REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 9, 2007

CAO File No. 0220-02221-7882
Council File No. 06-2627
Council District:

To: The Mayor
The Council

From: Karen L. Sisson, Interim City Administrative Officer KLS

Reference: Letter from Mayor, dated November 7, 2006, and letter from Councilman Jack Weiss, dated November 20, 2006

Subject: **Independent Review of Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building) Financing**

SUMMARY

The City Administrative Officer (CAO) was requested by both the Mayor and Councilman Jack Weiss to prepare an Independent Review of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building) (MICLA 2006-A) Financing. As the City had a qualified list of financial advisors approved by the Mayor and Council (C.F. 03-2637), the CAO chose Gardner Underwood and Bacon LLC (MBE) (Gardner) to prepare the study. The Independent Review is attached (Attachment A).

The MICLA 2006-A negotiated sale took place on November 30, 2006 and closed on December 14, 2006. The assignment to complete the study began on December 18, 2006 with a completion date of January 23, 2007. The MICLA 2006-A True Interest Cost (TIC) is 4.39% with the first debt service payment beginning in June 2006 for $2.6 million.

Gardner provided an independent review and analysis of the MICLA 2006-A pricing by analyzing the municipal market and its impact on the financing, analyzing comparable sales in the market, and reviewing the results of each of the four underwriting firms. Gardner also analyzed the success of the City's reason for a negotiated sale, which was the inclusion of smaller local and regional firms, specifically, how the inclusion of these firms impacted the City's financing, and analyzed the distribution of compensation to determine if the City achieved its desired goal.

Gardner did not discuss the merits and drawbacks of a negotiated versus a competitive sale nor included its views on a preferred method of sale. The Mayor and Council have requested a report on new policies for the use of negotiated and competitive sales. The CAO will discuss those issues in a future report.

Market Analysis

Gardner concluded that the City's negotiated sale of the MICLA 2006-A bonds was successful as evidenced by lower yields compared to similar California issues priced that week. Gardner stated that most of the success was due to the execution of the underwriting team, a slightly higher underwriter discount resulting in more attention and aggressive selling by the underwriting firms, and the following:

- **An advantageous market, declining to some of the lowest interest rates of the year.** Both weak economic indicators and declining interest rates combined to lower interest rates for the City. The changing market conditions at the time of pricing were crucial to the lower yields. The market and economy moved in the City's favor, which would have produced the lower yields regardless if the bonds were sold on a negotiated or a competitive basis.

- **Movement of pricing from November 29 to November 30, 2006**. Since many large issuers sold bonds that week, the one-day move allowed for fewer competing issues. The senior manager's decision resulted in stronger results. It is easier to change dates with a negotiated sale, as a competitive sale would have required 24 hour notice making it harder for last minute adjustments.

- **Extensive pre-marketing and a retail order period by underwriters**. The pre-marketing made investors more aware of this sale and resulted in the participation of over 26 institutional investors. In addition, the retail order period the day before the sale brought in investors less sensitive to pricing. The combination of institutional competition and the retail order period gave the City significantly lower yields. This diversification of investors is not typically attained in a competitive sale.

- **Strong demand for the City's bonds**. The City benefited from strong investor demand for its bonds resulting in lower yields. On some maturities, the City was oversubscribed nearly two times. This resulted in re-pricing the bonds and lowering them by two to four basis points, depending on the maturity date. The demand was independent of the sale method, although more investors were targeted using a negotiated sale.

- **Structure of bonds saved the City money**. The ability of the senior manager to split various maturities (bifurcate) into two separate coupons and yields produced lower costs by appealing to different investors with different preferences. In one maturity, the senior manager trifurcated a maturity for a specific investor. Otherwise, this maturity would not have had enough orders. According to the senior manager, this saved the City $4.9 million in debt service payments over the life of the bonds. This specialized structure may not have occurred under a competitive sale.

City Goal of Smaller Firm Participation

The negotiated sale allowed the City to meet its policy goal of smaller and local firm participation through the group net designation for institutional sales. Group net designation means that the liability taken on by a firm, say 30%, is the amount of compensation received. For the retail order period, the firms received compensation based on the orders sold to their retail clients. The chart below reflects both institutional and retail sales combined.

	City Goal	Fee*	Total Fee Paid*	Retail Orders	Institutional Orders	Total Orders	Bonds Allotted
De La Rosa & Co.	30%	38%	$426,263	78%	82%	66%	85%
Seibert Brandford Shank & Co.	30%	26%	$286,300	0%	16%	20%	10%
Merrill Lynch	20%	19%	$213,050	11%	2%	12%	3%
Lehman Brothers	20%	17%	$195,875	11%	0%	2%	2%

*Represents both Institutional and Retail Sales combined.

Debriefing Comments

After the sale, the CAO had a series of debriefing meetings with each underwriter and the financial advisors. Below are the comments from those debriefings, as reported by Gardner:

- Three of the four underwriters believed that the negotiated sale went well and the City achieved the lowest cost. One firm mentioned that the City should continue to use competitive sale, to achieve the lowest cost.

- The majority of the retail orders were filled by the senior manager who is not traditionally known as a leading California retail firm. This was due in part to the expanded definition of retail to include individual investors, investment advisors and bank trust departments with no order over $1 million. Both Merrill Lynch and Lehman performed well as co-managers during the retail order period.

- One firm suggested that the senior manager should have started the order period at market opening, 6:00 a.m., versus 7:30 a.m. PST.

- One party observed that it took longer than normal for the senior manager to calculate the final numbers. It was unclear if this was due to the complexity of the financing, the limited experience with large issues or the differing software program between the financial advisor reviewing the numbers and the senior manager.

- One underwriter was concerned that the senior manager was not a national firm with the capital to solely underwrite the bonds. As the City had allocated 30% of the liability to the senior manager, this was not an issue as this would have been the maximum liability. The firm's capital was sufficient.

Gardner's Conclusions

Overall, Gardner concluded that the City received "excellent results using the negotiated sale method for this specific transaction." Gardner's conclusions are as follows:

- Given the changing market conditions at the time of pricing and the senior manager taking advantage of certain aspects of a negotiated sale, in the market that day and for the MICLA 2006-A transaction, the City received better results using a negotiated method of sale.

- Despite this financing's success, the benefits of negotiated sale can not be generalized. If rates and/or the economy had moved in the opposite direction, the underwriters may have had difficulty absorbing the downturn and could have resulted in higher rates than a competitive method of sale.

- Regardless of the timing and market conditions, the negotiated sale process did allow the City to achieve its public policy goal of smaller local and regional firm participation, which the City had not achieved with competitive sales.

- The method of sale should be carefully determined on a deal-by-deal basis.

CAO's Observations

The CAO agrees with Gardner's conclusion that the City received excellent results in the MICLA 2006-A financing as evidenced by the low TIC of 4.33% for 30 year bonds. The last financing the City did was the Solid Waste Resources Revenue Bonds, Series 2006-A for a TIC of 4.21% for 18 year bonds in September 2006. Gardner mentions that the pre-marketing allowed for many of the bonds to be oversubscribed. This can also be attributed to the City's high credit rating and demand for the City's bonds by investors. The City's success from this negotiated sale can be repeated with a process that will allow for the best syndicate for that particular type of bond. The CAO is currently developing policies on the Negotiated and Competitive Methods of Sale as well as a Request for Qualifications for underwriters with specific criteria that will allow for the best syndicate in a negotiated deal.

RECOMMENDATIONS

That the Council:

1. Receives and files the Independent Review of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building) Financing.

2. Instruct the City Administrative Officer to use the Independent Review of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building) Financing as a reference in developing the City's Negotiated and Competitive Bond Sale policies.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund as a result of filing the Independent Review of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building) (MICLA 2006-A) Financing. This report is in compliance with the City's Financial Policies.

KLS:NRB:09070123.doc

Attachment

Attachment A

Gardner, Underwood & Bacon LLC

January 19, 2007

Ms. Natalie Brill
Debt Administration
City Administrative Office
City of Los Angeles
200 N. Main Street Suite 1500
Los Angeles, CA 90012-4137

RE: $448,595,000 Municipal Lease Revenue Bonds, Series 2006A (Police Headquarters Facility and Public Works Building)

Dear Natalie,

Enclosed please find our independent analysis of the pricing for the above-referenced financing. We have attached a summary pricing analysis that provides an overview of our findings and a PowerPoint presentation that contains background information and referenced material.

Please feel free to contact me with any comments or if you need further clarification on any information. We appreciate working with the City on this assignment and hope to continue our relationship in the future.

Sincerely,

Lisa A. Smith
Principal

Summary Pricing Analysis
$448,595,000
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, Series 2006A
(Police Headquarters Facility and Public Works Building)

Background

The City of Los Angeles (the "City"), through its Municipal Improvement Corporation of Los Angeles ("MICLA"), priced $448,595,000 in lease revenue bonds on November 30, 2006. The bonds were issued to provide funds for the construction and completion of the new police headquarters facility and the acquisition and renovation of a public works building. The proceeds of the sale were also used to retire outstanding commercial paper used for both facilities. Over the past decade, the City has predominately sold lease revenue bonds on a competitive basis, but chose to utilize a negotiated sale for this transaction.

In conjunction with this pricing and the use of the negotiated sales process, the Mayor and the City Council requested an evaluation of this bond financing by an independent financial advisor. Gardner, Underwood & Bacon LLC ("GUB") was hired to provide this independent analysis.

GUB's goal is to provide an objective, third party review of the municipal market during the week of pricing and based upon this market information determine if the City received a fair pricing. We have focused on analyzing this transaction as it relates to similar financings priced in the marketplace during the same week. We have not included in this analysis a general overview of the merits and drawbacks of a negotiated versus a competitive sale, nor have we included our views of a preferred method of sale.

Basis of Analysis

The City's overall goal for the selected financing team was to attain the lowest cost financing. GUB analyzed many factors to determine the success of the financing. The most effective and predominant measure is to compare a financing's yield spread to the Municipal Market Data ("MMD") index. MMD is a composite index of tax-exempt, long term, AAA-rated State general obligation bond yields.

Many variables impact a financing's yield spread to MMD. As such, we not only analyzed the changes in the municipal market and its impact on the financing, but we also analyzed comparable sales in the marketplace, the breakdown of sales by investor type and the marketing results of each underwriting firm. Additionally, we analyzed the catalyst for and the success of the City's predominant reason to have a negotiated sale; the inclusion of local and regional firms and how their inclusion impacted the City's financing. Also included in this analysis is the distribution of compensation to determine if the City's desired percentage goals were met.

Analysis of Financing

Based on market data and industry comparables, the City had successful results from the sale of its MICLA's $448,595,000 Lease Revenue Bonds, Series 2006A.

These results are evidenced by the lower yield spread to MMD as compared to similar California issues priced during the week. Overall, the City's financing outperformed all of the other large financings issued in the market for that week. The most direct comparison that illustrates the City's success is the County of Los Angeles' lease revenue financing that priced on November 29, 2006. Overall, on an adjusted basis to account for changes in daily interest rates, the City's MICLA financing had lower spreads to MMD in almost every maturity as compared to the County's transaction. Most of this success is attributed to the execution of the underwriting team. Another perceived factor is the slightly higher underwriter discount paid in the City's transaction that resulted in more attention and aggressive selling by the underwriting firms resulting in lower overall costs on the financing.

We have highlighted below the various factors that contributed to the success of the financing. It is important to note that some of these factors were a direct result of a negotiated sale and controlled by the underwriting team while others were interest rate driven and a direct result of the market. Interest rate changes can not be timed and though they had a positive impact on this specific transaction, they could have just as easily moved in the opposite direction and negatively impacted the financing.

-Advantageous market movement during the week

During the week of pricing, major market indices (10 and 30 Year Treasuries and MMD) declined to some of the lowest rates for the year. Economic indicators for the week also came out weaker than expected. The City benefited from the declining interest rates and weakening economy by achieving lower interest rates on its bonds. As an example, MMD fell four to eight basis points during the week of pricing which directly lowered the yields for this financing. This market impact would have lowered yields if the bonds were sold either on a negotiated or competitive basis.

-Movement of pricing day

The movement of the pricing from November 29, 2006 to November 30, 2006 allowed the City to issue bonds on a day in the market with fewer competing issues. Sales volume of long term bonds for the week was over $13 billion with California issues representing $3 billion. The senior manager chose to price the MICLA financing at the end of that week after the majority of the larger California transactions had priced. Typically, it is easier to change pricing dates in negotiated sales as there are no requirements or restrictions. Though it can be done, changing the pricing date for a competitive sale requires a minimum 24 hour notice making it much harder to make last minute adjustments due to market changes.

-Extensive pre-marketing and retail order period by underwriters

Premarketing by the underwriting team made the investor market aware of the transaction ahead of time resulting in strong participation from over 26 institutional investors on the transaction. In addition, to further lower yields, a retail only order period was held on November 29th for the 2008-2017 maturities. Retail investors tend to be less price sensitive than institutional investors which translates to lower yields to the City. Incorporating the retail order period in the financing provided the City with significant economic benefit. This diversification of the investor base could not typically be attained in a competitive sale.

-Strong demand for City's bonds resulted in a re-pricing

Strong investor demand for the City's debt contributed in lowering the interest rates. The pricing was so successful that it was nearly two times oversubscribed resulting in a re-pricing of the institutional as well as retail orders. Interest rates were reduced up to four basis points for the retail targeted bonds and one to two basis points for the longer maturities.

-Restructuring and bifurcation of bond coupons (and trifurcation for one maturity) during the pricing saved the City money

The ability of the senior manager to offer two separate coupons and yields on various maturities allowed for the City to obtain orders from different investors desiring different preferences. This ensured placement of bonds and lower yields. In addition, the senior manager even trifurcated one maturity to tailor it for a specific investor. If this had not occurred, there would not have been enough orders to fill this maturity. Per the senior manager, the bifurcation of bonds saved the City $4.9 million over the life of the financing. Similar conversations and requests by investors would be difficult to accomplish in a competitive sale.

Historical Analysis

In order to thoroughly analyze the success of the transaction, GUB wanted to not only compare the financing's yield spread to MMD to other current comparable financings, but also to other historical MICLA transactions. Our goal was to determine if there is a discernible difference between the yield spread of this negotiated transaction to the prior competitively sold transactions.

GUB gathered and analyzed pricing data and yields on all MICLA transactions over the past five years to determine if there has been any consistent spread to MMD or pricing trend that the City received. Our initial analysis showed that the yield spread to MMD varied among all of the issues. We segregated these historical transactions by maturity, by par amount and by issue type (real property or bond transactions considered to have an "essential" purpose by the marketplace versus equipment financings) and still found no consistent trend or spread. As a result, we were unable to quantify how selling this transaction on a negotiated basis impacted the City's yield spread to MMD.

Distribution of Bonds

The financing was almost two times oversubscribed with $768,888,000 orders for $448,595,000 in bonds. The distribution of bonds by investor type was as follows:

$353,450,000 in institutional orders (79%)
70,885,000 in retail orders (16%)
24,260,000 in member orders (5%)

Results of Underwriting Team

Overall, the underwriting team performed well as evidenced by the low yields the City received on the financing. In addition, the City's use of a designation policy that incorporated group net designation for institutional sales allowed the City to distribute the economics of the transaction for the institutionally placed bonds in accordance with its desired percentages. A breakdown of the designation policy is as follows:

Manager	Liability %	Liability
De La Rosa & Co.	30.00%	$134,578,500
Siebert Brandford Shank & Co.	30.00%	$134,578,500
Merrill Lynch	20.00%	$89,719,000
Lehman Brothers	20.00%	$89,719,000
Total	**100.00%**	**$448,595,000**

The ability to guarantee the distribution of compensation, which could not be achieved under a competitive sale, insured that the City's public policy goals were met. Listed below is a brief synopsis of each firm's performance:

De La Rosa & Co. – The senior manager received 38% of all fees for the financing ($426,263) mainly due to their strong participation in the retail order period. DLR received 78% of all retail orders, 82% of all institutional (group net) orders and 7% of all member orders. Their strong marketing represented 66% of total orders. DJR was allotted 85% of all bonds.

Siebert, Brandford Shank & Co. – Not a retail firm, SBS, focused its efforts on institutional orders. They generated 16% of all institutional (group net) orders and 47% of all member orders. SBS performed particularly well in the 2027-2037 maturities helping to ensure a successful underwriting. They contributed to 20% of all orders and were allotted 10% of all bonds. SBS' total compensation was $286,300 or 26%.

Merrill Lynch – Merrill Lynch is a strong retail firm that had 11% of all retail orders. Additionally, ML had one order representing 2% of all institutional (group net) orders and 5% of all member orders. Overall, ML performed well as a co-manager generating 12% of all orders and being allotted 3% of all bonds. Their compensation was $213,050 or 19% of the total.

Lehman Brothers – Lehman used its strong retail network and solely focused on this market segment to represent 11% of all retail orders. Their performance solely in the retail market segment resulted in generating 1% of all orders and being allotted 2% of all bonds. This translated to $195,875 or 17% of total compensation.

Comments/Suggestions

After the pricing concluded, City staff and the transactional financial advisors held debriefing calls with all members of the underwriting team. Listed below are some of the comments and/or suggestions stated on those calls.

1. Three of the underwriters felt that the negotiated sale process went well and that the City achieved the lowest cost of financing for the day. One firm mentioned that they preferred the City continue to use the competitive sale method for future financings.

2. The majority of the transaction's retail orders were predominately filled by the senior manager, a firm not typically known in the industry to be a strong California retail firm. The use of an expanded definition of a retail investor (to include individual investors as well as investment advisors and bank trust departments with no order over $1 million) allowed for this strong showing. Both Merrill Lynch and Lehman also performed well as co-managers during the retail order period.

3. One underwriter felt that the senior manager could have started the order period at market opening versus 7:30 am pst to take advantage of early market activity.

4. One party observed that it took longer than normal to receive final number runs from the senior manager. It was unclear if this was due to the complexity of the financing, the senior manager's limited experience and/or capability with this size transaction or the differing financial software programs between the financial advisor and the senior manager.

