debt Service					
Principal	23,980	23,980	23,980	-	207,740
Interest	<u>17,151</u>	<u>17,151</u>	<u>17,151</u>	<u>-</u>	<u>29,120</u>
Total expenditures	<u>41,131</u>	<u>41,131</u>	<u>41,131</u>	<u>-</u>	<u>236,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,852)</u>	<u>(40,852)</u>	<u>(39,890)</u>	<u>962</u>	<u>(216,655)</u>
Other financing sources (uses):					
Transfers in	47,247	47,247	41,820	(5,427)	78,288
Transfers out	-	(5,470)	(4,377)	1,093	(41,236)
Long term debt proceeds	-	-	-	-	181,220
Appropriation for contingencies	(4,394)	(4,394)	-	4,394	-
Changes in reserves and designations	<u>(27,310)</u>	<u>(21,840)</u>	<u>(21,838)</u>	<u>2</u>	<u>(5,897)</u>
Other financing sources (uses) - net	<u>15,543</u>	<u>15,543</u>	<u>15,605</u>	<u>62</u>	<u>212,375</u>
Net change in fund balance	(25,309)	(25,309)	(24,285)	1,024	(4,280)
Fund balance at beginning of year	<u>25,309</u>	<u>25,309</u>	<u>25,309</u>	<u>-</u>	<u>29,589</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>1,024</u>	<u>1,024</u>	<u>25,309</u>

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The following are summaries of certain provisions contained in the Authority Master Indenture and the District Master Indenture. Such summaries are not to be considered full descriptions of the underlying documents. In addition to the below summaries, certain terms of such documents are described elsewhere in this Official Statement.

DEFINITIONS OF CERTAIN TERMS

The following are summaries of certain definitions contained in the Indenture and the District Indenture used in this Official Statement.

“Acquisition Fund” shall mean the fund of that name established pursuant to the Master Indenture.

“Act” shall mean the Bond Improvement Act of 1915, commencing with Section 8500 of the California Streets and Highways Code, as amended from time to time.

“Annual Debt Service” shall mean for any Fiscal Year the aggregate amount of principal and interest on all District Bonds becoming due and payable during such Fiscal Year, calculated using the principles and assumptions set forth under the definition of Maximum Annual Debt Service, as certified by a certificate of a Financial Consultant to the Fiscal Agent, who may conclusively rely on such certificate.

“Assessment District” shall mean the County of Los Angeles Landscaping and Lighting District No. 92-1, which was formed in accordance with the Law, the Order and the Landscaping and Lighting Act.

“Assessments” shall mean the benefit assessments imposed upon the real property within the Assessment District by the Order.

“Authority” shall mean the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity duly organized and existing under the Constitution and the laws of the State, and its successors and assigns.

“Authority Bonds” shall mean any bonds or bonds of any Series issued from time to time in accordance with the Master Indenture and any Supplemental Indenture, in each case having an equal lien and charge upon the Pledged Revenues.

“Authorized Authority Representative” shall mean such officer or employee of the Authority, or other person, who has been designated as such, from time to time, by the Authority.

“Authorized Denomination” shall mean, with respect to the Series 2007A Authority Bonds and the Series 2007A District Bonds, \$5,000 or any integral multiple thereof, and, with respect to any other Series of Authority Bonds and any other Series of District Bonds, any denomination authorized by any supplemental indenture pursuant to which such Series of Authority Bonds or Series of District Bonds is issued.

“Authorized District Representative” shall mean such officer or employee of the District, or other person, who has been designated as such, from time to time, by the District.

“Board” shall mean the Board of Supervisors of the County of Los Angeles, and *ex officio* the governing body of all special assessment and taxing districts, agencies and authorities for which such Board acts.

“Bond Counsel” shall mean a firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under the Master Indenture or the District Master Indenture, as appropriate.

“Bondholder” or “Owner” shall mean the person in whose name any Authority Bond or District Bond, as the case may be, is registered on the books maintained by the Paying Agent.

“Bond Interest Account” shall mean the account of that name established within the Debt Service Fund pursuant to the Indenture.

“Bond Principal Account” shall mean the account of that name established within each Debt Service Fund pursuant to the Indenture.

“Business Day” shall mean a day, other than a Saturday or Sunday, on which banks located in New York, New York and in Los Angeles, California are open; provided that such term may have a different meaning for any specified Series of Authority Bonds or District Bonds, as appropriate, if so provided by the Supplemental Indenture or the District Supplemental Indenture pursuant to which such series of bonds is issued.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto or issued thereunder, or any successor statute thereto.

“Costs” or “Costs of the Projects,” as applied to the Projects or portion thereof, shall mean the cost of the projects and grants set forth in the Order and shall include the costs of issuance of District Bonds and of Authority Bonds; provided, however, that in no event shall “Costs of the Project” be construed to include (i) costs of administration of the District or (ii) costs of maintenance and servicing of the District or the Projects or any portion thereof.

“Costs of Issuance” shall mean all the costs of issuance, preparation, sale, execution and delivery of the Series 2007A Authority Bonds and the Series 2007A District Bonds and other costs related to the financing provided thereby, including, but not limited to, all printing and document preparation expenses in connection with the Series 2007A Authority Bonds and the Series 2007A District Bonds, and the preliminary and final official statements pertaining to the Series 2007A Authority Bonds and all other agreements, instruments, certificates or other documents executed and delivered in connection therewith; insurance premium; fees of the Rating Agencies; CUSIP Service Bureau charges; market study fees; legal fees and expenses of counsel; any computer and other expenses incurred in connection with the Series 2007A Authority Bonds; the initial fees and expenses of the Fiscal Agent and its counsel and any paying agent and its counsel (including without limitation origination fees and first annual fees payable in advance); any costs or fees expenses incurred in connection with the creation or funding of the Authority 2007A Bonds Escrow Fund, including the fees and expenses of the escrow holder and its counsel, if any; and other fees and expenses incurred in connection with the issuance of the Series 2007A Authority Bonds or the Series 2007A District Bonds, to the extent such fees and expenses are approved by an Authorized District Representative.

“2007A Costs of Issuance Fund” shall mean the fund of that name set forth in the District Third Supplemental Indenture.

“County” shall mean the County of Los Angeles, a political subdivision of the State, and its successors and assigns.

“Debt Service Fund” shall mean the fund of that name established pursuant to the Master Indenture.

“District” shall mean the Los Angeles County Regional Park and Open Space District created pursuant to the Order and in accordance with the provisions of the Law, and its successors and assigns.

“District Bonds” shall mean the Los Angeles County Regional Park and Open Space District Limited Obligation Improvement Bonds issued pursuant to the District Indenture and any indenture supplemental thereto.

“District Debt Service Fund” shall mean the fund of that name established pursuant to the District Indenture.

“District Event of Default” shall mean any occurrence or event specified in the District Indenture.

“District First Supplemental Indenture” shall mean the District First Supplemental Indenture of Trust, dated as of November 1, 1997, by and between the District and the Fiscal Agent.

“District Second Supplemental Indenture” shall mean the Second Supplemental Indenture of Trust, dated as of February 1, 2005, by and between the District and the Fiscal Agent.

“District Third Supplemental Indenture” shall mean the Third Supplemental Indenture of Trust, dated as of July 1, 2007, by and between the District and the Fiscal Agent.

“District Indenture” shall mean the District Master Indenture, the District First Supplemental Indenture, the District Second Supplemental Indenture and the District Third Supplemental Indenture.

“District Master Indenture” shall mean the District Master Indenture of Trust, dated as of November 1, 1997, by and between the District and the Fiscal Agent pursuant to which the Series 2007A District Bonds are authorized and secured, as the same may be amended and supplemented from time to time in accordance with its terms.

“District Supplemental Indenture” shall mean any supplemental indenture then in full force and effect, which has been duly executed by the District, providing for the issuance of a Series of, or multiple Series of, District Bonds, amending or supplementing the District Master Indenture or amending or supplementing another District Supplemental Indenture.

“Earnings Fund” shall mean the fund of that name established pursuant to the District Indenture.

“Excess Earnings Subaccounts” shall mean each subaccount of that name established within the Earnings Account of the Earnings Fund with respect to a Series of District Bonds.

“Event of Default” shall mean any occurrence or event specified in the Master Indenture.

“Financial Consultant” shall mean the accountant, consultant, financial advisor or investment banker, or firm thereof, retained to perform acts and carry out the duties provided for such Financial

Consultant in the Master Indenture or the District Master Indenture. Such accountant, consultant, financial advisor or investment banker, or firm thereof, shall be nationally recognized within its profession for work of the character required.

“First Supplemental Indenture” shall mean the Authority First Supplemental Indenture of Trust, dated as of November 1, 1997, by and between the Authority and the Fiscal Agent.

“Fiscal Agent” shall mean the Auditor-Controller of the County, its designated agents and its successors and assigns; provided, however, that the District and the Authority are expressly authorized to permit any third party to perform any or all of the services of Fiscal Agent under the District Master Indenture and the Master Indenture, respectively, with respect to the District Bonds and the Authority Bonds, respectively.

