

LONG TERM DEBT FINANCING OPTIONS: UNDERSTANDING BEST PRACTICES

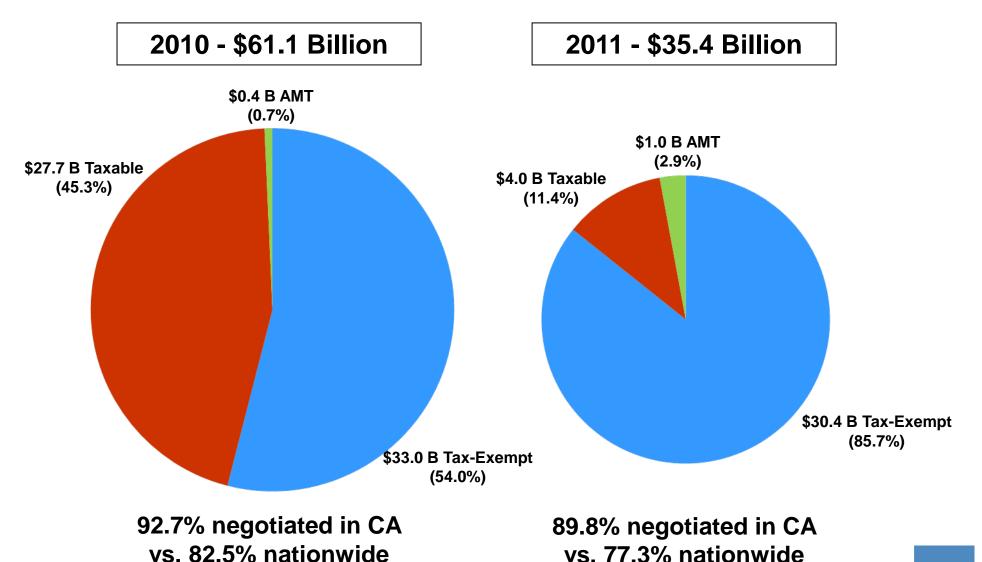
March 13, 2012

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Overview of California Bond Market in 2010 and 2011

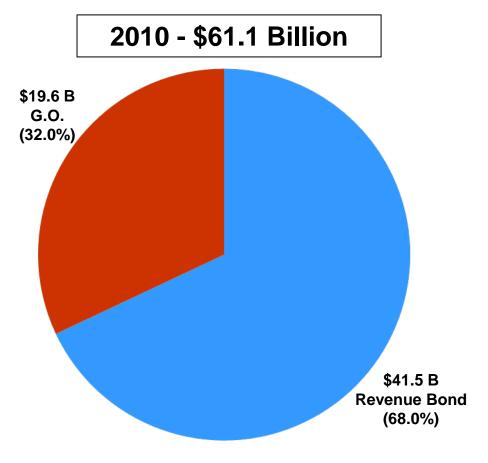


CALIFORNIA STATE AND LOCAL BOND ISSUANCE

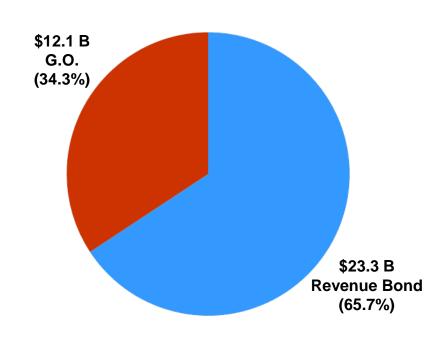


Source: Thomson Reuters (January 14, 2012)

TYPES OF CALIFORNIA BONDS OFFERED







New Money: \$45.3 Billion (74.1%)

Refunding: \$9.9 Billion (16.2%)

Combined: \$5.9 Billion (9.7%)

New Money: \$14.9 Billion (42.1%)

Refunding: \$12.7 Billion (35.9%)

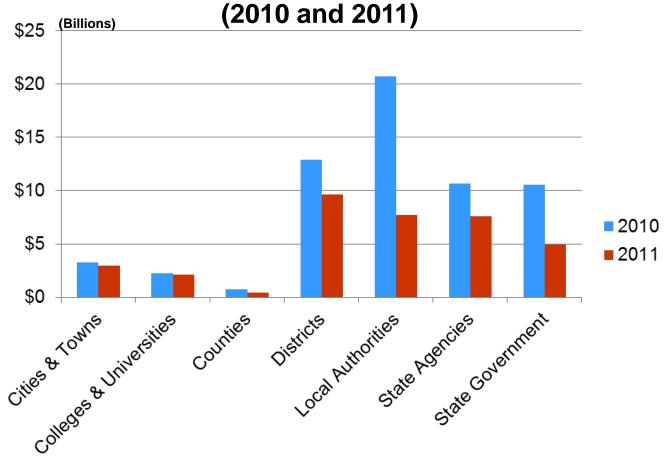
Combined: \$7.8 Billion (22.0%)

Source: Thomson Reuters (January 14, 2012)



ISSUERS SELLING BONDS IN CALIFORNIA

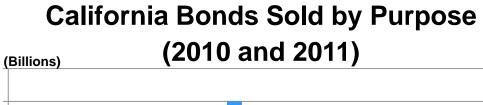
California Bonds Sold by Issuer Category (2010 and 2011)

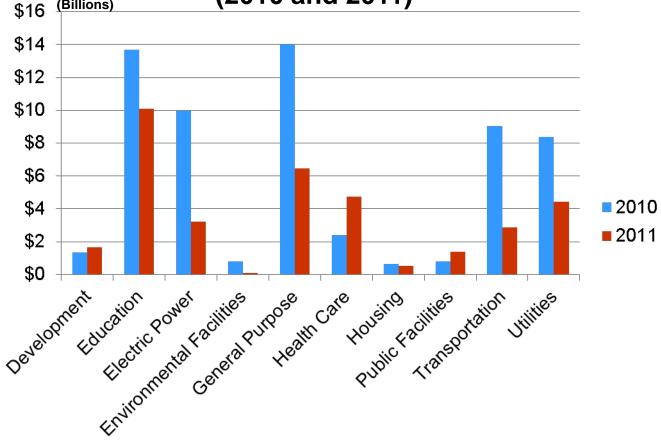


Source: Thomson Reuters (January 14, 2012)