5. One underwriting firm mentioned their concern that the senior manager was not a national firm nor did it have the capital to solely underwrite the transaction. Having a strong capital base and being a national firm is relevant in a competitive sale because the underwriter typically does not have bona fide orders and under SEC guidelines, in conjunction with members of its syndicate, is required to have sufficient capital to underwrite the entire transaction. Whereas in a negotiated sale, an underwriting syndicate does not typically underwrite a financing unless at least 65-70% of a transaction has been sold with bona fide orders. These bona fide orders place the total liability of unsold balances at 30-35% and therefore allow the senior manager to underwrite with less capital. For example, a firm with $5 million of capital can underwrite over $70 million of long term bonds. In the City's transaction, assuming a 35% unsold balance would be $157,008,250 and the senior manager's 30% underwriting liability would be $47,102,475. The senior manager would have had sufficient capital to underwrite the bonds and, in fact, based on their 30% liability they could have underwritten the issue with more than a 50% unsold balance.

Designation of Bonds to BlackRock

There was concern by all parties over the designation of bonds to BlackRock, a fund 49% owned by Merrill Lynch. As such, per their internal policy Merrill Lynch can not be designated any bonds that BlackRock buys. Not knowing this internal policy, De La Rosa & Co. filled the BlackRock order on a group net basis which allowed Merrill Lynch to be compensated. After allotments were made, Merrill Lynch realized this mistake and adjustments to the allotments and compensation had to be made. All parties were unclear how this lack of communication between the two firms occurred. Despite the difficulty, all parties in conjunction with underwriter's counsel, determined an appropriate resolution in accordance with the Agreement Among Underwriters. Corrections were made so that Merrill Lynch would not be compensated for any bonds allocated to BlackRock with De La Rosa taking over their share. In return, De La Rosa would allocate compensation from other maturities to make Merrill Lynch whole. To date, all parties have signed a letter acknowledging and agreeing to these changes. This did not impact the City or the financing, though City Staff was concerned that they were unaware of this issue until the debriefing calls and would like to have known about the situation when it initially occurred.

Conclusion

Overall, the City received excellent results using the negotiated sale method for this specific transaction. As stated above, several reasons contributed to these strong results including the following:

1. The changing market conditions at the time of pricing were crucial to the lower yields. The market and economy moved in the City's favor to generate a low cost financing.
2. The City benefited by strong demand by investors for the City's bonds.
3. The senior manager's decision to move the pricing day to one with fewer competing California issues.
4. The senior manager's ability to take advantage of certain attributes inherent to a negotiated sale to lower yields including:
    a. Extensive premarketing and the use of a retail order period;
    b. The ability to reprice the issue to further lower yields after it was oversubscribed;
    c. The bifurcation and trifurcation of specific maturities to meet certain investors' preferences.
5. And finally, the City's underwriting team consisted of strong local and regional firms with different market strengths as well as large national firms to ensure strong retail investor participation.

Despite the success of this transaction, it is important to note that the benefits of a negotiated sale *should not* be generalized. If the interest rate market had moved in the opposite direction, the underwriting team may have had difficulty absorbing a downturn and the financing may have resulted in yields higher than what could have been achieved with a competitive sale. Regardless of market conditions and the timing of the financing, the negotiated sales process allowed the City to achieve its public policy goals of local and regional firm participation which is something the City has been unable to achieve using the competitive sale method.

Municipal Improvement Corporation of Los Angeles

$448,595,000

Lease Revenue Bonds, Series 2006-A

(Police Headquarters Facility and Public Works Building)

Post-Sale Analysis

January 19, 2006

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Section I
- Executive Summary -

MICLA Financing

- MICLA financing was successfully priced
  - ✓ MICLA had Lower Spreads to the Municipal Market Data (MMD) as compared to other California transactions during the week
  - ✓ Interest Rate Yields during week of pricing were at a Near Lows for the year
  - ✓ Successful Retail Order Period represented 16% of financing and contributed to lower yields
  - ✓ Strong investor demand for MICLA Bonds resulted in aggressive pricing
  - ✓ Premarketing with institutional investors provided for specialized coupon structure

- Unable to compare results to prior MICLA competitive sales
  - ✓ Historically, no benchmark spread to MMD can be determined
  - ✓ Can not directly compare results of a negotiated and a competitive sale unless two similar transactions are sold on the same day, one for each type of sale

Benefits of Utilizing Negotiated Sale

- Ability to move pricing date
  - ✓ Avoided competing with large Los Angeles County Lease transaction that priced on November 29th
  - ✓ Took advantage of improving market
- Senior Manager repriced financing to further lower yields
  - ✓ City able to benefit from favorable market movements on day of pricing
- Ability to bifurcate and trifurcate maturities to achieve lower yields
  - ✓ Coupon structure not typically found in competitive bids
- Allowed for City's desired inclusion of local and regional firms to participate in transactions
  - ✓ Similar participation levels difficult to achieve in competitive sales
- Distribution of economics to Underwriters close to City's desired goals
  - ✓ Group Net Designation dictated split of economics

Observations/Areas of Concern

- Majority of the Underwriters felt that the negotiated sale priced successfully. One firm preferred that the City continue with competitive sales in the future.
- The expanded definition of "Retail Investors" (including individual investors as well as investment advisors and bank trust departments), allowed for the majority of the retail orders being filled by De La Rosa & Co.
- Consider starting the order period for future financings at the opening of the market.
- It took longer than normal to receive final number runs from the Senior Manager. Unclear if this was due to the complexity of the issue or incompatibility between financial software programs of the Senior Manager and the Financial Advisor.

Observations/Areas of Concern (continued)

- Senior Manager was not a national firm nor did it have the capital to solely underwrite the transaction.
- Concern over the BlackRock bond order and the Net Group Designation that included Merrill Lynch and the subsequent lack of communication/inclusion between the Financing Team and City Staff.

Conclusions

- Given the changing market conditions at the time of pricing and the Senior Manager's ability to take advantage of certain aspects of a negotiated sale, in this market and for this transaction, the City achieved better results using a negotiated sale.
- Despite the financings success, the benefits of a negotiated sale **can not** be generalized. If the market had moved in the opposite direction, higher yields would have been passed on to the City as the chosen Underwriting Team could not have absorbed the downturn.
- Regardless of market conditions or timing, the negotiated sale allowed the City to achieve its public policy goals of local and regional firm participation as compared to competitive sales.
- Method of sale should be carefully determined on a deal by deal basis.

Section II
- Summary of Bond Terms -

Transaction Summary

Lease Revenue Bonds Series 2006-A

Issue:	City of Los Angeles Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds Series 2006-A	
Method of Sale:	Negotiated	
Retail Order Period:	November 29, 2006	
Institutional Pricing Date:	November 30, 2006	
Dated/Delivery Date:	December 14, 2006	
Interest Payment Dates:	January 1 and July 1, commencing July 1, 2007	
First Principal Payment:	January 1, 2008	
Final Principal Payment:	January 1, 2037	
Series Par:	$448,595,000	
Ratings:	Fitch:	“AAA” Insured (“AA-” Underlying)
	Moody’s:	“Aaa” Insured (“A3” Underlying)
	S&P:	“AAA” Insured (“AA-” Underlying)

Transaction Summary (continued)

Bond Premium:	$13,064,283.75
Project Funds:	$100,000,000.00 – Public Works Building $304,286,630.35 – Police Headquarters Facility
Capitalized Interest Fund:	$52,982,046.22 (related to Police Headquarters Facility)
Bond Insurance:	FGIC Financial Guaranty Insurance Policy @ 0.224% of the total principal and interest due on the Bonds to equal $1,894,297.86.
Surety Fee:	FGIC Reserve Account Credit Facility Policy @ 1.65% of the Reserve Account requirement ($28,836,675) to equal $475,805.14.
Underwriter's Discount:	$2.81 per $1,000 or $1,259,206.17
Costs of Issuance:	$761,298.01
All-In TIC:	4.3897%
Bond Arbitrage Yield:	4.2397%

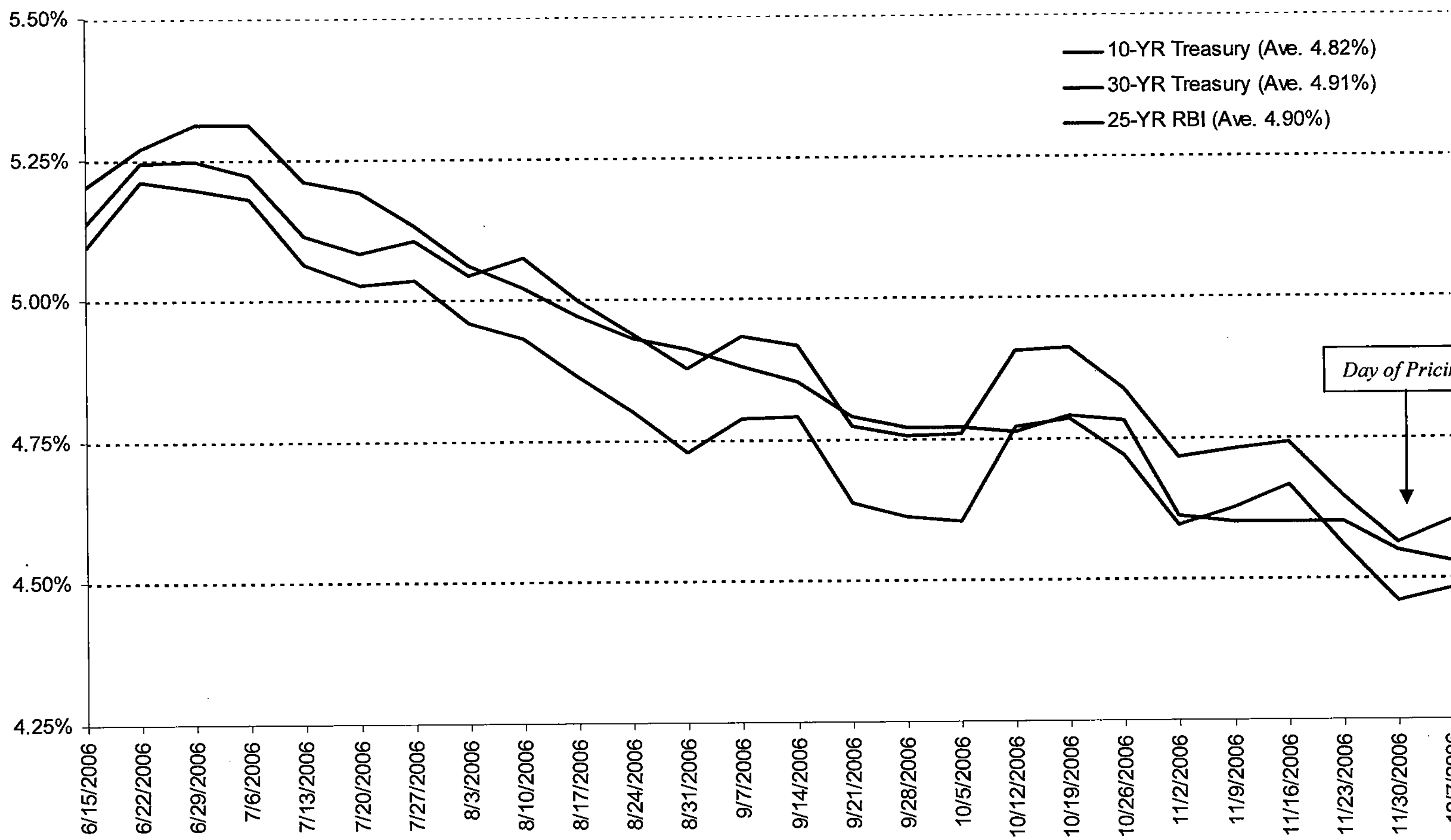
Section III
- Summary of Market Conditions -

Market Overview

- Sales volume was high during the week of November 27th
  - ✓ Approximately $2.9 billion of bonds were issued by six California issuers alone between Tuesday and Thursday
  - ✓ 18 deals of $100 million plus were priced nationally on Wednesday alone
- Treasury yields fell during the week, fueled mostly by weaker than expected economic data
  - ✓ The 10-Year treasury fell 12 basis points to 4.46% by the end of Thursday its lowest since January 19, 2006 when it was 4.37%
  - ✓ The 30-Year treasury fell 10 basis points to 4.56% by the end of Thursday its lowest since January 19, 2006 when it was 4.54%

Yield Curves

10-Yr Treasury, 30-Yr Treasury & 25-Yr RBI Yield Curves



Market Indicators

Market Indicators

Dollar amounts are in millions

Daily	Yesterday	Day's Change	2006 High	Date	2006 Low	Date
Municipal Bond Index	118-08	+12/32	118-08	(11/30)	111-05	(7/5)
40 Average Dollar Price	104.98	+0.32	104.98	(11/30)	99.68	(7/5)
Average Yield to Par Call	4.24	-0.04	4.98	(7/5)	4.24	(11/30)
Average Yield to Maturity	4.57	-0.02	4.96	(6/26)	4.57	(11/30)

30-Day Visible Supply ($mills)	Current Total	Day's Change	2006 High	Date	2006 Low	Date
Total (Dec 1)	$13,518.0	+$602.3	$16,479.8	(11/28)	$2,830.9	(1/4)
Competitive	$3,276.8	+$429.0	$4,920.8	(11/28)	$804.5	(1/2)
Negotiated	$10,241.2	+$173.3	$12,058.7	(11/29)	$1,764.5	(8/31)

The 30-Day Visible Supply reflects the total dollar volume of bonds to be offered at competitive bidding and through negotiation over the next 30 days. It includes issues scheduled for sale on the date listed along with anticipated offerings listed in that day's "Competitive Bond Offerings" and "Negotiated Bond Offerings" tables.

Weekly	Current 11/30/06	Previous 11/21/06	2006 High	Date	2006 Low	Date
Bond Buyer Revenue Bond Index	4.55%	4.60%	5.31%	(6/29)	4.55%	(11/30)
Bond Buyer 20-Bond Index	4.04%	4.14%	4.71%	(6/29)	4.04%	(11/30)
Bond Buyer 11-Bond Index	3.98%	4.08%	4.66%	(6/29)	3.98%	(11/30)
Bond Buyer One-Year Note Index	3.50%	3.52%	3.77%	(6/28)	3.22%	(1/19)

New-Issue Sales ($ mills)	Wk of 12/1/06 ESTIMATE	Wk of 11/24/06 ACTUAL	Wk of 11/17/06 REVISED	Wk of 11/25/05 REVISED
Long-Term Bonds	$13,003.2	$3,151.0	$8,377.2	$2,704.1
Negotiated Bonds	10,034.3	2,037.9	6,346.7	2,490.7
Competitive Bonds	2,968.9	1,113.1	2,030.5	206.4
Short-Term Notes	804.5	88.2	884.9	139.8

Long-Term Bond Sales	Thru 11/30/06	Thru 11/24/06	Thru 11/17/06	Thru 11/25/05
Month to Date	$39,215.1	$26,211.9	$23,060.9	$31,582.6
Year to Date	$336,165.5	$323,162.3	$320,011.3	$368,826.3

This week's volume includes sales expected to close on Friday. Next week's estimated volume excludes bond offerings on a "day to day" schedule.

During the week ending November 24th, visible supply reached a high point for year, with even more supply (4x) coming to market during the following week. There were approximately three times as many negotiated sales as competitive sales during the week ending December 1st.

Source: Bond Buyer

Securities Prices

Short-Term Tax-Exempt Yields

	Nov 30, 2006	Nov 29, 2006	Dec 1, 2005
Selected MIG-1/SP-1+ Notes			
California Rans 4½s (June 07)	3.40	3.40	3.15
Los Angeles Co Trans 4½s (June 07)	3.40	3.40	3.16
Texas Trans 4½s (Aug 07)	3.55	3.53	3.23
Municipal Market Data			
Commercial Paper (30-Day)	3.60	3.60	3.10
One-Month Note (MIG-1)	3.55	3.55	3.13
Three-Month	3.53	3.53	3.15
Six-Month	3.53	3.53	3.20
One-Year	3.53	3.53	3.30
Variable-Rate Demand (Non-AMT/AMT)			
Daily General Market	3.66/3.74	3.57/3.65	2.94/3.02
	Nov 30, 2006	Nov 23, 2006	Dec 1, 2005
Seven-Day General Markets	3.59/3.64	n.a./n.a.	3.08/3.15
	Nov 29, 2006	Nov 22, 2006	Nov 30, 2005
Lehman Brothers			
Money Market Municipal Index	3.64	3.64	2.99
Citigroup Global Markets Inc.			
Base Rate (taxable and tax-exempt)	3.39	3.38	2.89
	Nov 29, 2006	Nov 21, 2006	Nov 30, 2005
The Bond Buyer			
One-Year Note Index	3.50	3.52	3.29
First Albany Corp.			
First Albany Short-Term Index (FAST)	3.49	3.65	3.00
	Nov 22, 2006	Nov 15, 2006	Nov 23, 2005
Municipal Market Data			
The Bond Market Association™ Municipal Swap Index	3.63	3.67	3.04
	Nov 30, 2006	Nov 22, 2006	Dec 1, 2005
Ponder & Co.			
VariFact™	3.50	3.66	3.06

Source: Bond Buyer

U.S. Securities Prices

Prices as of 3 p.m. ET. Source: GovPx Inc.