“Fiscal Year” shall mean the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the Authority or the District, as appropriate, designates as its fiscal year.

“Government Obligations” shall mean (a) direct obligations issued by the United States Treasury; (b) noncallable obligations of a state, a territory or a possession of the United States of America, or any political subdivision of any of the foregoing, or of the District of Columbia, within the meaning of Section 103(c) of the Code, which are rated AAA by S&P and Aaa by Moody’s and which are not guaranteed directly or indirectly by direct or indirect obligations of the United States of America within the meaning of Section 149(b) of the Code; (c) noncallable obligations guaranteed by the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association; or (d) such other federal securities as may be permitted under regulations issued pursuant to Section 149(b) of the Code which, in the opinion of Bond Counsel, will not impair the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds.

“Indenture” shall mean the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture.

“Interest Payment Date” shall mean, with respect to the Series 2007A Authority Bonds, each April 1 and October 1, commencing on October 1, 2007, and, with respect to any other Series of Authority Bonds, each date specified in the Supplemental Indenture pursuant to which such Series of Authority Bonds is issued.

“JPA Law” shall mean Articles 1 through 3 of Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6500 thereof), as amended from time to time.

“Landscaping and Lighting Act” shall mean Part 2 of Division 15 of the California Streets and Highways Code, as amended from time to time.

“Law” shall mean Article 3 of Chapter 3 of Division 5 of the California Public Resources Code (commencing with Section 5500), as amended from time to time.

“Mail” shall mean by first-class United States mail, postage prepaid.

“Master Indenture” shall mean the Authority Master Indenture of Trust, dated as of November 1, 1997, by and between the Authority and the Fiscal Agent, as amended from time to time by any Supplemental Indenture in accordance with the terms of such Master Indenture.

“Maximum Annual Debt Service” shall mean the greatest amount of principal and interest becoming due and payable on all District Bonds in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year as certified by a certificate of a Financial Consultant delivered within 30 days of the date of calculation to the Fiscal Agent, who may rely conclusively on such certificate; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) principal and interest payments on such District Bonds shall be excluded to the extent such payments are to be paid from amounts on deposit with the Fiscal Agent or other fiduciary in escrow specifically therefor;

(b) in determining the principal amount on such District Bonds due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any mandatory sinking account payments, and for such purpose, the redemption payment shall be deemed a principal payment; and

(c) the rate of interest on variable rate Bonds shall be assumed to be a rate calculated by adding 2.00% to the average of The Bond Market Association™ Municipal Swap Index over the preceding six month period ending on the Business Day next prior to the date of calculation; provided that upon obtaining the written approval of the Rating Agencies, interest on variable rate Bonds issued in connection with an interest rate swap agreement may be computed at the effective fixed rate of interest under such interest rate swap.

“Moody’s” shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the Authority or the District.

“2007A Reserve Account” shall mean the account of that name in the Reserve Fund established pursuant to the District Indenture.

“Nonarbitrage Certificate” shall mean the Tax Compliance Certificate executed and delivered by the District and the Authority at the time of issuance and delivery of the Series 2007A Authority Bonds and the Series 2007A District Bonds.

“Order” shall mean the “Order of the Board of Supervisors of the County of Los Angeles Initiating Proceedings For Formation of the Los Angeles County Regional Park and Open Space District, Forming an Assessment District, and Calling, Providing For and Giving Notice of a Special Election to be Held in the County on November 3, 1992 and Consolidating the Special Election with the General Election to be Held on November 3, 1992” adopted on March 17, 1992 and approved by the voters on November 3, 1992, as amended by the Resolution, and as may be further amended from time to time.

“Outstanding,” with respect to Authority Bonds or District Bonds, as the case may be, shall mean all Authority Bonds or District Bonds which have been authenticated and delivered under the Indenture or the District Indenture, as appropriate, except:

(i) Authority Bonds or District Bonds, as the case may be, cancelled or purchased by the Fiscal Agent or the Paying Agent for cancellation or delivered to or acquired by the Fiscal Agent or the Paying Agent for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(ii) Authority Bonds or District Bonds, as the case may be, deemed to be paid in accordance with certain provisions of the Master Indenture or the District Master Indenture, as appropriate;

(iii) Authority Bonds or District Bonds, as the case may be, in lieu of which other Authority Bonds or District Bonds have been authenticated under certain provisions of the Indenture or the District Indenture, as appropriate, relating to mutilated, lost, stolen or destroyed Authority Bonds or District Bonds;

(iv) Authority Bonds or District Bonds, as the case may be, that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Fiscal Agent or a Paying Agent;

(v) Authority Bonds or District Bonds, as the case may be, which, under the terms of the Supplemental Indenture or District Supplemental Indenture, as appropriate, pursuant to which they were issued, are deemed to be no longer Outstanding; and

(vi) for purposes of any consent or other action to be taken by the holders of a specified percentage of Authority Bonds or District Bonds, as the case may be, under the Indenture or the District Indenture, as appropriate, Authority Bonds or District Bonds held by or for the account of the Authority or the District, as appropriate, or by any person controlling, controlled by or under common control with the Authority or the District, as appropriate, unless such Authority Bonds or District Bonds are pledged to secure a debt to an unrelated party, in which case such Authority Bonds or District Bonds shall, for purposes of consents and other Authority Bondholder or District Bondholder action, as appropriate, be deemed to be Outstanding and owned by the party to which such Authority Bonds or District Bonds are pledged. Nothing herein shall be deemed to prevent the Authority or the District, as appropriate, from purchasing Authority Bonds or District Bonds from any party out of any funds available to the Authority or the District.

“Paying Agent” shall mean, with respect to the Series 2007A Authority Bonds, U.S. Bank National Association, and its successors and assigns, and, with respect to the Series 2007A District Bonds, the Fiscal Agent, and its designated agents and its successors and assigns.

“Permitted Investments” shall mean if and to the extent permitted by law and by policy guidelines promulgated by the County:

(i) Government Obligations;

(ii) Bonds issued by the County, which are rated AA/Aa, or better, by S&P and Moody’s 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;

(iii) Registered warrants or treasury notes or bonds of the State which are rated AA/Aa, or better, by S&P and Moody’s, 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;

(iv) Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State which are rated AA/Aa, or better, by S&P and Moody's, 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 thereof;

(v) 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 Note; or in guaranteed portions of Small Business Administration Note; or in obligations, participations or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise;

(vi) Bills of exchange or time drafts drawn on or accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by the Federal Reserve System and which are drawn on or accepted by a commercial bank, the long-term debt obligations of which are rated A-1/AA or better by S&P and P-1/Aa or better by Moody's; purchases of bankers' acceptances may not exceed 270 days' maturity;

(vii) Commercial paper rated A-1/AA or better by S&P and P-1/Aa or better by Moody's;

(viii) Negotiable certificates of deposit issued by or deposit accounts with a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or a state-licensed branch of a foreign bank which is rated A-1/AA or better by S&P and P-1/Aa or better, by Moody's (including the Paying Agent or its affiliates);

(ix) Investments in repurchase agreements of any securities enumerated above with an institution with debt rated AA/Aa, or better, or commercial paper rated A-1 +/P-1, or better, by S&P and Moody's, if the Fiscal Agent shall have received a perfected first security interest in such securities securing such repurchase agreement and the Fiscal Agent or its appointed agent shall hold such obligations free and clear of the claims of third parties and the securities securing such repurchase agreement are required to be of such nature, valued at such intervals and maintained at such levels so as to meet the collateralization levels then required by S&P and Moody's for a rating of AA/Aa or better;

(x) Mortgage securities purchased under an agreement to resell pursuant to clause (ix) above, provided that the mortgage securities are eligible investments under subdivision (a) or (b) of Section 13000 of the California Financial Code which are rated AA/Aa or better by S&P and Moody's Investment in a mortgage security shall not exceed 95 % of the mortgage security's fair market value;

(xi) Medium-term corporate 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 operating within the United States, which are rated A-1/AA, or better by S&P or P-1/Aa or better by Moody's;

(xii) Shares in beneficial interest issued by money market funds which are rated AAAM/AAAM-G or better, by S&P, investing in the securities and obligations as authorized by clauses (1) to (13), inclusive, of this definition; and

(xiii) To the extent of moneys pledged to the payment of, or as security for, the Bonds and held by the Fiscal Agent or Paying Agent, as applicable; in any other prudent investment; provided that such investment is rated AA/Aa or better by S&P and Moody's; or if such investment is a guaranteed investment contract, that the issuer thereof has a claims paying rate of AA/Aa or better by S&P and Moody's.

"Pledged Assessments" shall mean the Assessments and the proceeds of any foreclosure proceedings attributable thereto, if any, (i) less the amounts deducted and set aside in accordance with the Order in the servicing and maintenance fund established in accordance with the Order, and (ii) less the amounts deducted and set aside in accordance with the Order in the administrative expenses fund established in accordance with the Order.