ISSUANCE BY PROJECT TYPE









Long-Term Debt Financing Options



THRESHOLD ISSUES

Basic Legal Issues

- Type of agency determines what limitations apply
 - Cities/counties/school districts limited by constitutional debt limits
 - Special districts limited by enabling legislation

Tax Issues

- Can project be financed on tax-exempt basis
 - Based on nature of project and use



CHOOSING METHOD OF FINANCING

- Source of Repayment
 - Creating new revenues or leveraging existing revenues
 - Tax revenue sources
 - Property tax, ad valorem tax or sales tax
 - Enterprise vs. non-enterprise revenues
- Public offering vs. private placement
- Lease vs. installment sale
- Bond, COP, joint powers revenue bond
- Competitive bid or negotiated sale



- Secured by new, unlimited ad valorem tax on property
 - New revenue source for agency
 - Most secure form of financing
 - Typically can only be used for real property or capital expenses
- City and county GO's require 2/3rds vote due to Constitutional debt limit
 - Generally cannot create improvement districts—boundary is all or none
- Special district GO's typically require 2/3rds vote based on enabling legislation of district



- School district/community college district GO's now commonly require 55% vote (based on Prop 39)
 - Tax rate limitations apply depending on type of entity (e.g., unified, high school, community college)
 - Prop 39 requires annual oversight audits and specific project lists
- State GO's are secured by State general fund revenues, and only require 50% vote



NEW ISSUE-BOOK-ENTRY ONLY

Fitch:

(See "RATINGS" herein)

In the opinion of Bond Counsel to the State of California (the "State"), interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and interest on the Bonds is exempt from State personal income taxes, all as further discussed in "TAX MATTERS"

\$1,904,595,000 STATE OF CALIFORNIA VARIOUS PURPOSE GENERAL OBLIGATION REFUNDING BONDS

Dated: Date of Delivery

Due: as shown on inside front cover

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2012, at the respective rates per annum set forth on the inside front cover. The Bonds may be purchased in principal amounts of \$5,000 or any integral multiple thereof in book-entry form only. See "THE BONDS-General" and APPENDIX B-"THE BOOK-ENTRY ONLY SYSTEM." Certain of the Bonds are subject to optional redemption prior to their stated maturities, as described herein, See "THE BONDS-Redemption."

The Bonds are general obligations of the State to which the full faith and credit of the State are pledged. The principal of and interest on all State general obligation bonds, including the Bonds, are payable from any moneys in the General Fund of the State, subject only to the prior application of such moneys to the support of the public school system and public institutions of higher education. See "AUTHORIZATION OF AND SECURITY FOR THE BONDS."

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITIES, PRINCIPAL AMOUNTS INTEREST RATES, YIELDS AND CUSIPS (See Inside Front Cover)

The Bonds are offered when, as and if issued by the State and received by the Underwriters, subject to the approval of validity by the Honorable Kamala D. Harris, Attorney General of the State of California and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Orrick, Herrington & Sutcliffe LLP and Leslie M. Lava, Esq. are serving as Co-Disclosure Counsel to the State with respect to the Bonds. Orrick, Herrington & Sufcliffe LLP and Stradling Yocca Carlson & Rauth, a Professional Corporation, are serving as Co-Disclosure Counsel to the State regarding Appendix A. Certain matters will be passed upon for the Underwriters by their counsel, Squire Sanders (US) LLP. Public Resources Advisory Group is serving as the Financial Advisor to the State with respect to the Bonds. The Bonds are expected to be available for delivery through the facilities of The Depository Trust Company on or about March 8, 2012.

HONORABLE BILL LOCKYER Treasurer of the State of California

Barclays Capital

J.P. Morgan Backstrom McCarley Berry & Co., LLC

Cabrera Capital Markets, LLC

Wells Fargo Securities

Alamo Capital BofA Merrill Lynch City National Securities, Inc. Goldman, Sachs & Co.

Jackson Securities Morgan Stanley Ramirez & Co., Inc. RH Investment Corporation Southwest Securities, Inc. US Bancoro

De La Rosa & Co.

Edward D. Jones & Co., LP Greencoast Capital Partners LLC Jefferies Piper Jaffray & Co. Raymond James & Associates, Inc. Siebert Brandford Shank & Co., L.L.C. Stone & Youngberg, a Division of Stifel Nicolaus Wedbush Morgan Securities

BMO Capital Markets GKST Inc. Fidelty Capital Markets Grigsby & Associates, Inc. Loop Capital Markets Prager & Co., LLC RBC Capital Markets SL Hare Capital, Inc. Sutter Securities Incorporated

William Blair & Company

Official Statement Dated, March 1 9019



NEW ISSUE - FULL BOOK-ENTRY

Ratings: Fitch – "AAA" Moody's – "Aaa" S&P – "AAA" See "Ratings" herein.

In the opinion of Co-Bond Counsel to Metropolitan, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2010 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2010 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Co-Bond Counsel, under existing statutes, interest on the 2010 Series A Bonds is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

\$39,485,000

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA WATERWORKS GENERAL OBLIGATION REFUNDING BONDS, 2010 SERIES A

Dated: Date of Delivery

Due: March 1, as set forth on the inside cover hereof

The Waterworks General Obligation Refunding Bonds, 2010 Series A (the "2010 Series A Bonds") are being issued by The Meterpolitan Water District of Southern California ("Metropolitan") pursuant to the Act (as defined herein), the special election held in the service area of Metropolitan on June 7, 1966 (the "Election"), Resolution No. 6934 adopted on May 9, 1967, and Resolution No. 8386 adopted on January 12, 1993, as amended and supplemented, including by Resolution No. 8901 adopted on April 13, 2004 (collectively, the "Resolutions"). The 2010 Series A Bonds are being issued to refund certain of Metropolitan's outstanding general obligation bonds which were issued to finance or refinance the construction, expansion and rehabilitation of filtration plants, distribution facilities and for other purposes authorized by the voters of Metropolitan at the Election, and to pay the costs of issuance for the 2010 Series A Bonds. See "PLAN OF REFUNDING."

The 2010 Series A Bonds will be dated their date of delivery, and will mature in the principal amounts in the years and bear interest at the specific rates of interest per annum, all as set forth on the inside cover page hereof. Interest on the 2010 Series A Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2011.