Treasury Bills

(In percent of discount)	Yesterday's Bid/Offer	Prev. Day's Bid/Offer	Yesterday's Bid Yield
1M — 12/28/2006	5.130/120	5.165/160	5.221
3M — 3/1/2007	4.895/890	4.905/900	5.024
6M — 5/31/2007	4.903/893	4.925/915	5.096

Treasury Notes and Bonds

(In points and 32ds)	Yesterday's Bid/Offer	Prev. Day's Bid/Offer	Yesterday's Bid Yield
2Y — 4⅞ due 10/2008	100.002/006	99.280/286	4.621
5Y — 4½ due 11/2011	100.07+/076	n.a./n.a.	4.447
10Y — 4⅝ due 11/2016	101.090/100	100.26+/27+	4.464
30Y — 5½ due 2/2036	98.310/000	98.060/07+	4.564

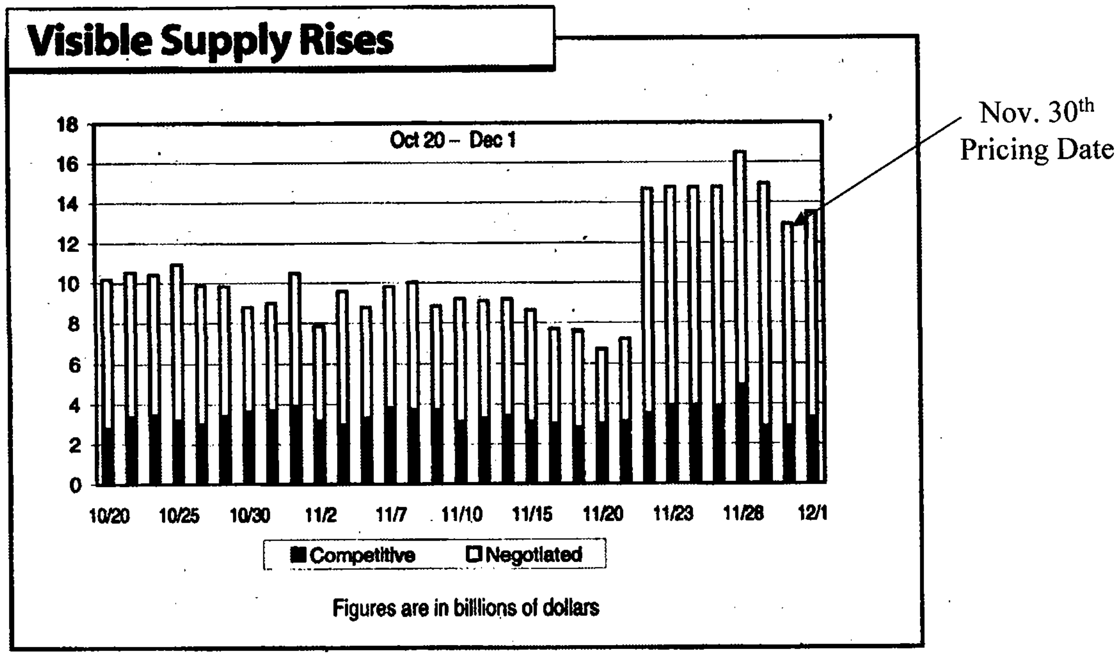
Plus signs indicate an additional one-64th. If no bid is available, the yield shown represents the yield at the last trade.

Lehman Brothers Long Treasury Bond Index

	Price Index			Yield Index			Total
	Yesterday	Prev. Day	Change	Yesterday	Prev. Day	Change	Return
Close	1760.39	1749.57	+10.81	4.60	4.66	–0.06	14140.22
High	1760.39	—	—	—	—	—	14140.22
Low	1751.74	—	—	—	—	—	14071.10

The Lehman Brothers Long Treasury Bond Index represents the weighted average of all publicly held issues with maturities between 10 and 30 years (Dec. 31, 1980 = 1000.)

Visible Supply



***Impact on Financing*: The ability to move the pricing date from Nov. 29th to Nov. 30th assisted in achieving better interest rates due to lower levels of supply on that day.**

Source: Bond Buyer

Economic Calendar for Week

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior	Revised From
Nov 28	08:30	Durable Orders	Oct	-8.3%	-6.0%	-5.1%	8.7%	
Nov 28	10:00	Consumer Confidence	Nov	102.9	105.0	106.0	105.4	105.1
Nov 28	10:00	Existing Home Sales	Oct	6.24M	6.15M	6.14M	6.21M	6.18M
Nov 29	08:30	GDP-Prel.	Q3	2.0%	1.8%	1.8%	1.6%	
Nov 29	08:30	Chain Deflator-Prel.	Q3		1.8%	1.8%	1.8%	
Nov 29	10:00	New Home Sales	Oct	1.004M	1.010M	1.050M	1.037M	1.075M
Nov 29	10:30	Crude Inventories	11/24		NA	NA	5161K	
Nov 29	14:00	Fed's Beige Book						
Nov 30	***08:30***	***Initial Claims***	***11/25***	***357K***	***310K***	***316K***	***323K***	***321K***
Nov 30	***08:30***	***Personal Income***	***Oct***	***0.4%***	***0.5%***	***0.5%***	***0.5%***	
Nov 30	***08:30***	***Personal Spending***	***Oct***	***0.2%***	***0.1%***	***0.1%***	***-0.2%***	***0.1%***
Nov 30	***10:00***	***Chicago PMI***	***Nov***	***49.9***	***56.0***	***54.5***	***53.5***	
Nov 30	***10:00***	***Help-Wanted Index***	***Oct***	***30***	***30***	***30***	***29***	***30***
Dec 01	00:00	Auto Sales	Nov	5.1M	5.3M	5.2M	5.1M	
Dec 01	00:00	Truck Sales	Nov	7.2M	7.5M	7.3M	7.2M	
Dec 01	10:00	Construction Spending	Oct	-1.0%	-0.3%	-0.4%	-0.8%	-0.3%
Dec 01	10:00	ISM Index	Nov	49.5	52.5	52.0	51.2	

Impact **: Indicators on day of pricing showed weaker than expected economic data resulting in a drop of interest rates. Important to note that this could have gone the other way and had opposite results.**

Bond Sales Calendar

California Municipal Negotiated Tax-Exempt Calendar

Sale Date	Issuer	Amount ($000s)	Senior Manager
11/28/06	Fullerton RDA	$21,675	De La Rosa
	Modesto Wastewater	16,535	Citigroup
	San Jose RDA Series C	701,185	JP Morgan
11/29/06	El Camino Hospital	148,000	Citigroup
	Kaweah Delta Health Care	68,895	Edward Jones
	Los Angeles County Lease Revenue Bonds	320,995	Citigroup
	Pittsburg RDA Series C	46,660	De La Rosa
	Sacramento	215,775	Goldman
	San Diego County	42,390	BofA
11/30/06	**Los Angeles Municipal Improvement Corp.**	**448,595**	**De La Rosa**
Total California Negotiated Sales:		**$2,030,705**	

Bond Sales Calendar

California Municipal Competitive Tax-Exempt Calendar

Sale Date	Issuer	Amount ($000s)	Winning Bidder
11/28/06	Milpitas	$9,535	Wells Fargo
	California G.O. Bonds	650,000	Goldman
	California – G.O. Refunding Bonds	422,960	Goldman
	Carson RDA Tax Allocation Bonds	28,000	Citigroup
11/30/06	San Francisco – Refunding	63,670	Morgan Stanley
Total California Competitive Sales:		**$1,174,165**	

Bond Sales Calendar

Notable National Bond Sales

Sale Date	Issuer	Amount ($000s)	Senior Manager
11/28/06	Texas PFA	202,790	Lehman
	Hamilton County, OH	452,270	Citigroup
	Clark County School District	575,000	Merrill
11/29/06	Missouri Highways and Transportation Comm.	384,870	BofA
	University of Puerto Rico	546,150	Lehman
	University of Texas	896,465	JPM/Gold
11/30/06	Connecticut	372,000	Citigroup
	Cook County, Illinois	196,200	Siebert
	New York State Dormitory Authority	855,475	Lehman
	Wisconsin Health & Education	201,605	Citigroup
	Columbus, OH	200,000	Merrill

18 financings in excess of $100 million were priced nationally during the week of November 27th.

Impact: **Though not direct competition, the large number of $100 million plus financings did impact the supply and overall tenor of the bond market.**

Market Impact on Financing

- Treasury Market on November 30th was at lowest point since January 19, 2006
  - ✓ Financing priced in a declining interest rate environment
- 30 Day Visible Supply was at the high for the year on November 28th
  - ✓ Shifting of pricing day allowed deal to move from being one of many California financings pricing to a day where it was the predominant California transaction.
- Economic Calendar for Week
  - ✓ By November 30th, many of the important economic indicators were released and came out weaker than expected. The transaction's pricing in a weaker than expected economy resulted in lower interest rates.
- Important to note that the market could have moved in the opposite Direction and the City received different results

Section IV
- Comparable Issues -

MMD Scales for the Week of Pricing

Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, Series 2006 A

MMD for the Week of November 27, 2006

Year	27-Nov-06	Change from Prior	28-Nov-06	Change from Prior	29-Nov-06	Change from Prior	**30-Nov-06**	**Change from Prior**	1-Dec-06	Change from Prior
2007	3.50	0.00	3.50	0.00	3.50	0.00	**3.48**	**-0.02**	3.45	-0.03
2008	3.49	0.00	3.47	-0.02	3.47	0.00	**3.45**	**-0.02**	3.42	-0.03
2009	3.48	0.00	3.46	-0.02	3.46	0.00	**3.43**	**-0.03**	3.40	-0.03
2010	3.48	0.00	3.46	-0.02	3.46	0.00	**3.43**	**-0.03**	3.40	-0.03
2011	3.48	0.00	3.46	-0.02	3.46	0.00	**3.43**	**-0.03**	3.40	-0.03
2012	3.49	0.00	3.47	-0.02	3.47	0.00	**3.44**	**-0.03**	3.41	-0.03
2013	3.51	0.00	3.48	-0.03	3.48	0.00	**3.45**	**-0.03**	3.42	-0.03
2014	3.54	0.00	3.51	-0.03	3.51	0.00	**3.48**	**-0.03**	3.45	-0.03
2015	3.58	0.00	3.55	-0.03	3.55	0.00	**3.52**	**-0.03**	3.49	-0.03
2016	3.62	0.00	3.59	-0.03	3.59	0.00	**3.56**	**-0.03**	3.53	-0.03
2017	3.67	0.00	3.63	-0.04	3.63	0.00	**3.60**	**-0.03**	3.57	-0.03
2018	3.72	0.00	3.68	-0.04	3.68	0.00	**3.64**	**-0.04**	3.61	-0.03
2019	3.76	0.00	3.72	-0.04	3.72	0.00	**3.68**	**-0.04**	3.65	-0.03
2020	3.79	0.00	3.75	-0.04	3.75	0.00	**3.71**	**-0.04**	3.68	-0.03
2021	3.82	0.00	3.78	-0.04	3.78	0.00	**3.74**	**-0.04**	3.71	-0.03
2022	3.84	0.00	3.80	-0.04	3.80	0.00	**3.76**	**-0.04**	3.73	-0.03
2023	3.86	0.00	3.82	-0.04	3.82	0.00	**3.78**	**-0.04**	3.75	-0.03
2024	3.88	0.00	3.84	-0.04	3.84	0.00	**3.80**	**-0.04**	3.77	-0.03
2025	3.90	0.00	3.86	-0.04	3.86	0.00	**3.82**	**-0.04**	3.79	-0.03
2026	3.91	0.00	3.88	-0.03	3.87	-0.01	**3.83**	**-0.04**	3.81	-0.02
2027	3.92	0.00	3.89	-0.03	3.88	-0.01	**3.84**	**-0.04**	3.82	-0.02
2028	3.93	0.00	3.90	-0.03	3.89	-0.01	**3.85**	**-0.04**	3.83	-0.02
2029	3.94	0.00	3.91	-0.03	3.90	-0.01	**3.86**	**-0.04**	3.84	-0.02
2030	3.95	0.00	3.92	-0.03	3.91	-0.01	**3.87**	**-0.04**	3.85	-0.02
2031	3.96	0.00	3.93	-0.03	3.92	-0.01	**3.88**	**-0.04**	3.86	-0.02
2032	3.97	0.00	3.94	-0.03	3.93	-0.01	**3.89**	**-0.04**	3.87	-0.02
2033	3.98	0.00	3.95	-0.03	3.94	-0.01	**3.90**	**-0.04**	3.88	-0.02
2034	3.98	0.00	3.95	-0.03	3.94	-0.01	**3.90**	**-0.04**	3.88	-0.02
2035	3.99	0.00	3.96	-0.03	3.95	-0.01	**3.91**	**-0.04**	3.89	-0.02
2036	3.99	0.00	3.96	-0.03	3.95	-0.01	**3.91**	**-0.04**	3.89	-0.02

Relationship of MMD to Pricing

- Negotiated Transactions are priced as a spread to Municipal Market Data ("MMD"). A Composite Index of tax-exempt, long-term, AAA rated state general obligation bond yields.
- On average, MMD declined 4 basis points in the shorter maturities to 8 basis points in the longer maturities during the week.
- MMD fell 2 - 4 basis points between the Original Pricing Day of November 29th and the New Pricing Day of November 30th.
- The City can consistently monitor its spread to MMD for various maturities when it negotiates pricings on future financings to ensure it receives the most aggressive pricing.

Pricing Results of Bonds

Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, Series 2006 A
Police Headquarters and Public Works Building

Sale Date:	11/30/2006
Par Amount:	$448,595,000
Financing Type:	REV
Call Feature:	1/1/2017 @ 100
Sale Type:	Negotiated
Insurer:	FGIC
Underlying Rating:	A1/AA-/AA-
Senior Underwriter	De La Rosa

Maturity	$'s (000)	Coupon	Yield	MMD	Spread to MMD	Yield to Maturity	YTM Spread to MMD
2007							
2008	1,380	4.000	3.370	3.450	-0.080		
2009	1,650	4.000	3.400	3.430	-0.030		
2010	1,715	4.000	3.430	3.430	0.000		
2011	8,460	4.00/5.00	3.470	3.430	0.040		
2012	8,835	4.00/5.00	3.500	3.440	0.060		
2013	9,225	4.00/5.00	3.540	3.450	0.090		
2014	9,675	4.00/5.00	3.570	3.480	0.090		
2015	10,130	4.00/5.00	3.630	3.520	0.110		
2016	10,580	4.00/5.00	3.690	3.560	0.130		
2017	11,040	4.00/5.00	3.740	3.600	0.140		
2018	11,515	5.000	3.800	3.640	0.160	3.884	0.244
2019	12,090	5.000	3.840	3.680	0.160	3.989	0.309
2020	12,700	5.000	3.870	3.710	0.160	4.071	0.361
2021	13,330	5.000	3.900	3.740	0.160	4.142	0.402
2022	13,995	5.000	3.920	3.760	0.160	4.196	0.436
2023	14,700	5.000	3.940	3.780	0.160	4.245	0.465
2024	15,435	5.000	3.960	3.800	0.160	4.288	0.488
2025	16,200	5.000	3.980	3.820	0.160	4.326	0.506
2026	17,010	5.000	3.990	3.830	0.160	4.355	0.525
2027	17,865	4.20/5.00	4.33/4.00	3.840	0.49/0.16	4.33/4.381	0.49/0.541
2028	18,755	4.20/5.00	4.34/4.01	3.850	0.49/0.16	4.34/4.404	0.49/0.554
2029	19,685	4.25/5.00	4.35/4.02	3.860	0.49/0.16	4.35/4.426	0.49/0.566
2030							
2031	42,175	4.750	4.150	3.880	0.270	4.418	0.538
2032							
2033							
2034							
2035							
2036							
2037*	150,450	3.00/4.25/4.50	4.430	3.910	0.520	4.43/4.43/4.466	0.52/0.52/0.556

*Assumes MMD for 2036 and 2037 are the same

Comparables

Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, Series 2006 A
California Negotiated Comparable Sales
Yield Spreads to MMD Comparison

	Los Angeles			Los Angeles Co. Series A			Los Angeles Co. Series B			San Diego Co.			Sacramento		
Sale Date:	11/30/2006			11/29/2006			11/29/2006			11/29/2006			11/29/2006		
Par Amount:	$448,595,000			$217,585,000			$103,410,000			$42,390,000			$28,825,000		
Financing Type:	REV			REV			Rev			COP			REV		
Call Feature:	1/1/2017 @ 100			Non-callable			9/1/2016 @ 2016			2/1/0016 @ 100			12/1/2016 @ 100		
Sale Type:	Negotiated			Negotiated			Negotiated			Negotiated			Negotiated		
Insurer:	FGIC			FGIC			FGIC			Ambac			ambac		
Underlying Rating:	A1/AA-/AA-			--			--			A1/AA-/AA-			Aa3/AA-/--		
Underwriter:	De La Rosa			Citigroup			Ctigroup			Banc of America			Goldman		
	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD
2007				28,705			1,115	-0.100					485	-0.100	
2008	1,380	-0.080		32,115	-0.050		2,205	-0.050					505	-0.050	
2009	1,650	-0.030		29,240	0.000		2,285	0.000					525	-0.040	
2010	1,715	0.000		24,740	0.020		2,365	0.020		1,275	-0.010		545	-0.030	
2011	8,460	0.040		25,830	0.060		2,450	0.060		1,325	0.010		570	-0.020	
2012	8,835	0.060		21,175	0.080		2,540	0.080		1,375	0.030		590	0.000	
2013	9,225	0.090		22,330	0.080		2,630	0.080		1,430	0.070				
2014	9,675	0.090		23,085	0.080		2,720	0.080		1,490	0.100				
2015	10,130	0.110		9,295	0.100		2,820	0.100		1,550	0.120				
2016	10,580	0.130		1,070	0.100		2,925	0.100		1,625	0.130		245	0.120	
2017	11,040	0.140					3,055	0.130	0.221	1,705	0.180	0.273	755	0.140	0.227
2018	11,515	0.160	0.244				3,215	0.130	0.289	1,795	0.180	0.342	795	0.150	0.302
2019	12,090	0.160	0.309				3,375	0.130	0.342	1,885	0.180	0.395	835	0.150	0.353
2020	12,700	0.160	0.361				3,545	0.130	0.384	1,975	0.410		880	0.150	0.394
2021	13,330	0.160	0.402				3,720	0.130	0.223	2,055	0.430		925	0.150	0.426
2022	13,995	0.160	0.436				3,895	0.130	0.447				970	0.150	0.454
2023	14,700	0.160	0.465				4,095	0.130	0.470				1,020	0.150	0.477
2024	15,435	0.160	0.488				4,305	0.130	0.489				1,075	0.150	0.517
2025	16,200	0.160	0.506				4,525	0.130	0.505				1,130	0.150	0.510
2026	17,010	0.160	0.525				4,755	0.140	0.527	11,645	0.540		1,185	0.160	0.531
2027	17,865	0.49/0.16	0.49/0.541												
2028	18,755	0.49/0.16	0.49/0.554												
2029	19,685	0.49/0.16	0.49/0.566												
2030															
2031	42,175	0.270	0.538				27,700	0.130	0.570	11,260	0.530		6,915	0.160	0.579
2032															
2033							13,170	0.140	0.585						
2034															
2035															
2036													8,875	0.150	0.601
2037	150,450	0.520	0.52/0.52/0.												