"Pledged Revenues" shall mean (a) with respect to the Authority Bonds: (i) all principal of, premium, if any, and interest on, and all other amounts payable by the District with respect to the District Bonds held by the Authority, (ii) all moneys deposited and held from time to time by the Paying Agent or the Fiscal Agent in the funds and accounts established with respect to such Series, and (iii) all interest, profits and other income received from the investment of such amounts; and (b) with respect to the District Bonds: (i) the Pledged Assessments, (ii) all moneys deposited and held from time to time by Fiscal Agent in Funds, Accounts and Subaccounts established with respect to such District Bonds, and (iii) all interest, profits and other income received from the investment of such amounts.

"Pre-refunded Municipals" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest Rating Category of Moody's or S&P or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Rating Agencies" shall mean Moody's and S&P.

"Rating Category" shall mean (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Record Date" shall mean, with respect to the Series 2007A Authority Bonds and the Series 2007A District Bonds, the close of business on the fifteenth day of the month next preceding each Interest Payment Date.

"Redemption Fund" shall mean the fund of that name established pursuant to the Indenture.

"Reserve Fund" shall mean, with respect to the Series 2007A District Bonds, the fund of that name established pursuant to the District Master Indenture.

“Reserve Requirement” shall mean, as of any date of calculation, the least of (i) 10% of the original principal amount of the District Bonds, (ii) 125% of the average amount of principal and interest becoming due and payable on District Bonds during each full Fiscal Year after the date of calculation, or (iii) the greatest amount of principal and interest becoming due and payable on all District Bonds in any six calendar month period after the date of calculation.

“Resolution” shall mean the “Resolution of the Board of Supervisors of the County of Los Angeles, Acting as the Legislative Body of the Los Angeles County Regional Park and Open Space District, levying an Additional Assessment Within the District, Amending the Method of Assessment and Authorizing the Expenditure of District Revenues for any Authorized Purpose, Subject to Approval by the County Electorate” adopted June 18, 1996 and approved by the majority of the electors of the County voting at an election held November 5, 1996.

“Second Supplemental Indenture” shall mean the Authority Second Supplemental Indenture of Trust, dated as of February 1, 2005, by and between the Authority and the Fiscal Agent.

“Series” shall mean Authority Bonds or District Bonds, as the case may be, issued at the same time or sharing some other common term or characteristic and designated as a separate series of Authority Bonds or District Bonds.

“S&P” shall mean Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and its successors, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority or the District, as appropriate.

“State” shall mean the State of California.

“Supplemental Indenture” shall mean any supplemental indenture then in full force and effect, which has been duly executed by the Authority, providing for the issuance of a Series of, or multiple Series of, Authority Bonds, amending or supplementing the Master Indenture or amending or supplementing another Supplemental Indenture.

“Third Supplemental Indenture” shall mean the Authority Third Supplemental Indenture of Trust, dated as of July 1, 2007, by and between the Authority and the Fiscal Agent.

THE AUTHORITY MASTER INDENTURE

Issuance of Additional Authority Bonds and Refunding Authority Bonds

Prior to or simultaneously with the delivery of any subsequent Series of Authority Bonds, there shall be filed with the Paying Agent and the Fiscal Agent the following:

- (i) an original executed counterpart or a copy, certified as correct and complete by an Authorized Authority Representative, of the Master Indenture;
- (ii) an original executed counterpart or a copy, certified as correct and complete by an Authorized Authority Representative, of the Supplemental Indenture providing for the issuance of such subsequent Series of Authority Bonds;
- (iii) evidence of the issuance and delivery to the Authority by the District of District Bonds, the payment of principal and interest on which shall when combined with principal and interest on all other District Bonds held by the Authority, provide sufficient funds to permit the Authority to pay principal and interest on all Authority Bonds as the same shall become due and payable; and
- (iv) an opinion of Bond Counsel substantially to the effect that (A) the issuance of such subsequent Series of Authority Bonds has been duly authorized, (B) all legal conditions precedent to the delivery of such subsequent Series of Authority Bonds have been fulfilled, (C) the subsequent Series of Authority Bonds are valid and binding obligations of the Authority enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and subject to such other exceptions as are acceptable to the Authority, (D) the issuance of the subsequent Series of Authority Bonds and the intended expenditure of the proceeds thereof will not adversely affect the tax-exempt status of any Authority Bonds Outstanding immediately after such issuance which purport to bear interest which is excluded from gross income for federal income tax purposes, and (E) if it is the intention of the Authority that the interest on such subsequent Series of Authority Bonds will be excluded from gross income for federal income tax purposes, an opinion to that effect.

Refunding Authority Bonds may be issued under and secured by the Master Indenture for the purpose of providing funds for refunding all of the Outstanding Authority Bonds of any one or more Series or any portion thereof in accordance with and as permitted by applicable law and the Master Indenture; provided, however, that the provisions of the Master Indenture shall be deemed satisfied if immediately after the issuance of such refunding Authority Bonds, the Authority shall hold District Bonds the payment of principal and interest on which shall provide sufficient funds to permit the Authority to pay principal and interest on all Authority Bonds as the same shall become due and payable.

Pledged Revenues

The Authority Bonds of each Series will be secured by a first lien and charge on and pledge of the related Pledged Revenues and shall be of equal rank without preference, priority or distinction of any Authority Bond of any such Series over any other Authority Bond of any other Series. The Authority by execution of the Master Indenture and the related Supplemental Indenture grants such pledge and first lien on the Pledged Revenues. The Authority covenants that, until all Authority Bonds and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any pledge of the Pledged Revenues ranking senior to the pledge to the Bondholders or create or permit to be created any charge or

lien, other than a charge or lien arising by operation of general provisions of law, on such Pledged Revenues ranking senior to the charge or lien of the Series of Authority Bonds.

Establishment of Funds

Debt Service Fund. The Fiscal Agent shall, on or before each Interest Payment Date, make the following deposits from the Pledged Assessments with respect to the Series 2007A Authority Bonds:

(i) to the Bond Interest Account of the 2007A Debt Service Fund an amount which, together with the amount on deposit therein, equals the interest to fall due on the immediately succeeding Interest Payment Date; and

(ii) to the Bond Principal Account of the 2007A Debt Service Fund an amount which, together with the amount on deposit therein, equals the principal payable on the immediately succeeding Interest Payment Date plus any premium.

There shall be withdrawn on or before each Interest Payment Date with respect to a Series of Bonds, from the Bond Interest Account of the related Debt Service Fund and the Bond Principal Account of the related Debt Service Fund and deposited with the applicable Paying Agent or Paying Agents sufficient money for paying the interest on the related Series of Bonds and the principal of and premium on the related Series of Bonds as the same shall be due and payable.

Any amounts remaining in the Accounts of the Debt Service Fund with respect to a Series of Bonds on each Interest Payment Date, mandatory sinking fund date or maturity date which are not required for the payment of principal or interest with respect to such Series of Bonds on the next Interest Payment Date, mandatory sinking fund date or maturity date shall be remitted to the Authority to be thereupon transferred to the District.

Redemption Fund. All moneys the Authority deposits with the Fiscal Agent for the purpose of redeeming Series 2007A Authority Bonds, unless otherwise directed by the Authority, will be deposited in the 2007A Redemption Fund. All amounts deposited in the 2007A Redemption Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of redeeming the Series 2007A Authority Bonds, in the manner, at the times and upon the terms and conditions specified in the Third Supplemental Indenture. If at any time prior to the time the Paying Agent delivers notice of the redemption of Series 2007A Authority Bonds, the Fiscal Agent shall, upon receipt of written instructions from an Authorized Authority Representative, apply such amounts to the purchase of Series 2007A Authority Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the Authority.

All moneys deposited in the Redemption Fund for the purpose of paying Series 2007A Authority Bonds which are called for redemption shall be held in trust for the holders of the Series 2007A Authority Bonds and such funds shall be held uninvested, or invested in securities in accordance with the Indenture.

Unclaimed Moneys

Any moneys which the Fiscal Agent shall have received from any source and set aside for the purpose of paying any Authority Bond shall be held in trust for the holder of such Authority Bond, but any money so set aside or deposited by the Fiscal Agent and which remains unclaimed by the holder of such Authority Bond for a period of one year after the date on which such Authority Bond shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the

Authority to be paid to the District for use in making equitable District-wide grants, all in accordance with the Indenture.

Covenants of the Authority

The Authority covenants and agrees that it will duly and punctually pay or cause to be paid from the Pledged Revenues and to the extent thereof the principal of, premium, if any, and interest on every Authority Bond of such Series at the place and on the dates and in the manner specified in the Indenture and in such Authority Bonds, according to the true intent and meaning thereof. The Authority's obligation to make payments of the principal of, premium, if any, and interest on the Authority Bonds shall be limited to payments from Pledged Revenues, the Funds and Accounts pledged therefor, and any other source which the Authority may specifically provide for such purpose and no Bondholder shall have any right to force payment from any other funds of the Authority.

Investments

Money held by the Fiscal Agent in any fund or account under the Master Indenture and any Supplemental Indenture shall be invested by the Fiscal Agent in Permitted Investments pending application, all as provided in the Master Indenture and any Supplemental Indenture.