The 2010 Series A Bonds may be subject to redemption prior to maturity. See "DESCRIPTION OF THE 2010 SERIES A BONDS — Redemption."

The 2010 Series A Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2010 Series A Bonds. Individual purchases of the 2010 Series A Bonds will be made in book-entry form only, in principal amounts of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing 2010 Series A Bonds purchased by them. Principal of and interest on the 2010 Series A Bonds will be payable directly to DTC, as the registered owner of the 2010 Series A Bonds. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein) of the 2010 Series A Bonds. See APPENDIX D — "BOOK-ENTRY-ONLY SYSTEM."

The 2010 Series A Bonds are a general obligation indebtedness of Metropolitan, payable as to both principal and interest from advancers taxes which may be levied without limitation as to rate or amount upon all taxable real property within Metropolitan and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, within Metropolitan. The 2010 Series A Bonds are payable on parity with the outstanding Bonds (as defined herein) of Metropolitan. As of September 2, 2010, Metropolitan had outstanding \$255,075,000 aggregate principal amount of its Bonds, including the Refunded Bonds (as defined herein), payable on parity with the 2010 Series A Bonds. Additional refunding bonds may be issued in the future on parity with the 2010 Series A Bonds as described herein. See "SECURITY FOR AND SOURCES OF PAYMENT FOR THE 2010 SERIES A BONDS."

This cover page contains information for general reference only. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2010 Series A Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality by Hawkins Delafield & Wood LLP, Los Angeles, California, and Alexis S. M. Chiu, Esq., San Francisco, California, Co-Bond Coursel to the Metropolitan. Certain legal matters will be passed upon for Metropolitan by its General Coursel. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. Public Resources Advisory Group is serving as Financial Advisor to Metropolitan in connection with the issuance of the 2010 Series A Bonds. It is expected that the 2010 Series A Bonds will be available for delivery through the facilities of DTC on or about October 13, 2010.

Ramirez & Co., Inc.

De La Rosa & Co. Loop Capital Markets LLC Siebert Brandford Shank & Co., LLC Stone & Youngberg

September 29, 2010



LEASE OBLIGATIONS

Leverage of existing general fund revenues

- If properly established, is exempt from debt limit
 - No voter approval required
 - Secured physical assets

Generally structured as a lease/lease-back of facilities

- Utilizes agency's power to lease property
- Unlike bonds, requires a counterparty (e.g., finance corporation or JPA)
- Must be structured as "true lease"
- Subject to abatement, fair rental value determinations, appropriation



LEASE OBLIGATIONS

- Can be structured as certificates of participation or JPA revenue bonds
- "Essentiality" of property can be credit issue



LEASE OBLIGATIONS

NEW ISSUES - BOOK-ENTRY ONLY

RATINGS: (See "RATINGS" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming certain representations and compliance with certain tax covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of star preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MITTERS" hereign.

STATE PUBLIC WORKS BOARD OF THE STATE OF CALIFORNIA

\$182,860,000

Lease Revenue Bonds
(Department of General Services)
2009 Series A
(Office Buildings 8 and 9 Renovation)

\$90,295,000
Lease Revenue Bonds
(Department of Developmental Services)
2009 Series C
(Portcrville Developmental Center
Housing Expansion and Recreation Complex)

\$107,715,000 Lease Revenue Bonds (Department of Education) 2009 Series B (Riverside Campus Project)

\$54,275,000 Lease Revenue Bonds (Trustees of the California State University) 2009 Series D (Monterey Bay Campus Library)

Dated: Date of Delivery

Due: As shown on the inside front cover

This Official Statement describes the State Public Works Board of the State of California (the "Board"), an entity of the State of California (the "Board"), and its lease reverne boards captioned above (collectively, the "Boards" and each, a "Series"). Capitalized terms used but not defined on the front cover of this Official Statement have the nearlings ascribed herein.

Interest on each Series of Bonds is payable on October 1 and April 1 of each year, commencing October 1, 2009. Each Series of Bonds may be purchased in the principal amount of \$5,000 or malippies of \$5,000 in book-entry form only. See APPENDIX E—"DTC AND THE BOOK-ENTRY SYSTEM." The Bonds of each Series may be redeemed prior to their respective stated maturities. See "TERMS APPLICABLE TO EACH SERIES OF BONDS—Redemption Provisions," "TERMS OF THE GENERAL SERVICES BONDS—Redemption Provisions," "TERMS OF THE EDUCATION BONDS—Redemption Provisions," "TERMS OF THE DEVELOPMENTAL SERVICES BONDS—Redemption Provisions" and "TERMS OF THE DEVELOPMENTAL SERVICES BONDS—Redemption Provisions" and "TERMS OF THE CSU BONDS—Redemption Provisions."

The Bonds of each Series are special obligations of the Board, payable solely from certain revenues and other moneys pledged under the related Indenture (as defined herein). The holders of the Bonds will have no claim on the revenues or funds securing other lease revenue bonds of the Board, except to the extent described herein. See "SECURITY AND SOURCES OF PAYMENT FOR EACH SERIES OF BONDS—General."

THE BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE STATE, ANY POLITICAL SUBDIVISION THEREOF, THE BOARD OR ANY PARTICIPATING AGENCY (DEFINED HEREIN) WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS OF THE BONDS SHALL HAVE NO RIGHT TO HAVE EXCISES OR TAXES LEVIED FOR THE PAYMENT OF AMOUNTS DUE ON THE BONDS. NEITHER THE BOARD NOR ANY PARTICIPATING AGENCY HAS ANY POWER TO PLEDGE THE CREDIT OR TAXING POWER OF THE STATE.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS, AND CUSIPS

(See Inside Front Cover)

The Bonds are offered when, as and if issued and received by the Underwitters, subject to the approval of validity by the Honorable Edmund G. Brown Jr., Attorney General of the State, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Connel to the Board, and certain other conditions. Certain legal matters will be passed upon for the Underwitters by Quateman LLP, Los Angeles, California. In connection with the issuance of the Bonds, KNN Public Finance, a Division of Zions First National Bank, Oakland, California, is serving as Pinancial Advisor to the State Treasurer. Curls Bartling P.C., Oakland, California, is serving as Divisionare Commel to the Board, Orrick, Herrington & Sutcliffe LLP and Stradling Yocca Carlson & Rauth, a Professional Corporation, are serving as Co-Disclosure Commel to the State regarding Appendix A. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April 15, 2009.