Blue indicates yields lower for comparable maturity

Comparables

Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, 2006 Series A
California Negotiated Comparable Sales
Yield Spreads to MMD Comparison

	Los Angeles			El Camino Hospital District CIB			Modesto Wastewater			Pittsburg RDA			San Jose RDA		
Sale Date:	11/30/2006			11/29/2006			11/28/2006			11/28/2006			11/28/2006		
Par Amount:	$448,595,000			$115,665,000			$16,535,000			$46,660,000			$701,185,000		
Financing Type:	REV			GO			REV			TAB			TAB		
Call Feature:	1/1/2017 @ 100			2/1/2017 @ 100			11/1/2011 @ 100			9/1/2017 @ 100			8/1/2017 @ 100		
Sale Type:	Negotiated			Negotiated			Negotiated			Negotiated			Negotiated		
Insurer:	FGIC			MBIA			FSA			Ambac			MBIA		
Underlying Rating:	A1/AA-/AA-			Aa2/AA-/--			--/A+/A+			--/A-/A-			A3/A-/A		
Underwriter:	De La Rosa			Ciitgroup			Citigroup			De La Rosa			JP Morgan		
	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD	$'s (000)	Spread to MMD	YTM Spread to MMD
2007				1,635	-0.080					685	-0.100				
2008	1,380	-0.080		545	0.000					140	-0.040		450	-0.040	
2009	1,650	-0.030		845	0.060					145	0.000		560	-0.020	
2010	1,715	0.000		1,170	0.020								580	0.000	
2011	8,460	0.040		1,525	0.050					150	0.040		605	0.020	
2012	8,835	0.060		970	0.050					155	0.060		630	0.040	
2013	9,225	0.090		1,300	0.080					160	0.090		655	0.080	
2014	9,675	0.090		1,665	0.110					170	0.110		680	0.110	
2015	10,130	0.110		2,065	0.130					175	0.130		710	0.130	
2016	10,580	0.130		2,485	0.130					180	0.150		12,560	0.150	
2017	11,040	0.140		2,950	0.140	0.149				190	0.190		830	0.190	
2018	11,515	0.160	0.244	3,440	0.130	0.249				195	0.240		13,885	0.200	0.274
2019	12,090	0.160	0.309	4,005	0.130	0.306				205	0.300		16,205	0.200	0.331
2020	12,700	0.160	0.361	4,615	0.130	0.352				210	0.340		39,215	0.200	0.376
2021	13,330	0.160	0.402	5,275	0.120	0.380				220	0.360		64,135	0.30/0.20	0.389/0.412
2022	13,995	0.160	0.436	5,995	0.120	0.412				230	0.380		67,330	0.200	0.443
2023	14,700	0.160	0.465				880	0.430	0.588	240	0.420		70,720	0.200	0.468
2024	15,435	0.160	0.488				920	0.450	0.585	250	0.460		74,280	0.200	0.488
2025	16,200	0.160	0.506				960	0.450		260	0.450		51,980	0.200	0.504
2026	17,010	0.160	0.525				1,005	0.440		270	0.440		53,120	0.190	0.511
2027	17,865	0.49/0.16	0.49/0.541												
2028	18,755	0.49/0.16	0.49/0.554										84,005	0.510	
2029	19,685	0.49/0.16	0.49/0.566												
2030													85,010	0.520	
2031	42,175	0.270	0.538				5,710	0.460							
2032													63,040	0.520	
2033				25,780											
2034										42,430	0.49/0.50	0.49/0.52			
2035															
2036				49,400			7,060	0.460							
2037	150,450	0.520	0.52/0.52/0.												

Blue indicates yields lower for comparable maturity

Unisured maturities

Comparison of Issues by Yield to Maturity

Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, 2006 Series A
California Negotiated Comparable Sales
Yield to Maturity Comparison

	Los Angeles		Los Angeles Co. Series A		Los Angeles Co. Series B		San Diego Co.		Sacramento	
Sale Date:	11/30/2006		11/29/2006		11/29/2006		11/29/2006		11/29/2006	
Par Amount:	$448,595,000		$217,585,000		$103,410,000		$42,390,000		$28,825,000	
Financing Type:	REV		REV		Rev		COP		REV	
Call Feature:	1/1/2017 @ 100		Non-callable		9/1/2016 @ 2016		2/1/0016 @ 100		12/1/2016 @ 100	
Sale Type:	Negotiated		Negotiated		Negotiated		Negotiated		Negotiated	
Insurer:	FGIC		FGIC		FGIC		Ambac		Ambac	
Underlying	A1/AA-/AA-		–		–		A1/AA-/AA-		Aa3/AA-/–	
Underwriter:	De La Rosa		Citigroup		Ctigroup		Banc of America		Goldman	
	$'s (000)	YTM	$'s (000)	YTM	$'s (000)	YTM	$'s (000)	YTM	$'s (000)	YTM
2007			28,705	NRO	1,115	3.400			485	3.400
2008	1,380	3.370	32,115	3.420	2,205	3.420			505	3.420
2009	1,650	3.400	29,240	3.460	2,285	3.460			525	3.420
2010	1,715	3.430	24,740	3.480	2,365	3.480	1,275	3.450	545	3.430
2011	8,460	3.470	25,830	3.520	2,450	3.520	1,325	3.470	570	3.440
2012	8,835	3.500	21,175	3.550	2,540	3.550	1,375	3.500	590	3.470
2013	9,225	3.540	22,330	3.560	2,630	3.560	1,430	3.550		
2014	9,675	3.570	23,085	3.590	2,720	3.590	1,490	3.610		
2015	10,130	3.630	9,295	3.650	2,820	3.650	1,550	3.670		
2016	10,580	3.690	1,070	3.690	2,925	3.690	1,625	3.720	245	3.710
2017	11,040	3.740			3,055	3.851	1,705	3.903	755	3.857
2018	11,515	3.884			3,215	3.969	1,795	4.022	795	3.982
2019	12,090	3.989			3,375	4.062	1,885	4.115	835	4.073
2020	12,700	4.071			3,545	4.134	1,975	4.160	880	4.144
2021	13,330	4.142			3,720	4.003	2,055	4.210	925	4.206
2022	13,995	4.196			3,895	4.247			970	4.254
2023	14,700	4.245			4,095	4.290			1,020	4.297
2024	15,435	4.288			4,305	4.329			1,075	4.357
2025	16,200	4.326			4,525	4.365			1,130	4.370
2026	17,010	4.355			4,755	4.397	11,645	4.410	1,185	4.401
2027	17,865	4.33/4.381								
2028	18,755	4.34/4.404								
2029	19,685	4.35/4.426								
2030										
2031	42,175	4.418			27,700	4.490	11,260	4.450	6,915	4.499
2032										
2033					13,170	4.525				
2034										
2035										
2036									8,875	4.551
2037	150,450	4.43/4.43/4.46								

Blue indicates yields lower for comparable maturity

Comparison of Issues by Yield to Maturity

Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, 2006 Series A
California Negotiated Comparable Sales
Yield to Maturity Comparison

	Los Angeles		El Camino Hospital District CIB		Modesto Wastewater		Pittsburg RDA		San Jose RDA	
Sale Date:	11/30/2006		11/29/2006		11/28/2006		11/28/2006		11/28/2006	
Par Amount:	$448,595,000		$115,665,000		$16,535,000		$46,660,000		$701,185,000	
Financing Type:	REV		GO		REV		TAB		TAB	
Call Feature:	1/1/2017 @ 100		2/1/2017 @ 100		11/1/2011 @ 100		9/1/2017 @ 100		8/1/2017 @ 100	
Sale Type:	Negotiated		Negotiated		Negotiated		Negotiated		Negotiated	
Insurer:	FGIC		MBIA		FSA		Ambac		MBIA	
Underlying	A1/AA-/AA-		Aa2/AA-/–		–/A+/A+		–/A-/A-		A3/A-/A	
Underwriter:	De La Rosa		Ciitgroup		Citigroup		De La Rosa		JP Morgan	
	$'s (000)	YTM	$'s (000)	YTM	$'s (000)	YTM	$'s (000)	YTM	$'s (000)	YTM
2007			1,635	3.420			685	3.400		
2008	1,380	3.370	545	3.470			140	3.430	450	3.430
2009	1,650	3.400	845	3.520			145	3.460	560	3.440
2010	1,715	3.430	1,170	3.480					580	3.460
2011	8,460	3.470	1,525	3.510			150	3.500	605	3.480
2012	8,835	3.500	970	3.520			155	3.530	630	3.510
2013	9,225	3.540	1,300	3.560			160	3.570	655	3.560
2014	9,675	3.570	1,665	3.620			170	3.620	680	3.620
2015	10,130	3.630	2,065	3.680			175	3.680	710	3.680
2016	10,580	3.690	2,485	3.720			180	3.740	12,560	3.740
2017	11,040	3.740	2,950	3.779			190	3.820	830	3.820
2018	11,515	3.884	3,440	3.929			195	3.920	13,885	3.954
2019	12,090	3.989	4,005	4.026			205	4.020	16,205	4.051
2020	12,700	4.071	4,615	4.102			210	4.090	39,215	4.126
2021	13,330	4.142	5,275	4.160			220	4.140	64,135	4.169/4.192
2022	13,995	4.196	5,995	4.212			230	4.180	67,330	4.243
2023	14,700	4.245			880	4.408	240	4.240	70,720	4.288
2024	15,435	4.288			920	4.425	250	4.300	74,280	4.328
2025	16,200	4.326			960	4.310	260	4.310	51,980	4.364
2026	17,010	4.355			1,005	4.320	270	4.320	53,120	4.391
2027	17,865	4.33/4.381								
2028	18,755	4.34/4.404							84,005	4.410
2029	19,685	4.35/4.426								
2030									85,010	4.440
2031	42,175	4.418			5,710	4.390				
2032									63,040	4.460
2033			25,780	4.430						
2034							42,430	4.44/4.473		
2035										
2036			49,400	4.460	7,060	4.420				
2037	150,450	4.43/4.43/4.46								

Blue indicates yields lower for comparable maturity

Unisured maturities

Highlights of Results

- Variety of factors to consider when comparing pricings
  - ✓ Type of Bond, Insurer, Underlying Rating, Size of Issue, Call Premium
  - ✓ MICLA was third largest transaction in California for the week
- Most objective comparison is an issue's spread to MMD for that day.
- Certain bonds priced at a premium so it is best to look at yield to maturity for a true comparison.
- MICLA financing had lowest yield to maturity spreads to MMD for the week in almost every maturity.

Section V
- Historic MICLA Yields -

Highlights of Historic Yields

- Difficult to compare 2006 MICLA negotiated financing to past competitive MICLA sales
  - ✓ Deterioration in State of California's credit beginning in 2002 changed the traditional spread to MMD from California deals pricing below MMD to now where they price above MMD
  - ✓ Prior MICLA issues were typically smaller sized financings or had shorter maturities
- Can not determine any historical spread to MMD to use as a guidepost.

Real Property Historic Yields

Municipal Improvement Corporation of Los Angeles

Real Property - Historic Yields

	MICLA Refunding Program AY	MICLA Program AR (Real Property Improvement)	MICLA Program AW (Real Property)	Los Angeles Convention and Exhibition Center - Series 2003A (Refunding)	MICLA Program AV (Central Library Project)
Sale Date:	4/26/2005	4/20/2004	5/28/2003	5/21/2003	3/19/2003
Par Amount:	$46,395,000	$16,875,000	$36,220,000	$226,045,000	$43,330,000
Financing Type:	COP	COP	COP	Lease REV	Lease Rev
Call Feature:	Non-Callable	4/1/14 @ 100	6/1/13 @ 100	Non-Callable	Non-Callable
Sale Type:	Competitive	Competitive	Competitive	Competitive	Competitive
Insurer:	MBIA	Ambac	Ambac	Ambac	MBIA
Underlying Rating:	A1/AA-/AA-	A1/AA-/–	A1/AA-/–	A1/AA-/AA-	A1/AA-/–
Purchaser	Citigroup	Fidelity Capital Markets	Citigroup	Merrill Lynch	Merrill Lynch

Maturity	AY Coupon	AY Yield	AY MMD	AY Spread to MMD	AR Coupon	AR Yield	AR MMD	AR Spread to MMD	AW Coupon	AW Yield	AW MMD	AW Spread to MMD
2001												
2002												
2003												
2004									2.000	1.000	0.980	0.020
2005	3.500	2.600			2.000	1.200	1.180	0.020	2.000	1.150	1.130	0.020
2006	4.000	2.756	2.640	0.116	2.250	1.750	1.670	0.080	2.000	1.400	1.410	-0.010
2007	2.750	2.800	2.750	0.050	2.500	2.050	1.960	0.090	2.500	1.800	1.810	-0.010
2008	5.000	2.860	2.860	0.000	3.000	2.400	2.360	0.040	3.000	2.050	2.100	-0.050
2009	3.000	3.000	2.960	0.040	3.000	2.750	2.680	0.070	3.000	2.310	2.360	-0.050
2010	5.000	3.220	3.070	0.150	3.100	3.100	2.950	0.150	3.000	2.600	2.650	-0.050
2011	5.000	3.375	3.200	0.175	3.375	3.400	3.210	0.190	3.000	2.900	2.870	0.030
2012	3.375	3.375	3.330	0.045	3.625	3.650	3.430	0.220	3.250	3.050	3.000	0.050
2013	3.500	3.500	3.450	0.050	3.750	3.800	3.590	0.210	3.500	3.180	3.130	0.050
2014	3.500	3.600	3.550	0.050	4.000	4.000	3.760	0.240	3.250	3.350	3.270	0.080
2015					4.000	4.100	3.880	0.220	3.500	3.500	3.400	0.100
2016					4.125	4.200	3.970	0.230	3.500	3.630	3.530	0.100
2017					4.250	4.300	4.060	0.240	4.000	3.730	3.630	0.100
2018					4.375	4.400	4.150	0.250	4.000	3.830	3.730	0.100
2019					4.400	4.500	4.250	0.250	4.000	3.930	3.830	0.100
2020					4.500	4.600	4.350	0.250	4.000	4.030	3.930	0.100
2021					4.625	4.700	4.450	0.250	4.000	4.130	4.020	0.110
2022					4.750	4.800	4.550	0.250	4.250	4.210	4.100	0.110
2023					4.750	4.850	4.630	0.220	4.250	4.280	4.170	0.110
2024					4.750	4.900	4.710	0.190				
2025												
2026												
2027												
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												

TIC 3.1560% (MICLA Refunding Program AY)

Maturity	LACC 2003A Coupon	LACC 2003A Yield	LACC 2003A MMD	LACC 2003A Spread to MMD	AV Coupon	AV Yield	AV MMD	AV Spread to MMD
2001								
2002								
2003					3.000	1.050		
2004	2.000	1.000	0.980	0.020	3.000	1.150	1.070	0.080
2005	2.000	1.100	1.120	-0.020	3.000	1.400	1.370	0.030
2006	2.000	1.400	1.370	0.030	4.000	1.750	1.730	0.020
2007	3.500	1.840	1.770	0.070	4.000	2.170	2.150	0.020
2008	5.000	2.120	2.060	0.060	4.000	2.550	2.520	0.030
2009	3.250	2.450	2.340	0.110	4.000	2.850	2.860	-0.010
2010	2.750	2.750	2.640	0.110	5.000	3.260	3.180	0.080
2011	2.750	2.970	2.860	0.110	5.250	3.450	3.420	0.030
2012	3.000	3.090	2.980	0.110	5.250	3.600	3.570	0.030
2013	3.250	3.250	3.100	0.150	5.250	3.720	3.690	0.030
2014	3.500	3.350	3.240	0.110	5.250	3.850	3.800	0.050
2015	3.750	3.450	3.360	0.090	5.250	3.960	3.900	0.060
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								

TIC 3.5220% (MICLA Program AV)

Real Property Historic Yields

Municipal Improvement Corporation of Los Angeles

Real Property - Historic Yields

	MICLA Program T (Real Property Improvement))	MICLA Program AT (Refunding of Central Library Bonds)	MICLA Program AS (Real Property, Pershing Square)	MICLA Program AR (Real Property)	MICLA Program AQ (Real Property)
Sale Date:	10/22/2002	4/3/2002	3/19/2002	3/19/2002	3/19/2002
Par Amount:	$42,410,000	$30,305,000	$7,655,000	$62,105,000	$28,130,000
Financing Type:	COP	COP	COP	COP	COP
Call Feature:	2/1/12 @ 100	6/1/12 @ 100	10/1/12 @ 100	4/1/12 @ 100	4/1/12 @ 100
Sale Type:	Competitive	Competitive	Competitive	Competitive	Competitive
Insurer:	MBIA	MBIA	FSA	Ambac	Ambac
Underlying Rating:	A1/AA-/--	A1/AA-/--	A1/AA-/--	A1/AA-/--	A1/AA-/--
Underlying Rating:	Goldman Sachs	Lehman Brothers	Merrill Lynch	Merrill Lynch	Merrill Lynch