Defeasance

Authority Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of the Master Indenture except for the purposes of payment from moneys, Government Obligations or Pre-refunded Municipals. When all Authority Bonds of any Series which have been issued under the Master Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Indenture by the Authority, including all necessary and proper fees, compensation and expenses of the Fiscal Agent and any Paying Agents, have been paid or are duly provided for, then the right, title and interest of the Fiscal Agent in and to the Pledged Revenues shall thereupon cease, terminate and become void, and thereupon the Fiscal Agent shall: (i) cancel, discharge and release the Master Indenture; (ii) execute, acknowledge and deliver to the Authority such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge; and (iii) assign and deliver to the Authority any property and revenues at the time subject to the Master Indenture which may then be in the Fiscal Agent's possession, except funds or securities in which such funds are invested and held by the Fiscal Agent or the Paying Agents for the payment of the principal of, premium, if any, and interest on such Bonds.

An Authority Bond shall be deemed to be paid for all purposes of the Master Indenture when (a) payment with respect thereto of the principal, interest and premium, if any, either (i) shall have been made or caused to be made in accordance with the terms of the Authority Bonds, the Master Indenture and the related Supplemental Indenture or (ii) shall have been provided for, as certified to the Fiscal Agent by a Financial Consultant, by irrevocably depositing with the Fiscal Agent in trust and irrevocably setting aside exclusively for such payment: (1) moneys sufficient to make such payment, (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, or (3) Pre-refunded Municipals, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Fiscal Agent and the Paying Agent pertaining to such Authority Bond with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as a Series of Authority Bonds shall be deemed to be paid, such Series of Authority Bonds shall no longer be secured

by or entitled to the benefits of the Master Indenture, except for the purposes of payment from such moneys, Government Obligations or Pre-refunded Municipals.

No deposit shall be deemed a payment of such Authority Bonds until either the maturity of such Authority Bonds or the giving of proper notice of redemption of such Authority Bonds or the giving of irrevocable instructions to the Paying Agent to notify, as soon as practicable, the Bondholders in accordance with the Master Indenture that the Authority Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Authority Bonds.

Defaults and Remedies

Events of Default. Each of the following events shall constitute and is referred to in the Master Indenture as an “Event of Default”:

(i) a failure to pay the principal of or premium, if any, on any of the Authority Bonds when the same shall become due and payable at maturity or upon redemption;

(ii) a failure to pay any installment of interest on Authority Bonds when such interest shall become due and payable;

(iii) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (i) and (ii) above) contained in the Authority Bonds or in the Master Indenture on the part of the Authority to be observed or performed, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Fiscal Agent; provided, however, that the Fiscal Agent shall be deemed to have agreed to an extension of such period to the extent that and so long as corrective action is initiated by the Authority within such period and is being diligently pursued;

(iv) the occurrence of any other Event of Default as may be provided in a Supplemental Indenture.

Upon its actual knowledge of the occurrence of any Event of Default, the Fiscal Agent shall immediately give written notice thereof to the Authority.

Remedies. Upon the occurrence and continuance of any Event of Default specified in (i) or (ii) above, the Fiscal Agent shall proceed, or upon the occurrence and continuation of any other Event of Default under the Master Indenture the Fiscal Agent may proceed (and upon the written direction of the holders of not less than a majority of the aggregate principal amount of the Authority Bonds then Outstanding shall proceed) in its own name and as the Fiscal Agent of an express trust to exercise the following remedies:

(i) declare the principal of all Authority Bonds then Outstanding and the accrued but unpaid interest thereon to be due and payable immediately, and upon any such declaration, all Authority Bonds shall become due and payable, anything to the contrary contained herein or in the Authority Bonds notwithstanding; provided, however, that if, at any time after the principal of the Authority Bonds then Outstanding shall have been declared due and payable and before any judgment or decree for the payment of amounts due thereon shall have been obtained or entered, the Authority shall deposit with the Fiscal Agent an amount sufficient to pay all principal of and accrued but unpaid

interest on the Authority Bonds to the date of such declaration, with interest at the rate applicable to Bonds on such overdue principal of and interest on Bonds, and the reasonable expenses of the Fiscal Agent, and any and all other defaults known to the Fiscal Agent (other than in the payment of principal of, and interest on the Authority Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Fiscal Agent or provision deemed by the Fiscal Agent to be adequate shall have been made therefor, then and in every such case the holders of not less than a majority of the aggregate principal amount of Authority Bonds then Outstanding, by written notice to the Authority and to the Fiscal Agent, may on behalf of the holders of all the Authority Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power arising as a result of such subsequent default;

(ii) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of such Bondholders, and require the Authority to carry out any agreements with or for the benefit of such Bondholders and to perform its or their duties under the JPA Law or any other law to which it is subject and the Master Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Master Indenture;

(iii) bring suit upon the defaulted Bonds;

(iv) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the holders of the Authority Bonds; or

(v) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Authority Bonds.

The Fiscal Agent shall be under no obligation to take any action with respect to any Event of Default unless the Fiscal Agent has actual knowledge of the occurrence of such Event of Default.

Bondholders' Right to Direct Proceedings. Anything in the Master Indenture to the contrary notwithstanding, if an Event of Default has occurred and is continuing under the Master Indenture, holders of a majority in principal amount of the Authority Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Fiscal Agent, to direct the time, method and place of conducting all remedial proceedings available to the Fiscal Agent under the Master Indenture to be taken in connection with the enforcement of the terms of the Master Indenture or exercising any trust or power conferred on the Fiscal Agent by the Master Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Master Indenture and that there shall have been provided to the Fiscal Agent security and indemnity satisfactory to the Fiscal Agent against the costs, expenses and liabilities to be incurred as a result thereof by the Fiscal Agent; provided further that the Fiscal Agent shall have the right to decline to follow any such direction which in the opinion of the Fiscal Agent would be unjustly prejudicial to holders of Authority Bonds not parties to such direction.

Limitation on Bondholders' Right to Institute Proceedings. No owner of any Authority Bond will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Master Indenture, the Order, the JPA Law or any other applicable law, unless (i) such owner shall have given to the Fiscal Agent written notice of the occurrence of an Event of Default; (ii) the owners of not less than a majority of the aggregate principal amount of the

Authority Bonds then Outstanding for which an Event of Default has occurred and is continuing shall have made written request upon the Fiscal Agent to exercise the powers heretofore granted under the Master Indenture or to institute such suit, action or proceeding in its own name; (iii) such owner or owners shall have tendered to the Fiscal Agent reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (iv) the Fiscal Agent shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and such tender of indemnity shall have been made to, the Fiscal Agent.

No Impairment of Right to Enforce Payment. Notwithstanding any other provision in the Master Indenture, the right of any Bondholder to receive payment of the principal of and interest on such holder's Authority Bond, on or after the respective due dates expressed therein and to the extent of the Pledged Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Application of Moneys. If an Event of Default shall occur and be continuing, all and any other funds then held or thereafter received by the Fiscal Agent under any of the provisions of the Master Indenture shall be applied by the Fiscal Agent as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Fiscal Agent to protect the interests of the Bondholders and payment of reasonable fees and expenses of the Fiscal Agent (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Master Indenture; and

(2) To the payment of the principal of and interest then due on the Authority Bonds (upon presentation of the Authority Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Master Indenture, as follows:

(i) Unless the principal of all of the Authority Bonds shall have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination of preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Authority Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Authority Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amount of principal due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Authority Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Authority Bonds, with interest on the overdue principal at the respective rates borne by the Authority Bonds, and, if the amount available shall not be sufficient to

pay in full the whole amount so due and unpaid, then to the payment thereof ratable, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Authority Bond of any Series over any other Authority Bond of such Series, according to the amounts due respectively for principal and interest, to the persons entitled thereto without discrimination or preference.

Whenever moneys are to be applied pursuant to the above provisions, such moneys shall be applied at such times, and from time to time, as the Fiscal Agent shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Fiscal Agent shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Fiscal Agent shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Authority Bonds shall be presented to the Fiscal Agent for appropriate endorsement or for cancellation if fully paid.

Additional Events of Default and Remedies. The Events of Default and remedies as set forth in the Master Indenture may be supplemented with such additional Events of Default and remedies as may be set forth in a Supplemental Indenture.

Fiscal Agent, Paying Agent and Other Agents

The Fiscal Agent is authorized to and shall maintain and administer funds, accounts and subaccounts in accordance with the terms of the Master Indenture, and shall perform all other duties assigned to it or imposed on it as provided in the Master Indenture. The Fiscal Agent shall keep accurate records of all funds and accounts administered by it.

The Authority may at any time or from time to time appoint a Paying Agent or Paying Agents for the Authority Bonds or for any Series of Authority Bonds, to act in accordance with the terms of the Master Indenture and any related Supplemental Indenture.

The Authority may, at any time, remove the Fiscal Agent and the Paying Agent and appoint one or more successors. Upon the occurrence and continuation of an Event of Default, if the Auditor-Controller of the County is acting as Fiscal Agent with respect to the Authority Bonds, the Authority shall remove the Fiscal Agent and appoint a successor.