Honorable Bill Lockyer Treasurer of the State of California

Barcinys Capital Morgan Stanley & Co. Incorporated Stone & Youngberg Ramirez & Co., Inc. Edward D. Jones & Co. Rice Financial Products Company Toussaint Capital Partners

Great Pacific Securities Southwest Securities, Inc. Wedbush Morgan Securities

Date of this Official Statement: April 8, 2009.



REVENUE/ENTERPRISE FUND OBLIGATIONS

- Relate to revenue producing facilities (e.g., water, sewer, solid waste, airport, ports, electric)
- Repayment limited to enterprise revenues (no general fund exposure)
 - If properly established, enterprise fund is exempt from debt limit
 - No voter approval required
 - Secured by lien on revenues, not physical assets
 - Rate covenant generally required
 - Security very similar to voter approved revenue bond



REVENUE/ENTERPRISE FUND OBLIGATIONS

- Sometimes structured as a sale/sale-back of facilities
 - Utilizes agency's power to purchase on contract
 - Unlike bonds, requires a counterparty (e.g., finance corporation or JPA)
- Can be structured as certificates of participation or JPA revenue bonds



REVENUE/ENTERPRISE FUND OBLIGATIONS

NEW INSTERNATIONS, ENTRY (ONLY

Enringe See "EATINGS" herein

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BARBOR DEPARTMENT OF THE CITY OF LOS ANG Refunding Revenue Bonds

\$58,930,000 \$32,920,000 2011 Series A 2011 Series B (AMT) (Non-AMT) Deer Angel

Dated Date of Deskroy

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The purchase and ownership of Series 2011 Boods involve in orage information for teneral reference only. It is not invended to be a support of the security or serves of the fit to man the onest Ottora Statement, including any portion hereof and devision, going parted at assessment to the stratery despect under page and not substrate defined have the magnings are furth herein. STREET, IN DESCRIPTION OF STREET, CONSUMERS AND STREET, STREET

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Morgan Stanley

Siebert Brandford Shank & Co., L.L.C.

Date of Official Statement State 23, 3063

NEW ISSUE - PULL BOOK PATRY ONLY

PATINGS. Moody's: "Aa3" Standard & Poor's: "AA-" (See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutctiffe LLP, Bond Counset to the Department, based or laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain r and compliance with certain covenants, interest on the Series A Bonds (as defined below) is excluded from gra-federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State personal income taxes. In the further opinion of Bond Counsel, interest on the Series A Bonds is not a specific p for purposes of the federal individual or corporate atternative minimum taxes, atthough Bond Counsel of interest is included in adjusted current earnings when calculating corporate alternative minimum taxable Counsel expresses no opinion regarding any other tax consequences read or receipt of interest on, the Series A Bonds. See "TAX MATTERS" herein. equences related to the ownership or disposition of

S694,130,000

Los Angeles Department of Water and Power of the City of Los Angeles
Power System Department

Dated: Date of Delivery

Due: As shown on the insid

This cover page contains certain information for general reference onty. It is not intended to be a st security or terms of this issue. Investors are advised to read the entire Official Statement to obtain informal the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defi

The Department of Water and Power of the City of Los Angeles Power System Revenue Bonds, 2011 Series A Bonds?) will be issued by the Department of Water and Power of the City of Los Angeles (the "Department") to pr refund certain outstanding Bonds of the Department payable from the Power Revenue Fund and to pay certain Co of the Series A. Ronds. See "APPLICATION OF PROCEEDS."

Interest on the Series A Bonds is payable on each January 1 and July 1, commencing January 1, 2012.

The Series A Bonds will be dated the date of original delivery and will mature in the principal amounts and in bear interest at the respective rates of interest per annum, all set forth on the inside front cover. The Series A Bonds in fully registered form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Comp. New York ("DTC"). Individual purchases of interests in the Series A Bonds will be made in book-entry form only, amount of \$5,000 or any integral multiple thereof for sales within the United States. Purchasers of such interests a physical certificates representing their interests in the Series A Bonds purchased. Principal of and interest and pro on the Series A Bonds are payable directly to DTO by the Treasurer of the Oity of Los Angeles, as fiscal agent. U such payments, DTC is obligated in turn to remit such payments to the DTC Participants for subsequent distur-Beneficial Owners of the Series A Bonds, as described heroin. Beneficial Owners' rights will be governed as to s the receipt of notices (including any notice of redemption) and other communications and various other matters by operating procedures applicable to the DTC book-entry system, as described herein. Beneficial interests in the S-may be held through DTC, directly as participants or indirectly through organizations that are participants in such APPENDIX C - "DTC BOOKENTRY SYSTEM."

The Series A Bonds are subject to optional redemption prior to maturity as described herein. See "BONDS - Redemption of the Series A Bonds."

The Series A Bonds will be special obligations of the Department payable only from the Power R and not not of any other fund or moneys of the Department or the City of Los Angeles (the "City"). The Bonds will not constitute or evidence an indebtodness of the City or a lien or charge on any property or revenues of the City. Neither the faith and credit nor the taxing power of the City will be pledged to the the Series A Bonds. See "SOURCE OF PATMENT."

The Series A Bonds are offered when, as and if issued by the Department and received by the Underwriters, approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Coursel to the Department, and to certain of Certain legal matters will be passed upon for the Department by the Office of the City Attorney of the City at Herrington & Sutchiffe LLP, Disclosure Coursed to the Department, and for the Underwriter by Strading Yocca Col facilities of DTC, on or about June 90, 2011.

Morgan Stanley

Goldman, Sachs & Co.

De La Rosa &

J.P. Morgan RRC Capital Markets Fidelity Capital Markets

Ramirez & Co., Wells Fargo Secu

NEW ISSUE - BOOK ENTRY ONLY

Basines: See "BATINGS" Berein.