Maturity	T Coupon	T Yield	T MMD	T Spread to MMD	AT Coupon	AT Yield	AT MMD	AT Spread to MMD	AS Coupon	AS Yield	AS MMD	AS Spread to MMD
2001												
2002									3.000	1.600		
2003									4.000	1.750	1.900	-0.150
2004	3.000	NRO	2.090		3.000	2.750	2.900	-0.150	4.000	2.400	2.650	-0.250
2005	3.000	2.450	2.420	0.030	3.250	3.250	3.350	-0.100	4.000	2.900	3.170	-0.270
2006	4.000	2.800	2.720	0.080	3.500	3.550	3.640	-0.090	4.000	3.250	3.470	-0.220
2007	4.000	3.100	3.030	0.070	3.875	3.850	3.930	-0.080	4.000	3.550	3.770	-0.220
2008	4.000	3.450	3.340	0.110	4.000	4.050	4.070	-0.020	4.000	3.750	3.980	-0.230
2009	5.000	3.700	3.560	0.140	4.100	4.200	4.210	-0.010	4.000	3.950	4.150	-0.200
2010	5.000	3.900	3.760	0.140	4.200	4.300	4.310	-0.010	4.100	4.100	4.250	-0.150
2011	5.000	4.050	3.860	0.190	4.300	4.380	4.400	-0.020	4.250	4.250	4.340	-0.090
2012	5.000	4.150	3.960	0.190	4.400	4.460	4.480	-0.020	4.250	4.350	4.430	-0.080
2013	5.000	4.260	4.070	0.190	4.500	4.600	4.570	0.030	4.500	4.450	4.540	-0.090
2014	5.000	4.410	4.220	0.190	4.600	4.700	4.670	0.030	4.500	4.550	4.640	-0.090
2015	5.000	4.520	4.320	0.200	4.700	4.800	4.770	0.030	4.750	4.650	4.740	-0.090
2016	5.000	4.650	4.430	0.220	5.500	4.840	4.870	-0.030	4.750	4.800	4.840	-0.040
2017	5.000	4.750	4.530	0.220	5.500	4.920	4.950	-0.030	4.750	4.900	4.940	-0.040
2018	5.000	4.850	4.630	0.220	5.500	4.980	5.010	-0.030	5.000	5.000	5.000	0.000
2019	5.000	4.940	4.730	0.210	5.500	5.030	5.060	-0.030	5.000	5.050	5.050	0.000
2020					5.500	5.080	5.110	-0.030	5.000	5.100	5.090	0.010
2021									5.000	5.150	5.120	0.030
2022									5.000	5.180	5.140	0.040
2023												
2024												
2025												
2026												
2027	5.000	NRO	5.050									
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
	TIC 4.9500%				TIC 5.1840%							

Maturity	AR Coupon	AR Yield	AR MMD	AR Spread to MMD	AQ Coupon	AQ Yield	AQ MMD	AQ Spread to MMD
2001								
2002								
2003	3.000	1.750	1.900	-0.150				
2004	4.000	2.400	2.650	-0.250				
2005	4.000	2.900	3.170	-0.270	3.000	2.900	3.170	-0.270
2006	4.000	3.250	3.470	-0.220	3.250	3.250	3.470	-0.220
2007	4.000	3.550	3.770	-0.220	4.000	3.550	3.770	-0.220
2008	4.000	3.750	3.980	-0.230	4.000	3.750	3.980	-0.230
2009	4.000	3.950	4.150	-0.200	4.000	3.950	4.150	-0.200
2010	4.000	4.100	4.250	-0.150	4.000	4.100	4.250	-0.150
2011	4.500	4.250	4.340	-0.090	4.250	4.250	4.340	-0.090
2012	4.500	4.350	4.430	-0.080	4.250	4.350	4.430	-0.080
2013	5.000	4.450	4.540	-0.090	4.500	4.450	4.540	-0.090
2014	5.000	4.550	4.640	-0.090	4.500	4.550	4.640	-0.090
2015	5.000	4.650	4.740	-0.090	4.500	4.650	4.740	-0.090
2016	5.000	4.800	4.840	-0.040	4.750	4.800	4.840	-0.040
2017	5.000	4.900	4.940	-0.040	4.800	4.900	4.940	-0.040
2018	5.000	5.000	5.000	0.000	5.250	5.000	5.000	0.000
2019	5.000	5.050	5.050	0.000	5.250	5.050	5.050	0.000
2020	5.000	5.100	5.090	0.010	5.250	5.090	5.090	0.000
2021	5.000	5.150	5.120	0.030	5.300	5.150	5.120	0.030
2022	5.000	5.180	5.140	0.040	5.300	5.180	5.140	0.040
2023	5.000	5.200	5.160	0.040	5.300	5.200	5.160	0.040
2024								
2025								
2026								
2027	5.200	5.220	5.210	0.010	5.300	5.220	5.210	0.010
2028								
2029								
2030								
2031								
2032					5.300	5.300	5.240	0.060
2033								
2034								
2035								
2036								
	TIC 5.0564%							

Real Equipment Historic Yields

Municipal Improvement Corporation of Los Angeles

Real Equipment - Historic Yields

	MICLA Program AX (Real Equipment)	MICLA Program AU (Equipment and Real Property Acquisition)	MICLA Series G (Police Emergency Command Control Communications Systems)	MICLA Series F (Police Emergency Command Control Communications Systems)	MICLA Program AN (Equipment and Capital Improvements)	MICLA Program AM (Equipment and Capital Improvements)
Sale Date:	4/20/2004	10/22/2002	2/26/2002	2/6/2002	2/5/2002	8/8/2000
Par Amount:	$64,170,000	$70,700,000	$16,320,000	$52,325,000	$53,880,000	$56,085,000
Financing Type:	COP	COP	Lease Rev	Lease REV	COP	8
Call Feature:	Non-Callable	10/1/12 @ 100	Non-Callable	9/1/10 @ 100	Non-Callable	12/21/06 @ 101 8/1/07 @ 100
Sale Type:	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive
Insurer:	MBIA	MBIA	FGIC	FGIC	MBIA	Ambac
Underlying Rating:	A2/AA-/--	A2/AA-/--	Aa3/AA/--	Aa3/AA/--	A2/AA-/--	A2/AA-/--
Purchaser	JP Morgan	Lehman Brothers	Salomon Smith Barney (Citigroup)	Morgan Stanley	PainWebber (UBS)	Stone & Youngberg

Maturity	AX Coupon	AX Yield	AX MMD	AX Spread to MMD	AU Coupon	AU Yield	AU MMD	AU Spread to MMD	G Coupon	G Yield	G MMD	G Spread to MMD
2001												
2002												
2003					3.000	1.700	1.720	-0.020				
2004					4.000	2.170	2.090	0.080				
2005	2.000	1.193	1.180	0.013	5.000	2.500	2.420	0.080				
2006	5.500	1.750	1.670	0.080	5.000	2.800	2.720	0.080				
2007	5.500	2.100	1.960	0.140	5.000	3.100	3.030	0.070				
2008	5.500	2.480	2.360	0.120	5.000	3.400	3.340	0.060				
2009	5.000	2.760	2.680	0.080	5.000	3.650	3.560	0.090				
2010	5.250	3.080	2.950	0.130	4.000	3.900	3.760	0.140				
2011	5.250	3.370	3.210	0.160	4.000	4.000	3.860	0.140				
2012	5.250	3.600	3.430	0.170	4.000	4.100	3.960	0.140	5.000	3.900	4.120	-0.220
2013	5.000	3.710	3.590	0.120	4.200	4.200	4.070	0.130	5.250	4.050	4.260	-0.210
2014	4.250	3.890	3.760	0.130	4.300	4.350	4.220	0.130				
2015					4.400	4.450	4.320	0.130				
2016					4.500	4.550	4.430	0.120				
2017					4.600	4.650	4.530	0.120				
2018												
2019												
2020												
2021												
2022					5.000	5.020	4.990	0.030				
2023												
2024												
2025												
2026												
2027					5.000	5.080	5.050	0.030				
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
					TIC 3.156%				TIC 4.0270%			

Maturity	F Coupon	F Yield	F MMD	F Spread to MMD	AN Coupon	AN Yield	AN MMD	AN Spread to MMD	AM Coupon	AM Yield	AM MMD	AM Spread to MMD
2001									4.250	4.000	4.250	-0.250
2002									4.250	4.000	4.360	-0.360
2003					3.000	1.606	1.600	0.006	4.250	4.050	4.410	-0.360
2004	3.000	2.000	2.340	-0.340	3.000	2.000	2.370	-0.370	4.250	4.100	4.460	-0.360
2005	3.125	2.470	2.840	-0.370	3.000	2.500	2.870	-0.370	4.250	4.150	4.500	-0.350
2006	3.250	2.800	3.150	-0.350	3.500	2.830	3.180	-0.350	4.125	4.200	4.550	-0.350
2007	3.500	3.050	3.480	-0.430	4.000	3.080	3.510	-0.430	4.250	4.280	4.600	-0.320
2008	4.000	3.340	3.680	-0.340	4.000	3.370	3.710	-0.340	4.300	4.350	4.650	-0.300
2009	4.000	3.650	3.880	-0.230	4.000	3.620	3.900	-0.280	4.400	4.450	4.700	-0.250
2010	4.000	3.790	4.010	-0.220	4.000	3.820	4.030	-0.210	4.400	4.480	4.760	-0.280
2011	4.000	3.920	4.110	-0.190	4.000	3.950	4.130	-0.180				
2012	4.000	4.000	4.210	-0.210	4.000	4.030	4.230	-0.200				
2013	4.000	4.120	4.340	-0.220								
2014												
2015												
2016												
2017												
2018												
2019												
2020												
2021												
2022												
2023												
2024												
2025												
2026												
2027												
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
	TIC 3.6800%				TIC 3.3740%				TIC 4.4370%			

Section VI
- Bond Distribution Analysis -

Liability – Underwriters' Split

Manager	Liability %	Liability $
Senior Manager:		
De La Rosa & Co.	30.00%	$134,578,500
Co-Senior Manager		
Siebert Brandford Shank & Co.	30.00%	$134,578,500
Co-Managers		
Merrill Lynch	20.00%	$89,719,000
Lehman Brothers	20.00%	$89,719,000
Total	**100.00%**	**$448,595,000**

Distribution of Economics

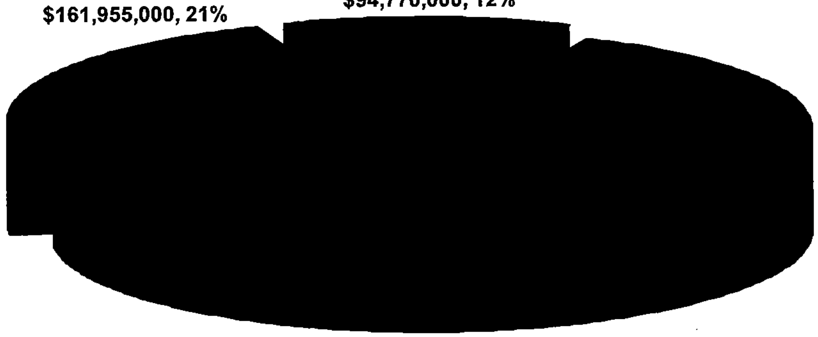
Firm	Total Designations	Percentage
De La Rosa & Co.	$426,263	38%
Siebert Brandford Shank & Co.	286,300	26%
Merrill Lynch	213,050	19%
Lehman Brothers	195,875	17%
Total:	**$1,121,488**	**100%**

The Priority of Orders were as follows:

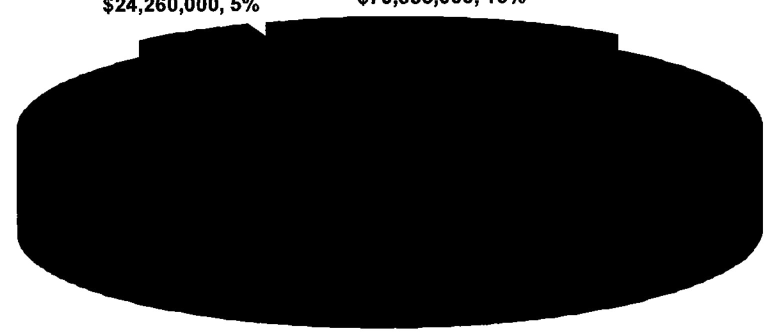
1. **Retail during Retail Order Period**
2. **Group Net**
3. **Member**

Total Orders and Allotments by Type

$ 768,888,000 Orders

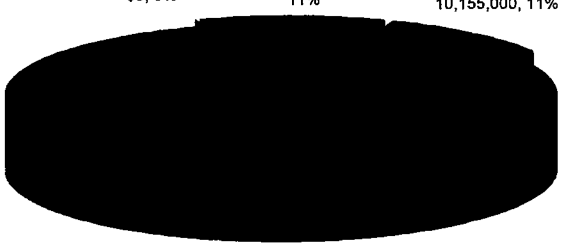


$448,595,000 Allotted

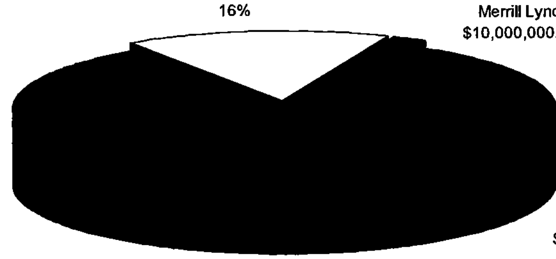


Distribution of Total Orders by Firm

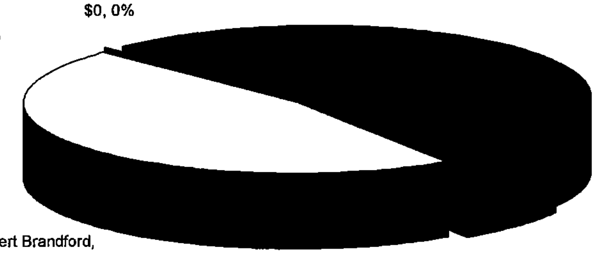
$94,770,000 Retail Orders



$512,155,000 Group Net Orders



$161,955,000 Member Orders



Group Net Orders Filled

Institution	Maturity	Amount
Capital Research Mgmt. Co.	2011	$25,000
Unspecified Seattle Cap	2018	$1,095,000
Templeton Financial	2019	$100,000
Capital Research Mgmt. Co.	2019	$425,000
Wells Fargo	2020	$550,000
Bear Sterns Arb	2020	$12,150,000
Vanguard Group Inc.	2021	$13,330,000
Vanguard Group Inc.	2022	$13,995,000
Vanguard Group Inc.	2023	$14,700,000
Vanguard Group Inc.	2024	$15,435,000
Bear Sterns Arb	2025	$16,200,000
Western Asset Mgmt	2026	$17,010,000
Franklin Tax Free Fund	2027	$17,515,000
Retail	2027	$350,000
Blackrock	2028	$9,000,000
West LB	2028	$8,855,000
RMR Asset Mgmt	2028	$700,000
Light Surge	2028	$200,000
ABN AMRO ALL	2029	$5,000,000
West LB	2029	$5,000,000
Dreyfus Corp All	2029	$9,685,000

Institution	Maturity	Amount
BlackRock	2031	$15,000,000
Charles Schwab	2031	$2,000,000
ABN AMRO ALL	2031	$5,000,000
Palio Capital Mgmt	2031	$5,000,000
West LB	2031	$15,175,000
Wells Fargo	2037	$25,000,000
Morgan Stanley Arb	2037	$15,000,000
Van Kampen Meritt Fund	2037	$10,000,000
Victory Capital Mgmt	2037	$5,000,000
ABN AMRO ALL	2037	$18,000,000
Summit Advisors	2037	$500,000
Worthington	2037	$5,000,000
Bess Investments	2037	$2,000,000
RMR Asset Mgmt	2037	$2,205,000
Pershing	2037	$500,000
Ed Jones	2037	$500,000
San Diego Capital Mgmt	2037	$500,000
Morgan Stanley Arb	2037	$25,000,000
Western Asset Mgmt	2037	$30,000,000
Worthington	2037	$5,000,000
100m	2037	$5,750,000

Economics of Group Net Designations

Maturity	De La Rosa & Co.	Siebert	Merrill	Lehman
2011	$19	$19	$13	$13
2018	$821	$821	$548	$548
2019	$394	$394	$263	$263
2020	$9,525	$9,525	$6,350	$6,350
2021	$9,998	$9,998	$6,665	$6,665
2022	$10,496	$10,496	$6,998	$6,998
2023	$11,025	$11,025	$7,350	$7,350
2024	$11,576	$11,576	$7,718	$7,718
2025	$12,150	$12,150	$8,100	$8,100
2026	$12,758	$12,758	$8,505	$8,505
2027	$263	$263	$175	$175
2027	$13,136	$13,136	$8,758	$8,758
2028	$675	$675	$450	$450
2028	$17,891	$13,391	$4,428	$8,928
2029	$7,264	$7,264	$4,843	$4,843
2029	$7,500	$7,500	$5,000	$5,000
2031	$39,131	$31,631	$13,588	$21,088
2037	$6,750	$18,750	$24,500	$12,500
2037	$48,716	$48,716	$32,478	$32,478
2037	$45,000	$45,000	$30,000	$30,000
Total:	**$265,087**	**$265,088**	**$176,726**	**$176,725**
% of Total	**30%**	**30%**	**20%**	**20%**

(Reflects change in designations for BlackRock order).