Modification of the Master Indenture

Supplemental Indentures Not Requiring Consent of Bondholders. The Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing or amending the Master Indenture or any Supplemental Indenture as follows:

- (i) to provide for the issuance of a Series or multiple Series of Authority Bonds under the provisions of the Master Indenture and to set forth the terms of such Authority Bonds and the special provisions which shall apply to such Authority Bonds;
- (ii) to cure any formal defect, omission, inconsistency or ambiguity in the Master Indenture or any Supplemental Indenture;

(iii) to add to the covenants and agreements of the Authority in the Master Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, and which shall not adversely affect the interests of the Bondholders;

(iv) to confirm, as further assurance, any interest of the Fiscal Agent in and to the Pledged Revenues or in and to the funds, accounts and subaccounts held by the Fiscal Agent or in and to any other moneys, securities or funds of the Authority provided pursuant to the Indenture or to otherwise add additional security for the Bondholders;

(v) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(vi) to modify, alter, amend or supplement the Master Indenture or any Supplemental Indenture in any other respect which, in the judgment of the Authority, is not materially adverse to the Bondholders;

(vii) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(viii) to qualify the Authority Bonds or a Series of Authority Bonds for a rating or ratings by any one or more of the Rating Agencies; and

(ix) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on any of the Authority Bonds which purport to bear interest which is excluded from gross income for federal income tax purposes.

Supplemental Indenture Requiring Consent of Bondholders. Except for any Supplemental Indenture entered as described immediately above or immediately below, the holders of not less than a majority in aggregate principal amount of the Authority Bonds then Outstanding shall have the right from time to time to consent to and approve, in accordance with the Master Indenture and the Supplemental Indenture, the execution by the Authority of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture or in a Supplemental Indenture.

The Authority may, from time to time and at any time execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture pursuant to which a Series or multiple Series of Authority Bonds are issued. If such Supplemental Indenture is executed for one of the purposes set forth in paragraphs (i) to (ix) above, no notice to or consent of the Bondholders shall be required.

If Bondholders of not less than the percentage of Authority Bonds required by the Master Indenture shall have consented to and approved the execution and delivery thereof, no Bondholders shall have any right to object to the adoption of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

THE DISTRICT MASTER INDENTURE

Additional District Bonds

Prior to or simultaneously with the delivery of any subsequent Series of District Bonds, the Fiscal Agent shall require the delivery of certain documents, certificates, opinions and instructions as set forth in the District Master Indenture. In particular, as a condition to the issuance of any Series of District Bonds subsequent to the issuance of the Series 2007A District Bonds, there shall be delivered to the Fiscal Agent a certificate of the County certifying that, based upon a review of the books and records maintained by the District for each Fiscal Year, the product of (i) the total number of benefit points in the District as of the last day of the Fiscal Year ended next prior to the date on which such District Bonds are to be issued times (ii) 80% of the maximum dollar amount per benefit point at which Assessments are authorized to be levied in each Fiscal Year thereafter during which District Bonds are scheduled to be outstanding times (iii) the percentage, as certified by the Auditor-Controller of the County, of the County's secured property tax levy for such prior Fiscal Year actually collected during such prior Fiscal Year, equals at least 1.15 times the Maximum Annual Debt Service in any Fiscal Year thereafter on all District Bonds to be Outstanding immediately subsequent to the issuance of the additional District Bonds. This certificate shall not be required with respect to such District Bonds as are being issued for the purpose of refunding their Outstanding Bonds if there is delivered to the Fiscal Agent and the Paying Agent, in lieu thereof a certificate of an Authorized District Representative showing that Annual Debt Service in each year on the refunding Bonds will not exceed Annual Debt Service in each year that would have been payable with respect to the refunded Bonds had the refunding Bonds not been issued.

Refunding District Bonds

Refunding District Bonds of the District may be issued under and secured by the District Master Indenture for the purpose of providing funds for the refunding of the outstanding District Bonds or any portion thereof in accordance with and as permitted by applicable law and the District Third Supplemental Indenture.

District Pledged Revenues and Funds

District Pledged Revenues. The District Bonds are secured by a first lien and charge on and pledge of District Pledged Revenues and shall be of equal rank without preference, priority or distinction of any District Bond of any Series over any other District Bond of any other Series. The District has granted to the holders of District Bonds (which, with respect to the Series 2007A District Bonds, is the Authority) a pledge and first lien on the District Pledged Revenues and has covenanted that, until the District Bonds of all Series and the interest thereon shall have been paid or shall have been deemed to have been paid, it will not issue any obligations secured by a lien on the Pledged Revenues that is senior to the lien thereon in favor of the Bondholders or that ranks on a parity with the lien thereon in favor of Bondholders except upon compliance with the additional bonds test and provisions of the Master Indenture governing the issuance of temporary bonds, the issuance of parity bonds or refunding bonds, as applicable.

Establishment of Funds and Accounts. The District Master Indenture establishes the following funds the Project Fund, the District Debt Service Fund, the District Reserve Fund, the District Redemption Fund and the District Earnings Fund. Within the Project Fund, the District Master Indenture establishes certain accounts designated as the "Beach Account," the "Museum Account" and the "Parks Account." Other accounts and subaccounts will be established within each such fund with respect to the Series 2007A District Bonds as set forth in the District Third Supplemental Indenture.

2007A Costs of Issuance Fund. The 2007A Costs of Issuance Fund will be established and held under the District Third Supplemental Indenture. There shall be deposited in the 2007A Costs of Issuance Fund that portion of the proceeds of the Series 2007A District Bonds required to be deposited pursuant to the District Third Supplemental Indenture. The Fiscal Agent shall disburse moneys from the 2007A Costs of Issuance Fund on such dates and in such amounts as are necessary to pay the Costs of Issuance.

Reserve Fund; 2007A Reserve Account. The 2007A Reserve Account will be established within the Reserve Fund held under the District Indenture in an amount equal, as of any date of calculation, to the "Reserve Requirement." The initial deposit to the 2007A Reserve Account will be made from amounts transferred from the 1997A Reserve Account. Thereafter, the deposit to each Reserve Account of the Reserve Fund, including but not limited to the 2007A Reserve Account, will be made from Pledged Assessments in an amount necessary to increase the amount on deposit therein to an amount equal to the Reserve Requirement for the related Series of Bonds, when and as received, to the extent necessary to fund such account, and after prior allocations to the Bond Interest Subaccount and Bond Principal Subaccount of each Debt Service Account of the Debt Service Fund equal to the interest and principal, respectively, payable on the immediately succeeding payment date, plus premium, if any. If after making the deposits to such Bond Interest Subaccount and Bond Principal Subaccount of each Debt Service Account of the Debt Service Fund are less than the amount necessary to fund such Reserve Accounts of the Reserve Fund, then the entire balance of the Pledged Assessments remaining shall be deposited into each such Reserve Account.

The amounts on deposit in the 2007A Reserve Account and the amounts on deposit in any other accounts within the Reserve Fund, excluding Investment Earnings, in excess of the Reserve Requirement on each Interest Payment Date, and such other time or times as directed by an Authorized District Representative, shall be transferred from the 2007A Reserve Account and any other accounts existing within the Reserve Fund to the Bond Interest Subaccount of the 2007A Debt Service Account and to the Bond Interest Subaccount of any other Debt Service Account within the Debt Service Fund on a pro rata basis as among such accounts based on the original principal amount of each Series of Bonds on the date of such calculation and applied pursuant to the District Indenture.

Notwithstanding anything in the District Indenture to the contrary, at the option of the District, amounts required to be held in the 2007A Reserve Account may be initially provided or substituted, in whole or in part, by the deposit with the Fiscal Agent of a Reserve Fund Credit Policy in a stated amount equal to the amounts to be initially provided or so substituted, *provided* that prior to any substitution of such Reserve Fund Credit Policy, the Rating Agencies shall have been notified of such proposed substitution and the substitution shall not result in a downgrading or withdrawal of any rating of any Authority Bonds or District Bonds then in effect by the Rating Agencies. Any such substituted moneys shall be applied as directed by the District.

So long as a Reserve Fund Credit Policy shall be in force and effect, any deposits required to be made with respect to a Reserve Account pursuant to the District Master Indenture shall include any amounts due to the provider of such Reserve Fund Credit Policy resulting from a draw on such Reserve Fund Credit Policy. Any such amounts shall be paid to the provider of such Reserve Fund Credit Policy as provided in such Reserve Fund Credit Policy or any related agreement.

Covenants of the District

Payment of Principal and Interest. The District covenants and agrees that it will duly and punctually pay or cause to be paid from the Pledged Assessments described in the District Master Indenture and to the extent thereof the principal of, premium, if any, and interest on every District Bond at the place and on the dates and in the manner specified herein and in each District Bond, according to

the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements contained herein and in the District Bonds and the District agrees that time is of the essence of the District Master Indenture, provided that the District's obligation to make payment of the principal of, premium, if any, and interest on the District Bonds shall be limited to payment from the Pledged Assessments, the funds, accounts, subaccounts pledged therefor and any other source which the District may specifically provide for such purpose and no holder of a District Bond shall have any right to force payment from any other funds of the District.