In the opinion of Kusak Bock LLP, Bond Counsel to the Department, under existing lates, regulations, Pulmgs and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain communic teament on the Series 201(E) Senior Route is excluded from ories tecome for federal tecome six mirrors. except for interest on any Series 2010D Sentor Bond for any period during which such Series 2010D Sentor Bond as note by a "substituted user" of the facilities financed or rejouanced by the Series 2010D Senior Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that interest on the Series 2010D Senior Bonds is not a specific preference teem for purposes of the finlered alternative minimum sax. Bond Counsel is further of the opinion that inserved on the Series 2010D Sentor Bonds is exempt from State of Catifornia personal income taxes. See "TAX MATTERS" herein.



\$875,805,000 DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA LOS ANGELES INTERNATIONAL AIRPORT

Senior Revenue Bonds 2010 Series D (Non-AMT)

I Los Angeles World Airports

Due: May 15, as shown on the inside cover

The Los Angeles International Airport, Senior Envenue Bonds, 2010 Series D (the "Series 2010D Senior Bonds") of the Department of Airports of the City of Los Angeles (the "Department") are being issued as described herein. Capitalized terms not defined on the cover of this Official Statement shall have the meanings aperilled to them in this Official Statement.

The Series 2010D Senior Bonds are being issued to (i) finance a portion of the costs of certain capital projects at Los Angeles International Airport ("IAX"), including construction of certain elements of the Brufley West Terminal Projects and the Central Utility Plant Project, (ii) make a deposit to the Senior Reserve Fund, (iii) fund a portion of the interest accruing on the Series 2010D Serior Bonds and (iv) pay costs of issuance of the Series 2010D Serior Bonds. See "PLAN OF FINANCE."

The Series 2010D Senior Bonds are limited obligations of the Department payable solely from and secured solely by (i) a piedge of Piedged Revenues, which will become a piedge of Net Piedged Revenues (Piedged Revenues less LAX Maintenance and Operation Exponues) if ownsin assertiments to the Master Senior Indonues become effective, and (ii) corrain funds and ata held by the Senior Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2000 SENIOR BONDS." The Series 2010D Senior Bonds are being issued on a parity with the Existing Senior Bond

The Series 2010D Senior Bonds do not constitute or evidence an indebtedness of the City of Los Angeles (the "City") or a lies or charge on any property or the general revenues of the City. Neither the faith and the credit nor the taxing power of the City, the State of California or any public agency, other than the Department, to the extent of the Piedged Revenues (on and after the Piedge Change Date, Net Piedged Revenues), is piedged to the payment of the principal of or interest on the Series 2010D Senior Bonds. The Department has no power of tax attion. The Series 20100 Senior Bonds shall constitute and evidence an obligation of the Department payable only in accordance with Section 600(b) of the City Charter and any other applicable precisions thereof. None of the properties of the Alipset System is subject to any mergage or other line for the benefit of the owners of the Series 2010D Senior Bonds. The Department is under no obligation to pay the Series 2010D Senior Bonds, except from funds in the LAX Revenue Account of the Airport Revenue Fund and as further specifically provided in the

Interest on the Series 2010D Senior Bonds will be usuable on each May 15 and November 15, commencing May 15, 2011. The Series 2010D Senior Bonds are being issued only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company (*DTC*), and will be available in authorized denominations of \$5,000 and integral multiples thereof. The Series 2000 Senior Bonds initially are being issued and delivered in book entry form only.

The Series 2000 Senior Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2010 SENIOR BONDS - Redemption Provisions

Purchasers of the Series 2010D Senior Bonds will be deemed to have irrevocably consented to certain amendments to the Master Senior Indenture. See "INTRODUCTION - Amendments to the Master Senior Indenture.

The Series 2010D Senior Bonds are offered when, as and if issued by the Department, subject to the approval of validity by Kutak Eask LLP, Bond Counsel to the Department and certain other conditions. Certain legal matters will be passed upon for the Department by Carmen Trucanick, City Attorney of the City. Quantup 120 series as Disclosure Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Hastins Delafield & Wood LLP. Frame & Associates, L.L.C. and Public Benources Advisory Group serve as Co-Financial Advisors to the Department. It is expected that the delivery of the Series 2010D Senior Bonds will be made through DPC on or about November 30, 2010.

Cabrera Capital Markets LLC

Loop Capital Markets LLC

Date of Official Statement: November 10, 2010

CDIAC CALIFORNIA

DEBT AND INVESTMENT ADVISORY COMMISSION

SPECIAL TAX BONDS

Voter approved sales tax

- Increases local sales tax for specific period of time
 - New revenue source for agency
- Typically associated with transportation projects

Community Facilities District (Mello-Roos)

- Voter approved special tax within a defined area
 - New revenue source for agency
 - 2/3rds vote requirement
 - By landowner if less than 12 registered voters
- No requirement of establishing benefit to property
- Flexibility on how levied (e.g., square footage, acreage)
- Used to finance public facilities with useful life in excess of 5 years



SPECIAL TAX BONDS

NEW ISSUE-BOOK-ENTRY-ONLY

RATINGS: Moody's: "Aa2" S&P: "AAA" (See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law, assuming compliance with the tax covenants described herein, interest on the Series 2010-B Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 (the "Code") from the gross income of the owners thereof for federal income tax purposes and is not included in the computation of alternative minimum taxable income of the owners thereof for federal income tax purposes. It is also the opinion of Bond Counsel that under existing law interest on the Series 2010 Bonds is exempt from personal income taxes of the State of California. MTA has taken no action to cause, and does not intend, interest on the Series 2010-A Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" herein.

\$732,410,000

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY Measure R Senior Sales Tax Revenue Bonds

Metro

\$573,950,000 \$158,460,000 Series 2010-A Series 2010-B (Taxable Build America Bonds) (Tax-Exempt)

Dated: Date of Delivery

Due: As shown on inside cover

The Los Angeles County Metropolitan Transportation Authority ("MTA") is issuing its Measure R Senior Sales Tax Revenue Bonds, Series 2010-A (Taxable Build America Bonds) (the "Senies 2010-A Bonds") and Measure R Senior Sales Tax Revenue Bonds, Series 2010-B (Tax-Exempt) (the "Senies 2010-B Bonds" and, together with the Series 2010-B Bonds, the "Series 2010-B Bonds" pursuant to the Trust Agreement, dated as of November 1, 2010 (the "Master Agreement"), by and between MTA and U.S. Bank National Association, as trustee the "Trustee", and the First Supplemental Trust Agreement, dated as of November 1, 2010 (the "Master Agreement, dated as of November 1, 2010 (the "Instead Bonds and the Trust Agreement, dated as of November 1, 2010 (the "Master Agreement, dated as of November 1, 2010 (the "Master Agreement, dated as of November 1, 2010 (the "Master Agreement"), by and between MTA and the Trustee. MTA will use the proceeds of the Series 2010 Bonds and other available funds to finance a portion of the costs of the Project (as defined herein) and to pay the costs associated with issuing the Series 2010 Bonds.