Bond Orders and Allotments

Maturity	Coupon	ALL FIRMS Retail Orders	ALL FIRMS Retail Allotments	ALL FIRMS Group Net Orders	ALL FIRMS Group Net Allotments	ALL FIRMS Members Orders	ALL FIRMS Members Allotments	Total Orders	Total Allotments
2008	4.00%	$6,215	$1,380	-	-	-	-	$6,215	$1,380
2009	4.00%	6,850	1,650	-	-	-	-	6,850	1,650
2010	4.00%	2,705	1,715	-	-	-	-	2,705	1,715
2011	4.00%	5,335	5,335	$25	$25	-	-	5,360	5,360
2011	5.00%	825	825	-	-	$3,000	$2,275	3,825	3,100
2012	4.00%	4,705	4,705	-	-	-	-	4,705	4,705
2012	5.00%	5,695	4,130	-	-	-	-	5,695	4,130
2013	4.00%	3,175	1,425	-	-	-	-	3,175	1,425
2013	5.00%	8,495	7,800	-	-	-	-	8,495	7,800
2014	4.00%	2,420	2,420	-	-	-	-	2,420	2,420
2014	5.00%	11,625	8,780	-	-	-	-	10,100	7,255
2015	4.00%	6,215	4,300	-	-	-	-	7,740	5,825
2015	5.00%	5,305	4,305	-	-	-	-	5,305	4,305
2016	4.00%	8,840	6,930	-	-	-	-	8,840	6,930
2016	5.00%	3,650	3,650	-	-	-	-	3,650	3,650
2017	4.00%	7,740	7,810	-	-	-	-	7,740	7,810
2017	5.00%	4,480	3,230	-	-	-	-	4,480	3,230
2018	5.00%	-	-	1,095	1,095	22,475	10,420	23,570	11,515
2019	5.00%	-	-	525	525	35,690	11,565	36,215	12,090
2020	5.00%	-	-	13,250	12,700	24,780	-	38,030	12,700
2021	5.00%	-	-	13,330	13,330	12,690	-	26,020	13,330
2022	5.00%	-	-	13,995	13,995	13,320	-	27,315	13,995
2023	5.00%	-	-	14,700	14,700	-	-	14,700	14,700
2024	5.00%	-	-	15,435	15,435	-	-	15,435	15,435
2025	5.00%	-	-	16,200	16,200	-	-	16,200	16,200
2026	5.00%	-	-	34,020	17,010	-	-	34,020	17,010
2027	4.20%	-	-	350	350	-	-	350	350
2027	5.00%	-	-	27,515	17,515	-	-	27,515	17,515
2028	4.20%	-	-	900	900	-	-	900	900
2028	5.00%	-	-	27,855	17,855	-	-	27,855	17,855
2029	4.25%	-	-	9,685	9,685	-	-	9,685	9,685
2029	5.00%	-	-	21,000	10,000	10,000	-	31,000	10,000
2031	4.75%	-	-	104,525	42,175	-	-	104,525	42,175
2037	3.00%	-	-	25,000	25,000	-	-	25,000	25,000
2037	4.25%	495	495	107,750	64,955	35,000	-	143,245	65,450
2037	4.50%	-	-	65,000	60,000	5,000	-	70,000	60,000
Total		$94,770	$70,885	$512,155	$353,450	$161,955	$24,260	$768,880	$448,595

Bond Orders and Allotments

Maturity	Coupon	De La Rosa & Co. Retail Orders	Retail Allotments	GroupNet Orders	GroupNet Allotments	Members Orders	Members Allotments	Total Orders	Total Allotments
2008	4.00%	$2,430	$550	-	-	-	-	$2,430	$550
2009	4.00%	3,475	750	-	-	-	-	3,475	750
2010	4.00%	750	500	-	-	-	-	750	500
2011	4.00%	3,360	3,360	$25	$25	-	-	3,385	3,385
2011	5.00%	450	450	-	-	-	-	450	450
2012	4.00%	2,480	2,480	-	-	-	-	2,480	2,480
2012	5.00%	5,505	3,940	-	-	-	-	5,505	3,940
2013	4.00%	2,000	250	-	-	-	-	2,000	250
2013	5.00%	8,400	7,705	-	-	-	-	8,400	7,705
2014	4.00%	1,215	1,215	-	-	-	-	1,215	1,215
2014	5.00%	10,100	7,255	-	-	-	-	10,100	7,255
2015	4.00%	5,480	3,565	-	-	-	-	5,480	3,565
2015	5.00%	5,300	4,300	-	-	-	-	5,300	4,300
2016	4.00%	7,650	5,740	-	-	-	-	7,650	5,740
2016	5.00%	3,650	3,650	-	-	-	-	3,650	3,650
2017	4.00%	7,590	7,660	-	-	-	-	7,590	7,660
2017	5.00%	4,350	3,100	-	-	-	-	4,350	3,100
2018	5.00%	-	-	1,095	1,095	-	-	1,095	1,095
2019	5.00%	-	-	525	525	$12,090	$8,000	12,615	8,525
2020	5.00%	-	-	13,250	12,700	-	-	13,250	12,700
2021	5.00%	-	-	13,330	13,330	-	-	13,330	13,330
2022	5.00%	-	-	13,995	13,995	-	-	13,995	13,995
2023	5.00%	-	-	14,700	14,700	-	-	14,700	14,700
2024	5.00%	-	-	15,435	15,435	-	-	15,435	15,435
2025	5.00%	-	-	16,200	16,200	-	-	16,200	16,200
2026	5.00%	-	-	34,020	17,010	-	-	34,020	17,010
2027	4.20%	-	-	-	-	-	-	-	-
2027	5.00%	-	-	17,515	17,515	-	-	17,515	17,515
2028	4.20%	-	-	700	700	-	-	700	700
2028	5.00%	-	-	17,855	9,000	-	-	17,855	9,000
2029	4.25%	-	-	9,685	9,685	-	-	9,685	9,685
2029	5.00%	-	-	11,000	5,000	-	-	11,000	5,000
2031	4.75%	-	-	64,175	27,000	-	-	64,175	27,000
2037	3.00%	-	-	25,000	25,000	-	-	25,000	25,000
2037	4.25%	-	-	87,000	59,205	-	-	87,000	59,205
2037	4.50%	-	-	65,000	60,000	-	-	65,000	60,000
Total		$74,185	$56,470	$420,505	$318,120	$12,090	$8,000	$506,780	$382,590
% of Total		78%	79.7%	82%	90%	7%	33%	66%	85%

Bond Orders and Allotments

Maturity	Coupon	Siebert Brandford Shank & Co. Retail Orders	Retail Allotments	Group Net Orders	Group Net Allotments	Members Orders	Members Allotments	Total Orders	Total Allotments
2008	4.00%	-	-	-	-	-	-	-	-
2009	4.00%	-	-	-	-	-	-	-	-
2010	4.00%	-	-	-	-	-	-	-	-
2011	4.00%	-	-	-	-	-	-	-	-
2011	5.00%	-	-	-	-	-	-	-	-
2012	4.00%	-	-	-	-	-	-	-	-
2012	5.00%	-	-	-	-	-	-	-	-
2013	4.00%	-	-	-	-	-	-	-	-
2013	5.00%	-	-	-	-	-	-	-	-
2014	4.00%	-	-	-	-	-	-	-	-
2014	5.00%	-	-	-	-	-	-	-	-
2015	4.00%	-	-	-	-	-	-	-	-
2015	5.00%	-	-	-	-	-	-	-	-
2016	4.00%	-	-	-	-	-	-	-	-
2016	5.00%	-	-	-	-	-	-	-	-
2017	4.00%	-	-	-	-	-	-	-	-
2017	5.00%	-	-	-	-	-	-	-	-
2018	5.00%	-	-	-	-	$10,960	$4,920	$10,960	$4,920
2019	5.00%	-	-	-	-	11,510	3,565	11,510	3,565
2020	5.00%	-	-	-	-	12,080	-	12,080	-
2021	5.00%	-	-	-	-	12,690	-	12,690	-
2022	5.00%	-	-	-	-	13,320	-	13,320	-
2023	5.00%	-	-	-	-	-	-	-	-
2024	5.00%	-	-	-	-	-	-	-	-
2025	5.00%	-	-	-	-	-	-	-	-
2026	5.00%	-	-	-	-	-	-	-	-
2027	4.20%	-	-	$350	$350	-	-	350	350
2027	5.00%	-	-	10,000	-	-	-	10,000	-
2028	4.20%	-	-	200	200	-	-	200	200
2028	5.00%	-	-	10,000	8,855	-	-	10,000	8,855
2029	4.25%	-	-	-	-	-	-	-	-
2029	5.00%	-	-	10,000	5,000	-	-	10,000	5,000
2031	4.75%	-	-	40,350	15,175	-	-	40,350	15,175
2037	3.00%	-	-	-	-	-	-	-	-
2037	4.25%	-	-	10,750	5,750	10,000	-	20,750	5,750
2037	4.50%	-	-	-	-	5,000	-	5,000	-
Total		-	-	$81,650	$35,330	$75,560	$8,485	$157,210	$43,815
% of Total		0%	0%	16%	10%	47%	35%	20%	10%

Bond Orders and Allotments

Maturity	Coupon	Merrill Lynch Retail Orders	Retail Allotments	Group Net Orders	Group Net Allotments	Members Orders	Members Allotments	Total Orders	Total Allotments
2008	4.00%	$2,235	$410	-	-	-	-	$2,235	$410
2009	4.00%	1,725	400	-	-	-	-	1,725	400
2010	4.00%	860	610	-	-	-	-	860	610
2011	4.00%	1,120	1,120	-	-	-	-	1,120	1,120
2011	5.00%	-	-	-	-	$3,000	$2,275	3,000	2,275
2012	4.00%	1,155	1,155	-	-	-	-	1,155	1,155
2012	5.00%	-	-	-	-	-	-	-	-
2013	4.00%	330	330	-	-	-	-	330	330
2013	5.00%	-	-	-	-	-	-	-	-
2014	4.00%	330	330	-	-	-	-	330	330
2014	5.00%	-	-	-	-	-	-	-	-
2015	4.00%	1,525	1,525	-	-	-	-	1,525	1,525
2015	5.00%	-	-	-	-	-	-	-	-
2016	4.00%	670	670	-	-	-	-	670	670
2016	5.00%	-	-	-	-	-	-	-	-
2017	4.00%	130	130	-	-	-	-	130	130
2017	5.00%	-	-	-	-	-	-	-	-
2018	5.00%	-	-	-	-	11,515	5,500	11,515	5,500
2019	5.00%	-	-	-	-	12,090	-	12,090	-
2020	5.00%	-	-	-	-	12,700	-	12,700	-
2021	5.00%	-	-	-	-	-	-	-	-
2022	5.00%	-	-	-	-	-	-	-	-
2023	5.00%	-	-	-	-	-	-	-	-
2024	5.00%	-	-	-	-	-	-	-	-
2025	5.00%	-	-	-	-	-	-	-	-
2026	5.00%	-	-	-	-	-	-	-	-
2027	4.20%	-	-	-	-	-	-	-	-
2027	5.00%	-	-	-	-	-	-	-	-
2028	4.20%	-	-	-	-	-	-	-	-
2028	5.00%	-	-	-	-	-	-	-	-
2029	4.25%	-	-	-	-	-	-	-	-
2029	5.00%	-	-	-	-	10,000	-	10,000	-
2031	4.75%	-	-	-	-	-	-	-	-
2037	3.00%	-	-	-	-	-	-	-	-
2037	4.25%	75	75	$10,000	-	25,000	-	35,075	75
2037	4.50%	-	-	-	-	-	-	-	-
Total		$10,155	$6,755	$10,000	$0	$74,305	$7,775	$94,460	$14,530
% of Total		11%	9.5%	2%	0%	5%	32%	12%	3%

Bond Orders and Allotments

Maturity	Coupon	Lehman Brothers: Retail Orders	Retail Allotments	Group Net Orders	Group Net Allotments	Members Orders	Members Allotments	Total Orders	Total Allotments
2008	4.00%	$1,550	$420	-	-	-	-	$1,550	$420
2009	4.00%	$1,650	$500	-	-	-	-	1,650	500
2010	4.00%	1,095	605	-	-	-	-	1,095	605
2011	4.00%	855	855	-	-	-	-	855	855
2011	5.00%	375	375	-	-	-	-	375	375
2012	4.00%	1,070	1,070	-	-	-	-	1,070	1,070
2012	5.00%	190	190	-	-	-	-	190	190
2013	4.00%	845	845	-	-	-	-	845	845
2013	5.00%	95	95	-	-	-	-	95	95
2014	4.00%	875	875	-	-	-	-	875	875
2014	5.00%	-	-	-	-	-	-	-	-
2015	4.00%	735	735	-	-	-	-	735	735
2015	5.00%	5	5	-	-	-	-	5	5
2016	4.00%	520	520	-	-	-	-	520	520
2016	5.00%	-	-	-	-	-	-	-	-
2017	4.00%	20	20	-	-	-	-	20	20
2017	5.00%	130	130	-	-	-	-	130	130
2018	5.00%	-	-	-	-	-	-	-	-
2019	5.00%	-	-	-	-	-	-	-	-
2020	5.00%	-	-	-	-	-	-	-	-
2021	5.00%	-	-	-	-	-	-	-	-
2022	5.00%	-	-	-	-	-	-	-	-
2023	5.00%	-	-	-	-	-	-	-	-
2024	5.00%	-	-	-	-	-	-	-	-
2025	5.00%	-	-	-	-	-	-	-	-
2026	5.00%	-	-	-	-	-	-	-	-
2027	4.20%	-	-	-	-	-	-	-	-
2027	5.00%	-	-	-	-	-	-	-	-
2028	4.20%	-	-	-	-	-	-	-	-
2028	5.00%	-	-	-	-	-	-	-	-
2029	4.25%	-	-	-	-	-	-	-	-
2029	5.00%	-	-	-	-	-	-	-	-
2031	4.75%	-	-	-	-	-	-	-	-
2037	3.00%	-	-	-	-	-	-	-	-
2037	4.25%	420	420	-	-	-	-	420	420
2037	4.50%	-	-	-	-	-	-	-	-
Total		$10,430	$7,660	-	-	-	-	$10,430	$7,660
% of Total		11%	10.8%	0%	0%	0%	0%	1%	2%

Marketing Results

- Group Net Designation Policy assured all Parties of Achieving City's Economic Goals.
- Retail Order Period Contributed to lowering overall cost of MICLA Financing
  - ✓ Inclusion of Bank Trust Departments and Investment Advisors as Retail allowed for strong retail showing by Senior Manager
- Aggressive Marketing by Underwriters (and Market Timing) Contributed to Oversubscription and Repricing.
- Bifurcation and Trifurcation of Coupons Assisted in Lowering Yields.

Appendix A
- Final Cashflows -

BOND SUMMARY STATISTICS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

	TIC	All-In TIC	Arbitrage Yield
Par Value	98,180,000.00	98,180,000.00	98,180,000.00
+ Accrued Interest			
+ Premium (Discount)	2,774,196.65	2,774,196.65	2,774,196.65
- Underwriter's Discount	-275,591.26	-275,591.26	
- Cost of Issuance Expense		-166,647.67	
- Other Amounts		-511,957.72	-511,957.72
Target Value	100,678,605.39	100,000,000.00	100,442,238.93
Target Date	12/14/2006	12/14/2006	12/14/2006
Yield	4.330076%	4.386488%	4.239741%

BOND SUMMARY STATISTICS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Dated Date	12/14/2006
Delivery Date	12/14/2006
Last Maturity	01/01/2037
Arbitrage Yield	4.239741%
True Interest Cost (TIC)	4.335691%
Net Interest Cost (NIC)	4.381301%
All-In TIC	4.390528%
Average Coupon	4.515478%
Average Life (years)	19.793
Duration of Issue (years)	12.767
Par Amount	350,415,000.00
Bond Proceeds	360,705,087.10
Total Interest	313,190,076.61
Net Interest	303,883,604.42
Total Debt Service	663,605,076.61
Maximum Annual Debt Service	22,765,350.00
Average Annual Debt Service	22,085,405.16
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	2.807000
Total Underwriter's Discount	2.807000
Bid Price	102.655843

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	198,345,000.00	107.346	4.878%	14.447
2031 Term Bond	33,295,000.00	104.886	4.750%	23.559
2037 Term Bond	52,475,000.00	97.023	4.250%	27.626
2037 Term Bond	19,500,000.00	76.371	3.000%	27.697
2037 Term Bond	46,800,000.00	100.560	4.500%	27.697
	350,415,000.00			19.793

BOND SUMMARY STATISTICS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

	TIC	All-In TIC	Arbitrage Yield
Par Value	350,415,000.00	350,415,000.00	350,415,000.00
+ Accrued Interest			
+ Premium (Discount)	10,290,087.10	10,290,087.10	10,290,087.10
- Underwriter's Discount	-983,614.91	-983,614.91	
- Cost of Issuance Expense		-594,650.34	
- Other Amounts		-1,858,145.28	-1,858,145.28
Target Value	359,721,472.19	357,268,676.57	358,846,941.82
Target Date	12/14/2006	12/14/2006	12/14/2006
Yield	4.335691%	4.390528%	4.239741%

BOND DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Period Ending	Principal	Coupon	Interest	Debt Service
01/01/2007				
01/01/2008	1,380,000	4.000%	21,529,422.78	22,909,422.78
01/01/2009	1,650,000	4.000%	20,503,400.00	22,153,400.00
01/01/2010	1,715,000	4.000%	20,437,400.00	22,152,400.00
01/01/2011	8,460,000	**	20,368,800.00	28,828,800.00
01/01/2012	8,835,000	**	19,999,400.00	28,834,400.00
01/01/2013	9,225,000	**	19,604,700.00	28,829,700.00
01/01/2014	9,675,000	**	19,157,700.00	28,832,700.00
01/01/2015	10,130,000	**	18,698,150.00	28,828,150.00
01/01/2016	10,580,000	**	18,249,900.00	28,829,900.00
01/01/2017	11,040,000	**	17,790,200.00	28,830,200.00
01/01/2018	11,515,000	5.000%	17,316,300.00	28,831,300.00
01/01/2019	12,090,000	5.000%	16,740,550.00	28,830,550.00
01/01/2020	12,700,000	5.000%	16,136,050.00	28,836,050.00
01/01/2021	13,330,000	5.000%	15,501,050.00	28,831,050.00
01/01/2022	13,995,000	5.000%	14,834,550.00	28,829,550.00
01/01/2023	14,700,000	5.000%	14,134,800.00	28,834,800.00
01/01/2024	15,435,000	5.000%	13,399,800.00	28,834,800.00
01/01/2025	16,200,000	5.000%	12,628,050.00	28,828,050.00
01/01/2026	17,010,000	5.000%	11,818,050.00	28,828,050.00
01/01/2027	17,865,000	**	10,967,550.00	28,832,550.00
01/01/2028	18,755,000	**	10,077,100.00	28,832,100.00
01/01/2029	19,685,000	**	9,146,550.00	28,831,550.00
01/01/2030	20,595,000	4.750%	8,234,937.50	28,829,937.50
01/01/2031	21,580,000	4.750%	7,256,675.00	28,836,675.00
01/01/2032	22,600,000	**	6,231,625.00	28,831,625.00
01/01/2033	23,535,000	**	5,295,500.00	28,830,500.00
01/01/2034	24,515,000	**	4,319,637.50	28,834,637.50
01/01/2035	25,530,000	**	3,303,750.00	28,833,750.00
01/01/2036	26,585,000	**	2,246,350.00	28,831,350.00
01/01/2037	27,685,000	**	1,145,737.50	28,830,737.50
	448,595,000		397,073,685.28	845,668,685.28