Levy of Assessments. The Board shall annually levy, or cause to be levied, the Assessments in accordance with the Order and applicable law. Unless otherwise required by applicable law, the District covenants that it shall not take, or cause to be taken, any action that would result in the reduction of the amount of the levy of Pledged Assessments with respect to any Fiscal Year below an aggregate amount equal to 1.15 times the Maximum Annual Debt Service on all Outstanding District Bonds and any District Bonds that the District reasonably expects to be issued during the then-present Fiscal Year.

Deferral of Assessments. Subject to the Order, the District shall not directly or indirectly extend or defer the payment of any Assessments if, following such extension or deferral, the value of the Pledged Assessments not subject to such extension or deferral would be less than 1.15 times the Maximum Annual Debt Service on all Outstanding District Bonds theretofore issued; provided, however, that this covenant in no way limits the District's ability to defer Assessments pursuant to Section 170 and 194-95 of the California Revenue and Taxation Code and Chapter 4.64 of the Los Angeles County Code.

Collection of Assessments and Receipt of Deposits of Pledged Assessments. The District covenants and agrees that it will use its best efforts to collect the Assessment and deposit or cause the deposit of Pledged Assessments with the Fiscal Agent on a timely basis, and the District agrees that at the time Pledged Assessments are paid to the District, the District will immediately upon receipt transfer the required portion of the Pledged Assessments to the Fiscal Agent for credit to the District Debt Service Fund established with respect to the District Bonds, and during such time as such portion of Pledged Assessments are held by the District prior to transfer to the Fiscal Agent, such portion of Pledged Assessments will be impressed with a trust and held for the District Bondholders. The District shall have no obligation to institute judicial foreclosure proceedings as a result of delinquencies in the payments of Assessments, but shall take such actions with respect to such delinquencies as are consistent with the policy of the County regarding delinquent property taxes generally.

Investments

Money held by the Fiscal Agent in any fund or account under the District Indenture and any supplemental indenture shall be invested by the Fiscal Agent in Permitted Investments pending application, all as provided in the District Indenture and any supplemental indenture.

District Events of Default and Remedies

District Events of Default. The District Master Indenture sets forth the "District Events of Default," which include, among others, the failure to pay the principal of or premium, if any, on the District Bonds when the same shall become due and payable at maturity or upon redemption, the failure to pay any installment of interest on the District Bonds when such interest shall become due and payable and the failure by the District to observe and perform certain covenants, conditions, agreements or provisions, which failure shall continue for a period of 30 days after written notice, all as set forth in the District Master Indenture.

Remedies. Upon the occurrence and continuance of any District Event of Default the Fiscal Agent may, and in certain situations set forth in the District Master Indenture shall, exercise remedies established in the District Master Indenture.

No person other than the Fiscal Agent or the Bondholders shall be entitled to exercise any right or remedy provided to such Bondholders under a District Supplemental Indenture on the basis of the District's failure to observe, or refusal to comply with the above covenant.

Tax Covenant

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on bonds issued from time to time by the Authority, the District covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code with respect to such bonds. The District agrees to comply with the covenants contained in, and the instructions given pursuant to nonarbitrage certificates executed in connection with the issuance of such bonds, as such nonarbitrage certificates may be amended from time to time, as a source of guidance for compliance with such provisions. The Fiscal Agent agrees to comply with any instructions received from an Authorized District Representative which such Authorized District Representative indicates must be followed in order to comply with such a Nonarbitrage Certificate.

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APPENDIX D

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of January 31, 2007, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$ 7.438
Schools and Community Colleges	9.857
Independent Public Agencies	<u>1.486</u>
Total	\$18.781

Of these entities, the involuntary participants accounted for approximately 92.09%, and all discretionary participants accounted for 7.91% of the total Treasury pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on April 4, 2006, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors for formal action to approve it. According to the Investment Report dated February 28, 2007, the January 31, 2007 book value of the Treasury Pool was approximately \$18.781 billion and the corresponding market value was approximately \$18.754 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. The County Auditor Controller's Office performs similar cash and investment reconciliations on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The Treasury Pool is highly liquid. As of January 31, 2007 approximately 41.88% of the pool investments mature within 60 days, with an average of 507.73 days to maturity for the entire portfolio. The following table identifies the types of securities held by the Treasury Pool as of January 31, 2007.

<u>Type of Investment</u>	<u>% of Pool</u>
U.S. Government and Agency Obligations	57.71
Certificates of Deposit	18.12
Commercial Paper	20.49
Bankers Acceptances	0.00
Municipal Obligations	0.11
Corporate Notes & Deposit Notes	3.52
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.05

Pursuant to Section 27131 of the Government Code all counties investing surplus funds are encouraged to establish a county treasury oversight committee. On January 16, 1996, the Board of Supervisors approved the establishment of the County Treasury Oversight Committee and subsequently confirmed the five Committee members nominated by the Treasurer in accordance with that Section. The Committee meets quarterly to review and monitor for compliance the investment policies prepared by the Treasurer.

APPENDIX E

FORM OF BOND COUNSEL APPROVING OPINION

Upon the delivery of the Series 2007A Authority Bonds, Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Authority, proposes to issue its approving opinion in substantially the following form:

[Dated the date of delivery of the Bonds]

Los Angeles County Public Works Financing Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Los Angeles County Regional Park and Open Space District
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Re: Los Angeles County Public Works Financing Authority
Refunding Revenue Bonds, Series 2007A

Ladies and Gentlemen:

We have acted as Bond Counsel to the Los Angeles County Public Works Financing Authority, a joint exercise of powers entity formed and existing under the Constitution and the laws of the State of California (the “Authority”), in connection with the issuance and sale by the Authority of \$94,315,000 aggregate principal amount of revenue bonds designated the Los Angeles County Public Works Financing Authority Refunding Revenue Bonds, Series 2007A (the “Series 2007A Authority Bonds”). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture as hereinafter defined.

The Series 2007A Authority Bonds are issued pursuant to the Mark-Roos Local Bond Pooling Act of 1985 (commencing with Section 6584 of the California Government Code), and pursuant to an Authority Master Indenture of Trust, dated as of November 1, 1997 (the “Master Indenture”), as supplemented, including by an Authority Third Supplemental Indenture of Trust, dated as of July 1, 2007 (the “Third Supplemental Indenture” and, together with the Master Indenture and any other supplemental indenture, the “Indenture”), each by and between the Authority and the Auditor-Controller of the County of Los Angeles, as fiscal agent (the “Fiscal Agent”), to pay and redeem the outstanding principal amount of the Authority’s Revenue Bonds, Series 1997A (Los Angeles County Regional Park and Open Space District), to fund a reserve fund and to pay certain costs of issuance in connection therewith. The Series 2007A Authority Bonds are secured by the Pledged Revenues as defined in and pledged under the Indenture, including payments to be made by the Los Angeles County Park and Open Space District, a body corporate and politic organized and existing under the Constitution and the laws of the State of California (the “District”), to the Authority of principal of, premium, if any, and interest on the Series 2007A District Bonds. The District is issuing the Series 2007A District Bonds for the purpose of refunding its Limited Obligation Improvement Bonds, Series 1997A which are owned by the Authority.

The Authority is authorized to issue additional bonds (“Additional Bonds”), in addition to the Series 2007A Authority Bonds, upon the terms and conditions set forth in the Master Indenture and such

Additional Bonds, when issued, shall, with the Series 2007A Authority Bonds and with all other such Additional Bonds theretofore issued, rank on parity with each other Series of Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or such events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Series 2007A Authority Bonds is concluded with their issuance on this date and we disclaim any obligation to update this opinion. We have assumed and relied on, without undertaking to verify, (i) the genuineness of the documents, certificates and opinions presented to us (whether as originals or as copies), including, without limitation, the opinions of counsel to the Authority and the District and the certificates of the Authority and the District, and of the signatures thereon, (ii) the accuracy of the factual matters represented, warranted or certified in such documents and certificates, (iii) the correctness of the legal conclusions contained in such opinions, and (iv) the due and legal execution of such documents, certificates and opinions by, and validity thereof against, any parties other than the Authority and the District. Furthermore, we have relied upon the accuracy, which we have not independently verified, of the representations and certifications, and have assumed compliance with the covenants, of the Authority and the District in (i) the Indenture, (ii) the District Master Indenture of Trust, dated as of November 1, 1997, as supplemented, including by a District Third Supplemental Indenture, dated as of July 1, 2007, each by and between the District and the Auditor-Controller of the County of Los Angeles, (iii) the Tax Compliance Certificate, dated as of the date hereof with respect to the use of the proceeds of the Series 2007A Authority Bonds and (iv) other relevant documents to which the Authority and the District is each a party. The accuracy of certain of those representations and certifications, and compliance by the Authority and the District with certain of their covenants, may be necessary for interest on the Series 2007A Authority Bonds to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of such covenants subsequent to issuance of the Series 2007A Authority Bonds may cause interest on the Series 2007A Authority Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. The rights and obligations under the Series 2007A Authority Bonds and the Indenture and their enforceability, may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties and public agencies in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement relating to the Series 2007A Authority Bonds or other offering material relating to the Series 2007A Authority Bonds and express no opinion with respect thereto.