MTA expects to designate the Series 2010-A Bonds as build America bonds ("Build America Bonds") under the provisions of the American Recovery and Reinvestment Act of 2009 (the "Stimulus Act"), the interest on which is not excluded from gross income for federal income tax purposes but is exempt from personal income taxes of the State of California. MTA expects to receive a cash subsidy from the United States Treasury equal to 33% of the interest payable on such Series 2010-A Bonds. MTA is obligated to make all payments of principal of and interest on the Series 2010-A Bonds from the sources described herein whether or not it receives cash subsidy payments pursuant to the Stimulus Act.

The Series 2010 Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside front cover hereof. MTA will pay interest on the Series 2010 Bonds on June 1 and December 1, commencing on June 1, 2011. The Series 2010 Bonds will be issued in denominations of \$4,000 and integral multiples thereof. The Series 2010 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Series 2010 Bonds. Individual purchases and sales of the Series 2010 Bonds may be made in book entry form only. See "APPENDIX F—BOOK—ENTRY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

The Series 2010 Bonds are subject to redemption prior to maturity as described in this Official Statement. See "DESCRIPTION OF THE SERIES 2010 BONDS.—Redemption of Series 2010-A Bonds" and ".—Redemption of Series 2010-B Bonds."

The Series 2010 Bonds are limited obligations of MTA and are payable, both as to principal and interest, solely from Piedged Revenues and certain other amounts held by the Trustee under the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS" and "MEASURE R SALES TAX AND COLLECTIONS" herein. Other than Piedged Revenues and such other amounts held by the Trustee under the Trust Agreement, the general fund of MTA is not liable, and neither the credit nor the taxing power of MTA is piedged to the payment of the principal of or interest on the Series 2010 Bonds.

Neither the faith and credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or agency thereof, other than MTA to the extent of Phedged Revenues and certain other amounts held by the Trustee under the Trust Agreement, is pledged to the payment of the principal of or interest on the Series 2010 Bonds. MTA has no power to levy property taxes to pay the principal of or interest on the Series 2010 Bonds.

This cover page contains certain information for general reference only. It is not intended to be a summary of the terms of, or the security for, the Series 2010 Bonds. Investors must read this Official Statement in its entirity to obtain information essential to making an informed investment decision. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Series 2010 Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Fulbright & Jaworski LLP, Los Angeles, California, Bond Counsel to MTA, and certain other conditions. Certain legal matters will be passed on for MTA by the Los Angeles County Counsel, as General Counsel to MTA, and by Fulbright & Jaworski LLP, as Disclosure Counsel, and for the Underwriters by their counsel, Nixon Peabody LLP, Los Angeles, California. MTA anticipates that the Series 2010 Bonds will be available for delivery through the facilities of DTC on or about November 16, 2010.

Barclays Capital

Cit

De La Rosa & Co. Jefferies & Company Siebert Brandford Shank & Co., LLC Loop Capital Markets Goldman, Sachs & Co. Stone & Youngberg Ramirez & Co., Inc.

Date of Official Statement: November 4, 2010



SPECIAL TAX BONDS

NEW ISSUE-FULL BOOK ENTRY BANK QUALIFIED NOT RATED

In the opinion of Nossaman LLP, Innine Coursel, Brand Coursel, based on existing statutes, regulations, rulings and count decisions and sesuming, among other matters, complainte with certain coverants, interest on the Bonds is excludable from gross income for federal mones have purposes, and is not a specific preference than for purposes of the federal includual or corporate alternative minimum taxes, although Bond Coursel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxicals income. In the further opinion of Band Coursel, interest on the Bonds is, under existing lies, examplifying forms State of Cathoria personal income taxes. Bond Coursel appresses no opinion reperting other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" havin.

\$5,760,000 CITY OF REDWOOD CITY COMMUNITY FACILITIES DISTRICT NO. 2010-1 (ONE MARINA) SPECIAL TAX BONDS SERIES 2011

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The bonds captioned above (the "Bonds"), are being issued by the City of Redwood City (the "City") through its Community Facilities District No. 2010-1 (One Merins) (the "District"). The Bonds are special tax obligations of the City, authorized pursuant to the Melle-Rose Community Facilities Act of 1982, as amended, being Celifornia Government Code Section 53311, at say, (the "Act"), and are issued pursuant to a Fiscal Agent Agreement dated as of April 1, 2011 (the "Fiscal Agent Agreement") by and between the City and U.S. Bark National Association, as fiscal agent (the "Fiscal Agent"). The Bonds are issued to (i) construct and acquire certain public facilities and pay less of benefit to the District, (ii) provide for the establishment of a reserve fund, (iii) provide capitalized interest and initial Administrative Expenses, and (iv) pay the costs of issuance of the Bonds. Interest on the Bonds is psychole on September 1, 2011, and therearding some provides and March 1 of each year.

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to utilinate purchasers in the demonstration of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX F – BOOK-ENTRY SYSTEM."

The Bonds are secured by and payable from a pledge of Special Taxes (as defined herein) to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain fands under the Fiscal Agarenment, all as more fully described herein. Unspiral Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so. To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a Reserve Fund from proceeds of the Bonds, as described herein. Sec "SECURITY FOR THE BONDS."

Property in the District subject to the Special Tax comprises approximately 33.2 gross acres of undeveloped land, planned for development of 231 residential utils on approximately 6.8 acres. When fully developed, only the residential uses will be subject to the Special Tax. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS— Redemption."

NETTHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF SAN MATEO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOS DO NOSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS." SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain Information assential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set furth herein, in evaluating the investment quelty of the Bonds.