BOND DEBT SERVICE BREAKDOWN

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Period Ending	Public Works Building	Police Headquarters	Total
01/01/2008	6,067,743.67	16,841,679.11	22,909,422.78
01/01/2009	6,071,160.00	16,082,240.00	22,153,400.00
01/01/2010	6,070,160.00	16,082,240.00	22,152,400.00
01/01/2011	6,066,560.00	22,762,240.00	28,828,800.00
01/01/2012	6,069,360.00	22,765,040.00	28,834,400.00
01/01/2013	6,066,710.00	22,762,990.00	28,829,700.00
01/01/2014	6,067,860.00	22,764,840.00	28,832,700.00
01/01/2015	6,066,410.00	22,761,740.00	28,828,150.00
01/01/2016	6,066,760.00	22,763,140.00	28,829,900.00
01/01/2017	6,069,760.00	22,760,440.00	28,830,200.00
01/01/2018	6,069,660.00	22,761,640.00	28,831,300.00
01/01/2019	6,068,410.00	22,762,140.00	28,830,550.00
01/01/2020	6,071,160.00	22,764,890.00	28,836,050.00
01/01/2021	6,067,410.00	22,763,640.00	28,831,050.00
01/01/2022	6,067,160.00	22,762,390.00	28,829,550.00
01/01/2023	6,069,910.00	22,764,890.00	28,834,800.00
01/01/2024	6,070,160.00	22,764,640.00	28,834,800.00
01/01/2025	6,067,660.00	22,760,390.00	28,828,050.00
01/01/2026	6,067,160.00	22,760,890.00	28,828,050.00
01/01/2027	6,068,160.00	22,764,390.00	28,832,550.00
01/01/2028	6,070,800.00	22,761,300.00	28,832,100.00
01/01/2029	6,069,900.00	22,761,650.00	28,831,550.00
01/01/2030	6,067,237.50	22,762,700.00	28,829,937.50
01/01/2031	6,071,325.00	22,765,350.00	28,836,675.00
01/01/2032	6,070,437.50	22,761,187.50	28,831,625.00
01/01/2033	6,068,500.00	22,762,000.00	28,830,500.00
01/01/2034	6,070,275.00	22,764,362.50	28,834,637.50
01/01/2035	6,068,610.00	22,765,140.00	28,833,750.00
01/01/2036	6,068,292.50	22,763,057.50	28,831,350.00
01/01/2037	6,068,897.50	22,761,840.00	28,830,737.50
	182,063,608.67	663,605,076.61	845,668,685.28

NET DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Period Ending	Total Debt Service	Capitalized Interest Fund (3/30/10)	Net Debt Service
07/01/2007	11,250,122.78	8,800,559.11	2,449,563.67
01/01/2008	11,659,300.00	8,041,120.00	3,618,180.00
07/01/2008	10,251,700.00	8,041,120.00	2,210,580.00
01/01/2009	11,901,700.00	8,041,120.00	3,860,580.00
07/01/2009	10,218,700.00	8,041,120.00	2,177,580.00
01/01/2010	11,933,700.00	8,041,120.00	3,892,580.00
07/01/2010	10,184,400.00	4,060,168.52	6,124,231.48
01/01/2011	18,644,400.00		18,644,400.00
07/01/2011	9,999,700.00		9,999,700.00
01/01/2012	18,834,700.00		18,834,700.00
07/01/2012	9,802,350.00		9,802,350.00
01/01/2013	19,027,350.00		19,027,350.00
07/01/2013	9,578,850.00		9,578,850.00
01/01/2014	19,253,850.00		19,253,850.00
07/01/2014	9,349,075.00		9,349,075.00
01/01/2015	19,479,075.00		19,479,075.00
07/01/2015	9,124,950.00		9,124,950.00
01/01/2016	19,704,950.00		19,704,950.00
07/01/2016	8,895,100.00		8,895,100.00
01/01/2017	19,935,100.00		19,935,100.00
07/01/2017	8,658,150.00		8,658,150.00
01/01/2018	20,173,150.00		20,173,150.00
07/01/2018	8,370,275.00		8,370,275.00
01/01/2019	20,460,275.00		20,460,275.00
07/01/2019	8,068,025.00		8,068,025.00
01/01/2020	20,768,025.00		20,768,025.00
07/01/2020	7,750,525.00		7,750,525.00
01/01/2021	21,080,525.00		21,080,525.00
07/01/2021	7,417,275.00		7,417,275.00
01/01/2022	21,412,275.00		21,412,275.00
07/01/2022	7,067,400.00		7,067,400.00
01/01/2023	21,767,400.00		21,767,400.00
07/01/2023	6,699,900.00		6,699,900.00
01/01/2024	22,134,900.00		22,134,900.00
07/01/2024	6,314,025.00		6,314,025.00
01/01/2025	22,514,025.00		22,514,025.00
07/01/2025	5,909,025.00		5,909,025.00
01/01/2026	22,919,025.00		22,919,025.00
07/01/2026	5,483,775.00		5,483,775.00
01/01/2027	23,348,775.00		23,348,775.00
07/01/2027	5,038,550.00		5,038,550.00
01/01/2028	23,793,550.00		23,793,550.00
07/01/2028	4,573,275.00		4,573,275.00
01/01/2029	24,258,275.00		24,258,275.00
07/01/2029	4,117,468.75		4,117,468.75
01/01/2030	24,712,468.75		24,712,468.75
07/01/2030	3,628,337.50		3,628,337.50
01/01/2031	25,208,337.50		25,208,337.50
07/01/2031	3,115,812.50		3,115,812.50
01/01/2032	25,715,812.50		25,715,812.50
07/01/2032	2,647,750.00		2,647,750.00

NET DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Period Ending	Total Debt Service	Capitalized Interest Fund (3/30/10)	Net Debt Service
01/01/2033	26,182,750.00		26,182,750.00
07/01/2033	2,159,818.75		2,159,818.75
01/01/2034	26,674,818.75		26,674,818.75
07/01/2034	1,651,875.00		1,651,875.00
01/01/2035	27,181,875.00		27,181,875.00
07/01/2035	1,123,175.00		1,123,175.00
01/01/2036	27,708,175.00		27,708,175.00
07/01/2036	572,868.75		572,868.75
01/01/2037	28,257,868.75		28,257,868.75
	845,668,685.28	53,066,327.63	792,602,357.65

NET DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Period Ending	Total Debt Service	Net Debt Service
07/01/2007	2,449,563.67	2,449,563.67
01/01/2008	3,618,180.00	3,618,180.00
07/01/2008	2,210,580.00	2,210,580.00
01/01/2009	3,860,580.00	3,860,580.00
07/01/2009	2,177,580.00	2,177,580.00
01/01/2010	3,892,580.00	3,892,580.00
07/01/2010	2,143,280.00	2,143,280.00
01/01/2011	3,923,280.00	3,923,280.00
07/01/2011	2,104,680.00	2,104,680.00
01/01/2012	3,964,680.00	3,964,680.00
07/01/2012	2,063,355.00	2,063,355.00
01/01/2013	4,003,355.00	4,003,355.00
07/01/2013	2,016,430.00	2,016,430.00
01/01/2014	4,051,430.00	4,051,430.00
07/01/2014	1,968,205.00	1,968,205.00
01/01/2015	4,098,205.00	4,098,205.00
07/01/2015	1,920,880.00	1,920,880.00
01/01/2016	4,145,880.00	4,145,880.00
07/01/2016	1,872,380.00	1,872,380.00
01/01/2017	4,197,380.00	4,197,380.00
07/01/2017	1,822,330.00	1,822,330.00
01/01/2018	4,247,330.00	4,247,330.00
07/01/2018	1,761,705.00	1,761,705.00
01/01/2019	4,306,705.00	4,306,705.00
07/01/2019	1,698,080.00	1,698,080.00
01/01/2020	4,373,080.00	4,373,080.00
07/01/2020	1,631,205.00	1,631,205.00
01/01/2021	4,436,205.00	4,436,205.00
07/01/2021	1,561,080.00	1,561,080.00
01/01/2022	4,506,080.00	4,506,080.00
07/01/2022	1,487,455.00	1,487,455.00
01/01/2023	4,582,455.00	4,582,455.00
07/01/2023	1,410,080.00	1,410,080.00
01/01/2024	4,660,080.00	4,660,080.00
07/01/2024	1,328,830.00	1,328,830.00
01/01/2025	4,738,830.00	4,738,830.00
07/01/2025	1,243,580.00	1,243,580.00
01/01/2026	4,823,580.00	4,823,580.00
07/01/2026	1,154,080.00	1,154,080.00
01/01/2027	4,914,080.00	4,914,080.00
07/01/2027	1,060,400.00	1,060,400.00
01/01/2028	5,010,400.00	5,010,400.00
07/01/2028	962,450.00	962,450.00
01/01/2029	5,107,450.00	5,107,450.00
07/01/2029	866,118.75	866,118.75
01/01/2030	5,201,118.75	5,201,118.75
07/01/2030	763,162.50	763,162.50
01/01/2031	5,308,162.50	5,308,162.50
07/01/2031	655,218.75	655,218.75
01/01/2032	5,415,218.75	5,415,218.75
07/01/2032	556,750.00	556,750.00

NET DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Period Ending	Total Debt Service	Net Debt Service
01/01/2033	5,511,750.00	5,511,750.00
07/01/2033	454,137.50	454,137.50
01/01/2034	5,616,137.50	5,616,137.50
07/01/2034	347,305.00	347,305.00
01/01/2035	5,721,305.00	5,721,305.00
07/01/2035	236,146.25	236,146.25
01/01/2036	5,832,146.25	5,832,146.25
07/01/2036	120,448.75	120,448.75
01/01/2037	5,948,448.75	5,948,448.75
	182,063,608.67	182,063,608.67

NET DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Period Ending	Total Debt Service	Capitalized Interest Fund (3/30/10)	Net Debt Service
07/01/2007	8,800,559.11	8,800,559.11	
01/01/2008	8,041,120.00	8,041,120.00	
07/01/2008	8,041,120.00	8,041,120.00	
01/01/2009	8,041,120.00	8,041,120.00	
07/01/2009	8,041,120.00	8,041,120.00	
01/01/2010	8,041,120.00	8,041,120.00	
07/01/2010	8,041,120.00	4,060,168.52	3,980,951.48
01/01/2011	14,721,120.00		14,721,120.00
07/01/2011	7,895,020.00		7,895,020.00
01/01/2012	14,870,020.00		14,870,020.00
07/01/2012	7,738,995.00		7,738,995.00
01/01/2013	15,023,995.00		15,023,995.00
07/01/2013	7,562,420.00		7,562,420.00
01/01/2014	15,202,420.00		15,202,420.00
07/01/2014	7,380,870.00		7,380,870.00
01/01/2015	15,380,870.00		15,380,870.00
07/01/2015	7,204,070.00		7,204,070.00
01/01/2016	15,559,070.00		15,559,070.00
07/01/2016	7,022,720.00		7,022,720.00
01/01/2017	15,737,720.00		15,737,720.00
07/01/2017	6,835,820.00		6,835,820.00
01/01/2018	15,925,820.00		15,925,820.00
07/01/2018	6,608,570.00		6,608,570.00
01/01/2019	16,153,570.00		16,153,570.00
07/01/2019	6,369,945.00		6,369,945.00
01/01/2020	16,394,945.00		16,394,945.00
07/01/2020	6,119,320.00		6,119,320.00
01/01/2021	16,644,320.00		16,644,320.00
07/01/2021	5,856,195.00		5,856,195.00
01/01/2022	16,906,195.00		16,906,195.00
07/01/2022	5,579,945.00		5,579,945.00
01/01/2023	17,184,945.00		17,184,945.00
07/01/2023	5,289,820.00		5,289,820.00
01/01/2024	17,474,820.00		17,474,820.00
07/01/2024	4,985,195.00		4,985,195.00
01/01/2025	17,775,195.00		17,775,195.00
07/01/2025	4,665,445.00		4,665,445.00
01/01/2026	18,095,445.00		18,095,445.00
07/01/2026	4,329,695.00		4,329,695.00
01/01/2027	18,434,695.00		18,434,695.00
07/01/2027	3,978,150.00		3,978,150.00
01/01/2028	18,783,150.00		18,783,150.00
07/01/2028	3,610,825.00		3,610,825.00
01/01/2029	19,150,825.00		19,150,825.00
07/01/2029	3,251,350.00		3,251,350.00
01/01/2030	19,511,350.00		19,511,350.00
07/01/2030	2,865,175.00		2,865,175.00
01/01/2031	19,900,175.00		19,900,175.00
07/01/2031	2,460,593.75		2,460,593.75
01/01/2032	20,300,593.75		20,300,593.75

NET DEBT SERVICE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Period Ending	Total Debt Service	Capitalized Interest Fund (3/30/10)	Net Debt Service
07/01/2032	2,091,000.00		2,091,000.00
01/01/2033	20,671,000.00		20,671,000.00
07/01/2033	1,705,681.25		1,705,681.25
01/01/2034	21,058,681.25		21,058,681.25
07/01/2034	1,304,570.00		1,304,570.00
01/01/2035	21,460,570.00		21,460,570.00
07/01/2035	887,028.75		887,028.75
01/01/2036	21,876,028.75		21,876,028.75
07/01/2036	452,420.00		452,420.00
01/01/2037	22,309,420.00		22,309,420.00
	663,605,076.61	53,066,327.63	610,538,748.98

BOND PRICING

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Yield to Maturity
Serial Bond:							
	01/01/2008	1,380,000	4.000%	3.370%	100.641		
	01/01/2009	1,650,000	4.000%	3.400%	101.175		
	01/01/2010	1,715,000	4.000%	3.430%	101.634		
	01/01/2011	5,360,000	4.000%	3.470%	101.983		
	01/01/2011	3,100,000	5.000%	3.470%	105.729		
	01/01/2012	4,705,000	4.000%	3.500%	102.293		
	01/01/2012	4,130,000	5.000%	3.500%	106.883		
	01/01/2013	1,425,000	4.000%	3.540%	102.482		
	01/01/2013	7,800,000	5.000%	3.540%	107.883		
	01/01/2014	2,420,000	4.000%	3.570%	102.656		
	01/01/2014	7,255,000	5.000%	3.570%	108.838		
	01/01/2015	5,825,000	4.000%	3.630%	102.560		
	01/01/2015	4,305,000	5.000%	3.630%	109.484		
	01/01/2016	6,930,000	4.000%	3.690%	102.364		
	01/01/2016	3,650,000	5.000%	3.690%	109.997		
	01/01/2017	7,810,000	4.000%	3.740%	102.159		
	01/01/2017	3,230,000	5.000%	3.740%	110.470		
	01/01/2018	11,515,000	5.000%	3.800%	109.942	C	3.884%
	01/01/2019	12,090,000	5.000%	3.840%	109.592	C	3.989%
	01/01/2020	12,700,000	5.000%	3.870%	109.330	C	4.071%
	01/01/2021	13,330,000	5.000%	3.900%	109.069	C	4.142%
	01/01/2022	13,995,000	5.000%	3.920%	108.896	C	4.196%
	01/01/2023	14,700,000	5.000%	3.940%	108.722	C	4.245%
	01/01/2024	15,435,000	5.000%	3.960%	108.549	C	4.288%
	01/01/2025	16,200,000	5.000%	3.980%	108.377	C	4.326%
	01/01/2026	17,010,000	5.000%	3.990%	108.291	C	4.355%
	01/01/2027	350,000	4.200%	4.330%	98.267		
	01/01/2027	17,515,000	5.000%	4.000%	108.205	C	4.381%
	01/01/2028	900,000	4.200%	4.340%	98.078		
	01/01/2028	17,855,000	5.000%	4.010%	108.119	C	4.404%
	01/01/2029	9,685,000	4.250%	4.350%	98.589		
	01/01/2029	10,000,000	5.000%	4.020%	108.033	C	4.426%
		255,970,000					
2031 Term Bond:							
	01/01/2031	42,175,000	4.750%	4.150%	104.886	C	4.418%
2037 Term Bond:							
	01/01/2037	25,000,000	3.000%	4.430%	76.371		
2037 Term Bond:							
	01/01/2037	65,450,000	4.250%	4.430%	97.023		
2037 Term Bond:							
	01/01/2037	60,000,000	4.500%	4.430%	100.560	C	4.466%
		448,595,000					

BOND PRICING

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Dated Date	12/14/2006	
Delivery Date	12/14/2006	
First Coupon	07/01/2007	
Par Amount	448,595,000.00	
Premium	13,064,283.75	
Production	461,659,283.75	102.912267%
Underwriter's Discount	-1,259,206.17	-0.280700%
Purchase Price	460,400,077.58	102.631567%
Accrued Interest		
Net Proceeds	460,400,077.58	