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

1. The Series 2007A Authority Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Authority.

3. Interest on the Series 2007A Authority 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 is exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Series 2007A Authority Bonds.

Under the Code, a portion of the interest on the Series 2007A Authority Bonds earned by certain corporations may be subject to a corporate alternative minimum tax, and interest on the Series 2007A Authority Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and a tax imposed on excess net passive income of certain S corporations.

Respectfully submitted,

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

Book-Entry-Only System

General. The Series 2007A Authority Bonds will be available in book-entry form only in the principal amount of \$5,000 and any integral multiples thereof. Purchasers of beneficial ownership interests in the Series 2007A Authority Bonds will not receive certificates representing their interests in the Series 2007A Authority Bonds purchased. The Underwriters will confirm original issuance purchases with statements containing certain terms of the Series 2007A Authority Bonds purchased.

The following information concerning the Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from sources the Authority, the District and the Underwriters believe to be reliable; however, the Authority, the District and the Underwriters take no responsibility as to the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Series 2007A Authority Bonds. The Series 2007A Authority Bonds will be issued as fully-registered bonds 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 issued for each maturity of the Series 2007A Authority Bonds as set forth on the inside cover hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest 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 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2007A Authority Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007A Authority Bonds on DTC’s records.

The ownership interest of each actual purchaser of each Series 2007A Authority 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 2007A Authority 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 2007A Authority Bonds, except as specifically provided in the Indenture, or in the event that use of the book-entry system for the Series 2007A Authority Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007A Authority 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 2007A Authority Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007A Authority Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2007A Authority 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.

Such Direct Participants and the persons for whom they acquire interests in the Series 2007A Authority Bonds as nominees will not receive certificated Series 2007A Authority Bonds, but each such Direct Participant will receive a credit balance in the records of DTC in the amount of such Direct Participant’s interest in the Series 2007A Authority Bonds, which will be confirmed in accordance with DTC’s standard procedures. Each such person for whom a Direct Participant acquires an interest in the Series 2007A Authority Bonds, as nominee, may desire to make arrangements with such Direct Participant to receive a credit balance in the records of such Direct Participant, and may desire to make arrangements with such Direct Participant to have notices of redemption or all other communications of the Authority to DTC which may affect such persons forwarded in writing by such Direct Participant and to have notifications made of all payments of interest and principal of his beneficial interest. NONE OF THE AUTHORITY, THE DISTRICT, THE COUNTY, THE PAYING AGENT OR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2007A AUTHORITY BONDS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT; THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, INTEREST ON OR REDEMPTION PRICE OF THE SERIES 2007A AUTHORITY BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2007A AUTHORITY BONDS; OR ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2007A AUTHORITY BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR HOLDERS OF THE SERIES 2007A AUTHORITY BONDS (OTHER THAN UNDER THE CAPTION “TAX EXEMPTION”) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2007A AUTHORITY BONDS.

DTC may discontinue providing its services as securities depository with respect to the Series 2007A Authority Bonds at any time by giving reasonable notice to the Authority or the Paying Agent.

Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered as described in the Indenture. The Beneficial Owner, upon registration of bonds in the Beneficial Owner's name, will become the registered owner of the Series 2007A Authority Bonds.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificated Series 2007A Authority Bonds will be printed and delivered to DTC.

The Authority, the County, the District and the Fiscal Agent will recognize DTC or its nominee as the sole and exclusive owner of the Series 2007A Authority Bonds registered in its name for all purposes, including notices and voting, under the Indenture, registering the transfer of the Series 2007A Authority Bonds, or other action to be taken by registered owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. Conveyances 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 standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant, and not of DTC, the Paying Agent, the Fiscal Agent, the Authority, the County or the District, subject to any statutory and regulatory requirements as may be in effect from time to time.

Payments of principal of, premium, if any, and interest on the Series 2007A Authority Bonds will be made to Cede & Co., as registered owner of the Series 2007A Authority Bonds 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 Fiscal Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments of principal of, premium, if any, and interest by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal 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 Fiscal Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of a such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

SPECIMEN

STD-R-CA-7
01/05

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APPENDIX H

FORM OF DELAYED DELIVERY CONTRACT

_____, 2007
UBS Securities LLC
1285 Avenue of the Americas
New York, New York 10019

Re: Los Angeles County Public Works Financing Authority Refunding Revenue Bonds Series 2007A
(Los Angeles County Regional Park and Open Space District)

Ladies and Gentlemen:

This Delayed Delivery Contract (this “Agreement”) evidences the agreement of the undersigned party (the “Purchaser”) to purchase from UBS Securities LLC (the “Representative”) as representative of the Underwriters (the “Underwriters”) named in the Forward Bond Purchase Agreement for the Series 2007A Authority Bonds (the “Purchase Agreement”), among the Authority, the Los Angeles County Regional Park and Open Space District (the “District”) and the Representative, on behalf of itself and the Underwriters named therein, and the agreement of the Underwriters to sell to the Purchaser, when, as, and if issued and delivered to the Underwriters:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Series 2007A Authority Bonds offered by the Los Angeles County Public Works Financing Authority (the “Authority”) under the Preliminary Official Statement, dated March 8, 2007 (the “Preliminary Official Statement”) and the Official Statement, dated March 15, 2007 (the “Official Statement”), at the purchase price, and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Agreement (the “Purchased Bonds”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Official Statement.

1. Purchase and Settlement. The Purchaser hereby agrees to purchase and accept delivery of the Purchased Bonds from the Representative on or about July 5, 2007 (the “Settlement Date”). Except as provided in this paragraph 1 or otherwise agreed to in writing by the Representative and the Purchaser, on the Settlement Date the Purchaser shall pay for and accept delivery of the Series 2007A Authority Bonds if (a) the Series 2007A Authority Bonds shall have been issued and delivered by the Authority and have been purchased, accepted and paid for by the Underwriters as provided in and subject to satisfaction or waiver, as permitted thereunder, of the conditions to purchase contained in the Purchase Agreement, and (b) the Underwriters shall have received a legal opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, substantially in the form attached to the Official Statement as Appendix E, together with a reliance letter addressed to the Underwriters. The Purchaser understands that the market price of the Series 2007A Authority Bonds on the Settlement Date may be greater than or less than the purchase price, and that the Purchaser’s obligations hereunder are not subject to cancellation due to an adverse change in the market price or marketability of the Series 2007A Authority Bonds or any adverse change in the

business, affairs or financial condition of the Authority, the District or any other obligor on the Series 2007A Authority Bonds. Settlement of the Series 2007A Authority Bonds shall occur on a delivery versus payment basis. Payment shall be made in immediately available funds to an account designated by the Representative, and the Series 2007A Authority Bonds shall be transferred to an account designated by the Purchaser. The Series 2007A Authority Bonds shall be delivered to The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2007A Authority Bonds and will be registered in the name of Cede & Co., as nominee of DTC. The Series 2007A Authority Bonds will be available only under the book-entry system operated by DTC.

Subject to the foregoing, the obligation of the Purchaser to take delivery hereunder shall be unconditional except in the event that between the date of this Agreement and the Settlement Date:

(a) The Authority or the District fails to comply with all of the conditions to Settlement set forth in Section 11 of the Purchase Agreement by 10:00 a.m. Los Angeles Time on the date of Settlement, except any such condition waived by the Representative in accordance with the Purchase Agreement;

(b) In the sole judgment of the Representative:

(i) there is a Change in Law (defined below);

(ii) Legislative Action (defined below) has occurred relating to the federal taxation of interest received on obligations of the general character of the Series 2007A Authority Bonds, which, in the opinion of Bond Counsel has, or will have, the effect of such interest being subject to inclusion in gross income for purposes of federal income taxation (except to the extent such interest is intended to be includable in gross income) or such interest being subject to inclusion in State personal income taxation;

(iii) as a result of any reason other than Legislative Action, Bond Counsel cannot issue an opinion to the effect that (i) interest on the Series 2007A Authority Bonds is excluded from gross income for federal income tax purposes, (ii) interest on the Series 2007A Authority Bonds is not a specific preference item for purposes of the federal alternative minimum tax, and (iii) interest on the Series 2007A Authority Bonds is exempt from State personal income taxation;

(iv) legislation is enacted, or actively considered for enactment with an effective date prior to Settlement, or a decision by a court of the United States is rendered, the effect of which, in the judgment of the Representative, is that the Bonds or the Authority Indenture or the District Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Federal Securities Act of 1933 as the same shall from time to time be supplemented or amended, the “33 Act”), the Federal Securities Exchange Act of 1934 (as the same shall from time to time be supplemented or amended, the “34 Act”) (excepting compliance with Rule 15c2-12), or the Federal Trust Indenture Act of 1939 (as the same shall from time to time be supplemented or amended, the “39 Act”), as amended and as then in effect;

(v) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter is issued or made or any other event occurs, the effect of which, in the judgment of the Representative or the Authority and the District, is that the issuance, offering, or sale of the Bonds, or the entry into the District Documents or the Authority Documents as contemplated by the Purchase Agreement or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the 33 Act, the 34 Act, and the 39 Act;

(vi) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, the effect of which on the financial markets of the United States being such as, in the judgment of the Representative, would make it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds;

(vii) there shall have occurred a declaration of a general banking moratorium by any authority of the United States or the States of New York or California;

(viii) an event of default has occurred and is continuing, technical or otherwise, under the Authority Indenture or the District Indenture;

(ix) the Bond Insurance Policy is not delivered and in effect at Settlement; or

(x) additional restrictions not in force as of the date of the Purchase Agreement are imposed upon trading in securities generally by any governmental authority or by any securities exchange that would, in the judgment of the Representative, materially adversely affect the market for the Bonds.