MATURITY SCHEDULE (see inside cover)

The Bonds are offered when, as and if issued, subject to approved as to their legality by Nossaman LLP, Irvine, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, a Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Afformay. It is anticipated that the Bonds will be available for delivery through the feolities of DTC on or about April 21, 2011 in New York, New York.

PiperJaffray.

The date of this Official Statement is April 5, 2011.



ASSESSMENT DISTRICT BONDS

- Secured by special assessment levied on property in defined area
 - New revenue source for agency
 - Property must receive "special" benefit from project
 - Less flexible than Mello-Roos
 - Can be difficult to establish depending on project
 - Typically used for core infrastructure
 - Requires approval of majority of landowners subject to assessment



ASSESSMENT DISTRICT BONDS

NEW ISSUE - BOOK-ENTRY-ONLY

NOT RATED

(See "CONCLUDING INFORMATION - No Rating on the Bonds; Secondary Market" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, based upon an analysis of existing lows, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "LEGAL MATTERS — Tax Matters."

SAN BERNARDINO COUNTY

STATE OF CALIFORNIA

\$3,505,000 CITY OF CHINO HILLS REASSESSMENT DISTRICT NO. 10-1 LIMITED OBLIGATION IMPROVEMENT BONDS

Dated: Date of Delivery

Due: September 2 as Shown on the Inside Front Cover.

The cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds involves risks. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The City of Chino Hills Reassessment District No. 10-1, Limited Obligation Improvement Bonds (the "Bonds") are being issued by the City of Chino Hills (the "City") pursuant to an Indenture, dated as of August 1, 2010 (the "Indenture"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee") to: (i) refund outstanding obligations of the City of Chino Hills Reassessment District 1995, (ii) pay costs related to the issuance of the Bonds, and (iii) make a deposit to a Reserve Fund for the Bonds.

The Bonds are being issued pursuant to provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (the "Act"). The Bonds are payable from reassessments levied pursuant to the Act. See "SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS" berein.

Interest on the Bonds is payable semiannually on September 2 and March 2 each year, commencing March 2, 2011 (each, an "Interest Payment Date"), until maturity. The Bonds are subject to optional and special mandatory redemption as described herein. See "ITHE BONDS. Redemption" herein.

The Bonds are offered when, as and if issued subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel and certain other conditions. Certain legal matters will be passed on for the City by the City Attorney and by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel and for the Underwriter by its Counsel, Nossaman LLP, Irvine, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about August 19, 2010.

The date of this Official Statement is August 5, 2010.

STONE & YOUNGBERG



JOINT POWERS AUTHORITY BONDS

- Agency may join with other governmental agency to form joint powers authority ("JPA")
- Separate governmental entity
- Powers are same as forming entities
- Commonly used as a financing mechanism
- JPA can purchase obligations of other entities or enter into lease or installment purchase agreements
- JPA can issue revenue bonds secured by payments made on such obligations or under such agreements



JOINT POWERS AUTHORITY BONDS

NEW ISSUE - BOOK-ENTRY ONLY

In the opinion of Co-Bond Counsel, under existing law, interest on the 2012 Series A Subordinate Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenants described herein, interest on the 2012 Series A Subordinate Bonds is excluded pursuant to section 103(a) of the internal Revenue Code of 1986 from the gross income of the convers where the foreign interest in the gross income of the convers thereof for pederal income ear purposes and is not an item of ear professors for purposes of the federal alternative minimum ear. See, however, "Tax Matters," herein for a description of certain other tax considerations.

\$39,935,000



Southern California Public Power Authority

(a public entity organized under the laws of the State of California)

Transmission Project Revenue Bonds, 2012 Subordinate Refunding Series A (Southern Transmission Project)

Dated: Date of Delivery

Due: July 1, as shown below

This cover page contains certain information for general reference only. It is not a summary of the security for or terms of the 2012 Series A Subordinate Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Transmission Project Revenue Bonds, 2012 Subordinate Refunding Series A (Southern Transmission Project) (the "2012 Series A Subordinate Bonds") will be issued by the Southern California Public Power Authority (the "Authority") under and pursuant us an Indenuary of Truss, dated as of February 1, 2012 (the "2012 Series A Subordinate Bonds are being issued to provide moneys to refund the Authority's outstanding Transmission Project Revenue Bonds, 2002 Series A Subordinate Bonds are being issued to provide moneys to refund the Authority's outstanding Transmission Project Revenue Bonds, 2002 Subordinate Refunding Series A maturing on and after July 1, 2013 (the "Refunded Bonds"). The Refunded Bonds were issued to refund a portion of the Authority's Transmission Project Revenue Bonds that were issued in 1922 to refinance a portion of the cess of acquisition of expacting relating to the Southern Transmission Project Revenue Bonds that were issued in 1922 to refinance a portion of the cess of acquisition of expacting relating to the Southern Transmission Project Revenue Bonds that were issued to the Refunded Bonds and the Bonds and the

The 2012 Series A Subordinate Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nomines of The Depository Tries Company, New York, New York, CHDC"). DTC will act as escribing depository of the 2012 Series A Subordinate Bonds. Individual purchases of the 2012 Series A Subordinate Bonds will be made in book-earry form only. Purchasers of the 2012 Series A Subordinate Bonds will not receive physical certificates representing their interest in the 2012 Series A Subordinate Bonds are payable directly so DTC by the Trusters. Upon receipt of payments of such principal, premium, if any, and interest to its DTC participations for subsequent disbursement to the beneficial owners of the 2012 Series A Subordinate Bonds. See "Book-Entry Only System" herein.

The 2012 Series A Subordinate Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. Interest on the 2012 Series A Subordinate Bonds is passible semiannually on January 1 and July 1 of each year, commencing July 1, 2012. See "Description of the 2012 Series A Subordinate Bonds" herein.

The 2012 Series A Subordinate Bonds are not subject to redemption prior to maturity.

The principal of, premium, if any, and interest on the 2012 Series A Subordinate Bonds are secured solely by and payable solely from Pledged Rivenues (defined herein). See "Security and Sources of Payment for the Senior Bonds and the Subordinate Bonds are currently constanding. The 2012 Series A Subordinate Bonds are one obligations of the State of California, any public agency thereof (other than the Authority), any member of the Authority or the Project Participants and neither the faith and credit nor the taxing power of any of the foregoing (including the Authority) is pledged for the payment of the 2012 Series A Subordinate Bonds. The Authority has no taxing power.