For purposes of the foregoing, “Change in Law” means any Legislative Action (defined below) which, in any such case, would, (i) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from underwriting the Bonds as provided herein or selling the Series 2007A Authority Bonds or beneficial ownership interests therein to the public as contemplated by the Official Statement, (ii) as to the Authority or the District, would make the issuance, sale or delivery of the Series 2007A Authority Bonds or the District Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized) or (iii) result in Bond Counsel being unable to give its approving opinion on the Settlement Date to the effect that interest on the Series 2007A Authority Bonds is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax and is exempt from State personal income taxes.

The term “Legislative Action” means (i) an amendment to the Constitution of the United States of America (“United States”) or of the State, or to any federal, state or local legislation, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation (A) enacted by the Congress of the United States or (B) introduced therein or recommended to Congress for passage, by press release, or other form of notice or otherwise, by the President of the United States, the United States Treasury Department, the Internal Revenue Service, or by the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or (C) presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress or (D) favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration (if such enacted, introduced or recommended legislation has a proposed effective date which is on or before the Closing Date or the Settlement Date; (iii) any law, rule or regulation proposed or enacted by any governmental body (including the State), department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date which is on or before the Closing Date or the Settlement Date) or (iv) any decision of any court or administrative body of the United States or any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States.

2. Representations and Warranties; Acknowledgements. The Purchaser represents and warrants that: (a) it is duly authorized to execute and deliver this Agreement and to perform its obligations

hereunder and has taken all necessary action to authorize such execution, delivery and performance; (b) it is acting hereunder as principal (or, if previously agreed in writing by the Representative, as agent for a disclosed principal); (c) the person executing this Agreement on the Purchaser's behalf is duly authorized to execute and deliver this Agreement on behalf of the Purchaser; (d) it had obtained all authorizations of any governmental body required in connection with this Agreement and such authorizations are in full force and effect; (e) this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with the terms hereof, (f) the execution, delivery and performance of this Agreement do not and will not violate any law, regulation, ordinance, charter, by-law or rule applicable to the Purchaser or any agreement by which the Purchaser is bound or by which any of its assets are affected; (g) the Purchaser has not sought or relied upon the financial advice of the Representative; and (h) the Purchaser is knowledgeable of and experienced in the investment risks of entering into this Agreement, is capable of evaluating (and has so evaluated) the merits and risks of this Agreement and is able to bear the economic risks associated with this Agreement. The Purchaser agrees that it shall be deemed to repeat all of the foregoing representations and warranties on the Settlement Date.

The Purchaser acknowledges and agrees that the Series 2007A Authority Bonds are being sold on a "forward" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date subject to the conditions set forth in Paragraph 1 hereof. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings anticipated to be assigned to the Purchased Bonds or the ratings assigned to bond insurance of the municipal bond insurance policy provider, and (b) changes in the financial condition, operations, performance, properties or prospects of the Authority or the municipal bond insurance policy provider from the date hereof to the Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell such Purchased Bonds following the date hereof, unless the Purchaser sells such Purchased Bonds to another financial institution with the prior written consent of the Representative and such financial institution provides a written acknowledgment of confirmation of purchase order in the same form as that executed by the Purchaser.

The Purchaser acknowledges that the Underwriters are entering into an agreement with the Authority to purchase the Series 2007A Authority Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

The Representative represents and warrants that (i) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance; (ii) the person executing this Agreement on the Representative's behalf is duly authorized to execute and deliver this Agreement on behalf of the Representative; (iii) it has obtained all authorizations of any governmental body required in connection with this Agreement and such authorizations are in full force and effect; (iv) this Agreement constitutes a legal, valid, and binding obligation of the Representative enforceable against the Representative in accordance with the terms hereof, and (v) the execution, delivery and performance of this Agreement do not and will not violate any law, regulation, ordinance, charter, by-law or rule applicable to the Representative or any agreement by which the Representative is bound or by which any of its assets are affected. The Representative agrees that it shall be deemed to repeat all of the foregoing representations and warranties on the Settlement Date.

3. Receipt of Disclosure Material. The Purchaser acknowledges that, on or prior to the date hereof, the Purchaser received a Preliminary Official Statement and an Official Statement each relating to the Series 2007A Authority Bonds.

4. Default. Each of the following events shall be deemed to be an event of default hereunder (an “Event of Default”): (i) the failure of a party to perform its obligations hereunder on the Settlement Date; (ii) any representation made by a party in paragraph 2 hereof is incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated; (iii) a party disaffirms, rejects or repudiates any of its obligations under this Agreement; (iv) the commencement by a party as debtor of any case or proceeding under any bankruptcy, insolvency, rehabilitation, delinquency, reorganization, liquidation, dissolution or similar law, or the seeking by a party of the appointment of a receiver, conservator, administrator, rehabilitator, custodian, liquidator, trustee, or similar official for such party or any part of such party’s property; (v) the commencement of any case or proceeding against a party, or the seeking of an appointment by another, or the filing against a party, of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970; or (vi) an acknowledgment by a party that such party has a negative net worth or is insolvent or is not paying or is unable to pay its debts as they become due.

5. Remedies; Damage. Upon the occurrence of an Event of Default hereunder, the nondefaulting party shall be entitled (without limiting any other rights or remedies the nondefaulting party may have under applicable law or regulation or by reason of normal business practice) to (i) terminate this Agreement upon notice to the defaulting party, whereupon the defaulting party shall pay as liquidated damages, and not as a penalty, to the nondefaulting party any resulting loss, damage, cost and expense, including, but not limited to, attorney’s fees, the cost of entering into replacement transactions, any liability or cost incurred as a result of being unable to perform under the Purchase Agreement, and any damages suffered by the nondefaulting party’s entering into, terminating or liquidating, any related hedge transactions; (ii) exercise any rights of setoff which the nondefaulting party may have against the defaulting party; and (iii) take any other action necessary or appropriate to protect and enforce its rights and preserve the benefits of its bargain under this Agreement. The parties hereto agree that the damages described in (i) of this paragraph 5 are a reasonable preestimate of damages likely to be suffered by the nondefaulting party.

6. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES.

7. Submission to Jurisdiction. The Representative and the Purchaser irrevocably submit to the non-exclusive jurisdiction of any court of the State of New York or the United States District Court for the Southern District of the State of New York located in Manhattan for the purpose of any suit, action or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby, which is brought by or against the Representative or the Purchaser, and the parties irrevocably agree that all claims in respect to any such suit, action or proceeding may be heard and determined by any such court. The parties waive any objection to laying of venue of any proceedings brought in any such court, waive any claim that such proceedings have been brought in an inconvenient forum and waive the right to object, with respect to such proceedings, that such court does not have jurisdiction over such party.

8. Severability. If one or more provisions of this Agreement or the applicability of any such provisions to any set of circumstances shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this

Agreement or the applicability of the same provisions or any of the remaining provisions to other circumstances.

9. Miscellaneous. Any and all notices, statements, demands or other communications hereunder may be sent by a party to the other by mail, facsimile, messenger or otherwise to the address specified on the face of this Agreement or indicated below, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. Purchaser agrees that, if applicable, it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, Rule 431 of the New York Stock Exchange, Inc. and any other margin regulations applicable to the Representative. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other and any purported assignment without such consent shall be null and void. This Agreement may be amended or any of its terms modified only by a written document authorized, executed and delivered by each of the parties hereto. This Agreement may be executed in one or more counterparts and when each party hereto has executed at least one counterpart, this Agreement shall become binding on all parties and such counterparts shall be deemed to be one and the same document.

It is understood that the acceptance by the Representative of any Agreement (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Agreement is acceptable to the Representative, it is requested that the Representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Representative and the Purchaser when such counterpart is so mailed or delivered by the Representative. This Agreement does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

Purchaser

Address

Telephone

By: _____

Name: _____

Title: _____

Accepted: UBS Securities LLC

Name: _____

Title: _____

Name: _____

Title: _____



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