Maturity Schedule									
Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number*	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number*
2013	\$ 250,000	2.00%	0.28%	842477SS1	2017	\$10,060,000	5.00%	1.04%	842477SW2
2014	440,000	3.00	0.40	842477819	2018	9,770,000	5.00	1.31	8424778X0
2015	740,000	4.00	0.65	842477SU6	2019	5,000,000	4.00	1.58	842477SY8
2016	8,555,000	4.00	0.84	842477SV4	2019	5,120,000	5.00	1.58	842477825

The 2012 Series A Subordinase Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Pulbright & Jawonski LLP, Lox Angeles, California, and Curk Barnling P.C., Onkland, California, Co-Bond Counsel, and certain other conditions. Public Pinancial Management, Inc. is serving as Financial Advisor to the Authority in connection with the issuance of the 2012 Series A Subordinase Bonds. Certain legal massers will be passed on for the Authority by its General Counsel, Richard M. Helgsson, Esq., Pesadena, California, and for the Underwriters by their counsel, Sidley Austin LLP, Star Prancisco, California, It is expected that the 2012 Series A Subordinase Bonds will be available for delivery through the facilities of DTC in New York, New York, by Fas. Automated Securities Transfer (FAST) on or about April 3, 2012.

Morgan Stanley

Ramirez & Co., Inc.

The date of this Official Statement is February 28, 2012.



[†] CUSIP is a registered trademark of The American Bankers Association. The CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on helatif of The American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. Neither the Authority nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set from hersin.

JOINT POWERS AUTHORITY BONDS

NEW ISSUE - FULL BOOK ENTRY ONLY

RATINGS: S&P: "AA-" (See "RATINGS" herein)

In the opinion of Mossaman LLP: Irvine California, Bond Counset, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is the interest included in adjusted current earnings in calculating corporate alternative minimum taxes in the property of the federal individual or corporate intexable income. In this further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of ar the accurate or resolat of interest on, the Bonds. The Authority has designated the Bonds as 'qualified tax-exempt obligations' for purposes of Section 265(b)(3) of the internal Revenue Code of 1986, as amended. See "TAX MATTERS"

\$4,420,000 NORTH KERN/CAWELO FINANCING AUTHORITY WATER REVENUE BONDS 2010 SERIES B (CAWELO WATER DISTRICT PROJECT) (Bank Qualified)

Dated: Date of Delivery

Due: May 1, as shown on inside cover

The North Kern/Cawelo Financing Authority Water Revenue Bonds, 2010 Series B (Cawelo Water District Project) (the "Bonds") and being issued pursuant to an Indenture of Trust, dated as of May 1, 2010 (the "Indenture") between the North Kern/Cawelo Financing Authority (the "Authority") and Wells Fargo Barrk, National Association, Los Angeles, Calibrania (the "Trustee"), and will be secured as described herein. The Bonds are being issued to provide funds (i) to finance the acquisition of certain water system improvements of the Cawelo Water District (the "District"), (i) to fund a Reserve Fund for the Bonds, and (ii) to pay for the costs of issuing the Bonds. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (*DTC*), and will be available to ultimate purchasers in Authorized Denominations as described herein, under the boak-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2010, and principal of the Bonds will be paid on the dates set forth in the Maturity Schedulic on the inside cover hereof. The Trustee will make payments of the principal of, premium, if any, and interest on the Bonds directly to DTC, or its nominee, Cede & Ca., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the Beneficial Owners of the Bonds is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein.

The Bonds are payable from Revenues of the Authority, consisting principally of installment Peyments made by the District pursuant to an installment Purchase Contract, between the District and the Authority. The Authority has assigned, among other things, its right to receive installment Payments to the Trustee. The Installment Payments are a special limited obligation of the District, payable from and secured by a pledge of and list lies on all Net Revenues, subject to the partly lien of any additional obligations as provided for in the Installment Purchase Contract, in the Revenues Fund held-by the District. See "SECURITY FOR THE BONDS" herein for a description of existing indebtedness with a lien on the Net Revenues on parity with the Installment Payments.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS - Redemption" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES RELOGICD THEREFOR IN THE INDENTURE AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON MAY PROPERTY OF THE AUTHORITY OR THE DISTRICT, OR MAY OF THE AUTHORITY'S INCOME OR RECEIPTS, EXCEPT THE REVENUES. THE BONDS ARE NOT A DEBT, OBLIGATION OR LIABILITY OF THE DISTRICT, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS AND NEITHER THE FAITH AND CREDIT OF THE DISTRICT, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS ARE PLEDGED TO THE PAYMENT OF THE BONDS, AND NEITHER THE AUTHORITY, NOR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION THEREFOR, NOR IN ANY EVENT SHALL THE BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. NOR NOR NOR NOR OBLIGATION TO MAKE INSTALLMENT PAYMENTS CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, THE DISTRICT, THE STATE OR ANY POLITICAL SUBDIVISION IS LINDERT THE FORD SOR OTHER STATE OF ANY FUNDS OR THE AUTHORITY AND THE OFFICE AUTHORITY AS SET FORTH IN THE INDESTURE. FUTHER THE BONDS NOT THE OBLIGATION TO MAKE INSTALLMENT PAYMENTS CONSTITUTE AN INDESTEDNESS OF THE AUTHORITY, THE DISTRICT, THE STATE OR ANY POLITICAL. SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains information for general reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement, including the section entitled "RISK FACTORS," for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The Bonds are offered, when, as and if issued and received by the Underwriter, subject to the approval of legality by Nossaman, LLP, Invine, California, Bond Counsal. Certain legal matters will be passed upon for the Authority and the District by McMurtrey, Hartscock & Worth, Bakersheid, California, general counsel, and Nossaman LLP, Irvine, California, Disclosure Coursel, and for the Underwriter by James Hall, A Professional Law Corporation, San Francisco, California, It is expected that the Bonds, in book-entry form, will be available for delivery through the Sacklies of DTC in New York, New York on or about May 26, 2010.

Wells Fargo Securities

Dated: May 12, 2010



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