BOND PRICING

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Yield to Maturity
Serial Bond:							
	01/01/2008	1,380,000	4.000%	3.370%	100.641		
	01/01/2009	1,650,000	4.000%	3.400%	101.175		
	01/01/2010	1,715,000	4.000%	3.430%	101.634		
	01/01/2011	1,180,000	4.000%	3.470%	101.983		
	01/01/2011	600,000	5.000%	3.470%	105.729		
	01/01/2012	1,035,000	4.000%	3.500%	102.293		
	01/01/2012	825,000	5.000%	3.500%	106.883		
	01/01/2013	315,000	4.000%	3.540%	102.482		
	01/01/2013	1,625,000	5.000%	3.540%	107.883		
	01/01/2014	530,000	4.000%	3.570%	102.656		
	01/01/2014	1,505,000	5.000%	3.570%	108.838		
	01/01/2015	1,185,000	4.000%	3.630%	102.560		
	01/01/2015	945,000	5.000%	3.630%	109.484		
	01/01/2016	1,425,000	4.000%	3.690%	102.364		
	01/01/2016	800,000	5.000%	3.690%	109.997		
	01/01/2017	1,615,000	4.000%	3.740%	102.159		
	01/01/2017	710,000	5.000%	3.740%	110.470		
	01/01/2018	2,425,000	5.000%	3.800%	109.942	C	3.884%
	01/01/2019	2,545,000	5.000%	3.840%	109.592	C	3.989%
	01/01/2020	2,675,000	5.000%	3.870%	109.330	C	4.071%
	01/01/2021	2,805,000	5.000%	3.900%	109.069	C	4.142%
	01/01/2022	2,945,000	5.000%	3.920%	108.896	C	4.196%
	01/01/2023	3,095,000	5.000%	3.940%	108.722	C	4.245%
	01/01/2024	3,250,000	5.000%	3.960%	108.549	C	4.288%
	01/01/2025	3,410,000	5.000%	3.980%	108.377	C	4.326%
	01/01/2026	3,580,000	5.000%	3.990%	108.291	C	4.355%
	01/01/2027	80,000	4.200%	4.330%	98.267		
	01/01/2027	3,680,000	5.000%	4.000%	108.205	C	4.381%
	01/01/2028	200,000	4.200%	4.340%	98.078		
	01/01/2028	3,750,000	5.000%	4.010%	108.119	C	4.404%
	01/01/2029	1,945,000	4.250%	4.350%	98.589		
	01/01/2029	2,200,000	5.000%	4.020%	108.033	C	4.426%
		57,625,000					
2031 Term Bond:	01/01/2031	8,880,000	4.750%	4.150%	104.886	C	4.418%
2037 Term Bond:	01/01/2037	5,500,000	3.000%	4.430%	76.371		
2037 Term Bond:	01/01/2037	12,975,000	4.250%	4.430%	97.023		
2037 Term Bond:	01/01/2037	13,200,000	4.500%	4.430%	100.560	C	4.466%
		98,180,000					

BOND PRICING

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Dated Date	12/14/2006	
Delivery Date	12/14/2006	
First Coupon	07/01/2007	
Par Amount	98,180,000.00	
Premium	2,774,196.65	
Production	100,954,196.65	102.825623%
Underwriter's Discount	-275,591.26	-0.280700%
Purchase Price	100,678,605.39	102.544923%
Accrued Interest		
Net Proceeds	100,678,605.39	

BOND PRICING

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Yield to Maturity
Serial Bond:							
	01/01/2011	4,180,000	4.000%	3.470%	101.983		
	01/01/2011	2,500,000	5.000%	3.470%	105.729		
	01/01/2012	3,670,000	4.000%	3.500%	102.293		
	01/01/2012	3,305,000	5.000%	3.500%	106.883		
	01/01/2013	1,110,000	4.000%	3.540%	102.482		
	01/01/2013	6,175,000	5.000%	3.540%	107.883		
	01/01/2014	1,890,000	4.000%	3.570%	102.656		
	01/01/2014	5,750,000	5.000%	3.570%	108.838		
	01/01/2015	4,640,000	4.000%	3.630%	102.560		
	01/01/2015	3,360,000	5.000%	3.630%	109.484		
	01/01/2016	5,505,000	4.000%	3.690%	102.364		
	01/01/2016	2,850,000	5.000%	3.690%	109.997		
	01/01/2017	6,195,000	4.000%	3.740%	102.159		
	01/01/2017	2,520,000	5.000%	3.740%	110.470		
	01/01/2018	9,090,000	5.000%	3.800%	109.942	C	3.884%
	01/01/2019	9,545,000	5.000%	3.840%	109.592	C	3.989%
	01/01/2020	10,025,000	5.000%	3.870%	109.330	C	4.071%
	01/01/2021	10,525,000	5.000%	3.900%	109.069	C	4.142%
	01/01/2022	11,050,000	5.000%	3.920%	108.896	C	4.196%
	01/01/2023	11,605,000	5.000%	3.940%	108.722	C	4.245%
	01/01/2024	12,185,000	5.000%	3.960%	108.549	C	4.288%
	01/01/2025	12,790,000	5.000%	3.980%	108.377	C	4.326%
	01/01/2026	13,430,000	5.000%	3.990%	108.291	C	4.355%
	01/01/2027	270,000	4.200%	4.330%	98.267		
	01/01/2027	13,835,000	5.000%	4.000%	108.205	C	4.381%
	01/01/2028	700,000	4.200%	4.340%	98.078		
	01/01/2028	14,105,000	5.000%	4.010%	108.119	C	4.404%
	01/01/2029	7,740,000	4.250%	4.350%	98.589		
	01/01/2029	7,800,000	5.000%	4.020%	108.033	C	4.426%
		198,345,000					
2031 Term Bond:							
	01/01/2031	33,295,000	4.750%	4.150%	104.886	C	4.418%
2037 Term Bond:							
	01/01/2037	19,500,000	3.000%	4.430%	76.371		
2037 Term Bond:							
	01/01/2037	52,475,000	4.250%	4.430%	97.023		
2037 Term Bond:							
	01/01/2037	46,800,000	4.500%	4.430%	100.560	C	4.466%
		350,415,000					

BOND PRICING

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Dated Date	12/14/2006	
Delivery Date	12/14/2006	
First Coupon	07/01/2007	
Par Amount	350,415,000.00	
Premium	10,290,087.10	
Production	360,705,087.10	102.936543%
Underwriter's Discount	-983,614.91	-0.280700%
Purchase Price	359,721,472.19	102.655843%
Accrued Interest		
Net Proceeds	359,721,472.19	

BOND MATURITY TABLE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Maturity Date	Serial Bond	2031 Term Bond	2037 Term Bond	2037 Term Bond	2037 Term Bond	Total
01/01/2008	1,380,000					1,380,000
01/01/2009	1,650,000					1,650,000
01/01/2010	1,715,000					1,715,000
01/01/2011	8,460,000					8,460,000
01/01/2012	8,835,000					8,835,000
01/01/2013	9,225,000					9,225,000
01/01/2014	9,675,000					9,675,000
01/01/2015	10,130,000					10,130,000
01/01/2016	10,580,000					10,580,000
01/01/2017	11,040,000					11,040,000
01/01/2018	11,515,000					11,515,000
01/01/2019	12,090,000					12,090,000
01/01/2020	12,700,000					12,700,000
01/01/2021	13,330,000					13,330,000
01/01/2022	13,995,000					13,995,000
01/01/2023	14,700,000					14,700,000
01/01/2024	15,435,000					15,435,000
01/01/2025	16,200,000					16,200,000
01/01/2026	17,010,000					17,010,000
01/01/2027	17,865,000					17,865,000
01/01/2028	18,755,000					18,755,000
01/01/2029	19,685,000					19,685,000
01/01/2030		20,595,000				20,595,000
01/01/2031		21,580,000				21,580,000
01/01/2032			3,750,000	9,850,000	9,000,000	22,600,000
01/01/2033			3,750,000	10,785,000	9,000,000	23,535,000
01/01/2034			4,000,000	10,915,000	9,600,000	24,515,000
01/01/2035			4,250,000	11,080,000	10,200,000	25,530,000
01/01/2036			4,500,000	11,285,000	10,800,000	26,585,000
01/01/2037			4,750,000	11,535,000	11,400,000	27,685,000
	255,970,000	42,175,000	25,000,000	65,450,000	60,000,000	448,595,000

BOND MATURITY TABLE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Maturity Date	Serial Bond	2031 Term Bond	2037 Term Bond	2037 Term Bond	2037 Term Bond	Total
01/01/2008	1,380,000					1,380,000
01/01/2009	1,650,000					1,650,000
01/01/2010	1,715,000					1,715,000
01/01/2011	1,780,000					1,780,000
01/01/2012	1,860,000					1,860,000
01/01/2013	1,940,000					1,940,000
01/01/2014	2,035,000					2,035,000
01/01/2015	2,130,000					2,130,000
01/01/2016	2,225,000					2,225,000
01/01/2017	2,325,000					2,325,000
01/01/2018	2,425,000					2,425,000
01/01/2019	2,545,000					2,545,000
01/01/2020	2,675,000					2,675,000
01/01/2021	2,805,000					2,805,000
01/01/2022	2,945,000					2,945,000
01/01/2023	3,095,000					3,095,000
01/01/2024	3,250,000					3,250,000
01/01/2025	3,410,000					3,410,000
01/01/2026	3,580,000					3,580,000
01/01/2027	3,760,000					3,760,000
01/01/2028	3,950,000					3,950,000
01/01/2029	4,145,000					4,145,000
01/01/2030		4,335,000				4,335,000
01/01/2031		4,545,000				4,545,000
01/01/2032			825,000	1,955,000	1,980,000	4,760,000
01/01/2033			825,000	2,150,000	1,980,000	4,955,000
01/01/2034			880,000	2,170,000	2,112,000	5,162,000
01/01/2035			935,000	2,195,000	2,244,000	5,374,000
01/01/2036			990,000	2,230,000	2,376,000	5,596,000
01/01/2037			1,045,000	2,275,000	2,508,000	5,828,000
	57,625,000	8,880,000	5,500,000	12,975,000	13,200,000	98,180,000

BOND MATURITY TABLE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Maturity Date	Serial Bond	2031 Term Bond	2037 Term Bond	2037 Term Bond	2037 Term Bond	Total
01/01/2011	6,680,000					6,680,000
01/01/2012	6,975,000					6,975,000
01/01/2013	7,285,000					7,285,000
01/01/2014	7,640,000					7,640,000
01/01/2015	8,000,000					8,000,000
01/01/2016	8,355,000					8,355,000
01/01/2017	8,715,000					8,715,000
01/01/2018	9,090,000					9,090,000
01/01/2019	9,545,000					9,545,000
01/01/2020	10,025,000					10,025,000
01/01/2021	10,525,000					10,525,000
01/01/2022	11,050,000					11,050,000
01/01/2023	11,605,000					11,605,000
01/01/2024	12,185,000					12,185,000
01/01/2025	12,790,000					12,790,000
01/01/2026	13,430,000					13,430,000
01/01/2027	14,105,000					14,105,000
01/01/2028	14,805,000					14,805,000
01/01/2029	15,540,000					15,540,000
01/01/2030		16,260,000				16,260,000
01/01/2031		17,035,000				17,035,000
01/01/2032			2,925,000	7,895,000	7,020,000	17,840,000
01/01/2033			2,925,000	8,635,000	7,020,000	18,580,000
01/01/2034			3,120,000	8,745,000	7,488,000	19,353,000
01/01/2035			3,315,000	8,885,000	7,956,000	20,156,000
01/01/2036			3,510,000	9,055,000	8,424,000	20,989,000
01/01/2037			3,705,000	9,260,000	8,892,000	21,857,000
	198,345,000	33,295,000	19,500,000	52,475,000	46,800,000	350,415,000

CAPITALIZED INTEREST FUND

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Date	Deposit	Interest @ 4.239628%	Principal	External	Scheduled Draws	Balance
12/14/2006	52,982,046.22					52,982,046.22
07/01/2007		1,229,193.36	8,800,559.11	-1,229,193.36	8,800,559.11	44,181,487.11
01/01/2008		936,565.35	8,041,120.00	-936,565.35	8,041,120.00	36,140,367.11
07/01/2008		766,108.56	8,041,120.00	-766,108.56	8,041,120.00	28,099,247.11
01/01/2009		595,651.77	8,041,120.00	-595,651.77	8,041,120.00	20,058,127.11
07/01/2009		425,194.99	8,041,120.00	-425,194.99	8,041,120.00	12,017,007.11
01/01/2010		254,738.20	8,041,120.00	-254,738.20	8,041,120.00	3,975,887.11
07/01/2010		84,281.41	3,975,887.11	-84,281.41	3,975,887.11	
	52,982,046.22	4,291,733.64	52,982,046.22	-4,291,733.64	52,982,046.22	

Yield To Receipt Date:	4.2383751%
Arbitrage Yield:	4.2397406%
Value of Negative Arbitrage:	1,302.33

Notes:
Parallel cash flows were run using Munex software by the Financial Advisor, Montague Derose and Associates.
The two software programs produced a slightly different arbitrage yield, and to error on the side of caution, we are using the lower arbitrage yield.
Munex calculates the Arbitrage Yield to be 4.239628%, and DBC calculates it to be 4.239741%.

PROJECT FUND

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Project Construction Fund (PRO01)

Date	Deposit	Interest @ 4.239628%	Principal	Scheduled Draws	Balance
12/14/2006	100,000,000		100,000,000	100,000,000	
	100,000,000	0	100,000,000	100,000,000	

Arbitrage Yield: 4.2397406%

Notes:
Parallel cash flows were run using Munex software by the Financial Advisor, Montague Derose and Associates.
The two software programs produced a slightly different arbitrage yield, and to error on the side of caution, we are using the lower arbitrage yield.
Munex calculates the Arbitrage Yield to be 4.239628%, and DBC calculates it to be 4.239741%.

PROJECT FUND

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Project Construction Fund (PRO01)

Date	Deposit	Interest @ 4.239628%	Principal	Capitalized Interest Fund (3/30/10)	Scheduled Draws	Balance
12/14/2006	304,286,630.35		97,404,477.06		97,404,477.06	206,882,153.29
01/01/2007		414,187.70	-414,187.70			207,296,340.99
04/01/2007			49,136,477.00		49,136,477.00	158,159,863.99
07/01/2007		3,873,495.90	33,423,787.74	1,229,193.36	38,526,477.00	124,736,076.25
10/01/2007			29,186,476.99		29,186,476.99	95,549,599.26
01/01/2008		2,334,823.30	20,755,088.34	936,565.35	24,026,476.99	74,794,510.92
04/01/2008			14,186,476.99		14,186,476.99	60,608,033.93
07/01/2008		1,435,141.05	11,350,227.38	766,108.56	13,551,476.99	49,257,806.55
10/01/2008			14,211,477.00		14,211,477.00	35,046,329.55
01/01/2009		893,545.44	13,476,051.79	595,651.77	14,965,249.00	21,570,277.76
04/01/2009			11,211,723.00		11,211,723.00	10,358,554.76
07/01/2009		338,415.93	6,698,866.07	425,194.99	7,462,476.99	3,659,688.69
10/01/2009		38,789.30	3,659,688.69		3,698,477.99	
	304,286,630.35	9,328,398.62	304,286,630.35	3,952,714.03	317,567,743.00	

Yield To Receipt Date:	4.2386086%
Arbitrage Yield:	4.2397406%
Value of Negative Arbitrage:	2,387.31

Notes:
Parallel cash flows were run using Munex software by the Financial Advisor, Montague Derose and Associates.
The two software programs produced a slightly different arbitrage yield, and to error on the side of caution, we are using the lower arbitrage yield.
Munex calculates the Arbitrage Yield to be 4.239628%, and DBC calculates it to be 4.239741%.

CALL PROVISIONS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Public Works Building

Call Provisions

Call Date	Call Price
01/01/2017	100.00

CALL PROVISIONS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06
Police Headquarters

Call Provisions

Call Date	Call Price
01/01/2017	100.00

COST OF ISSUANCE

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Cost of Issuance	$/1000	Amount
Title Work/Insurance	0.44584	200,000.00
Bond and Tax Counsel	0.28868	129,500.00
Disclosure Counsel	0.11146	50,000.00
Financial Advisors	0.28979	130,000.00
Rating Agency	0.37116	166,500.00
Trustee	0.00803	3,600.00
Printer	0.02229	10,000.00
Independent Review	0.04458	20,000.00
Contingency	0.09295	41,698.01
Appendix A	0.02229	10,000.00
	1.69707	761,298.01

FORM 8038 STATISTICS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Dated Date	12/14/2006
Delivery Date	12/14/2006

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	01/01/2008	1,380,000.00	4.000%	100.641	1,388,845.80	1,380,000.00
	01/01/2009	1,650,000.00	4.000%	101.175	1,669,387.50	1,650,000.00
	01/01/2010	1,715,000.00	4.000%	101.634	1,743,023.10	1,715,000.00
	01/01/2011	5,360,000.00	4.000%	101.983	5,466,288.80	5,360,000.00
	01/01/2011	3,100,000.00	5.000%	105.729	3,277,599.00	3,100,000.00
	01/01/2012	4,705,000.00	4.000%	102.293	4,812,885.65	4,705,000.00
	01/01/2012	4,130,000.00	5.000%	106.883	4,414,267.90	4,130,000.00
	01/01/2013	1,425,000.00	4.000%	102.482	1,460,368.50	1,425,000.00
	01/01/2013	7,800,000.00	5.000%	107.883	8,414,874.00	7,800,000.00
	01/01/2014	2,420,000.00	4.000%	102.656	2,484,275.20	2,420,000.00
	01/01/2014	7,255,000.00	5.000%	108.838	7,896,196.90	7,255,000.00
	01/01/2015	5,825,000.00	4.000%	102.560	5,974,120.00	5,825,000.00
	01/01/2015	4,305,000.00	5.000%	109.484	4,713,286.20	4,305,000.00
	01/01/2016	6,930,000.00	4.000%	102.364	7,093,825.20	6,930,000.00
	01/01/2016	3,650,000.00	5.000%	109.997	4,014,890.50	3,650,000.00
	01/01/2017	7,810,000.00	4.000%	102.159	7,978,617.90	7,810,000.00
	01/01/2017	3,230,000.00	5.000%	110.470	3,568,181.00	3,230,000.00
	01/01/2018	11,515,000.00	5.000%	109.942	12,659,821.30	11,515,000.00
	01/01/2019	12,090,000.00	5.000%	109.592	13,249,672.80	12,090,000.00
	01/01/2020	12,700,000.00	5.000%	109.330	13,884,910.00	12,700,000.00
	01/01/2021	13,330,000.00	5.000%	109.069	14,538,897.70	13,330,000.00
	01/01/2022	13,995,000.00	5.000%	108.896	15,239,995.20	13,995,000.00
	01/01/2023	14,700,000.00	5.000%	108.722	15,982,134.00	14,700,000.00
	01/01/2024	15,435,000.00	5.000%	108.549	16,754,538.15	15,435,000.00
	01/01/2025	16,200,000.00	5.000%	108.377	17,557,074.00	16,200,000.00
	01/01/2026	17,010,000.00	5.000%	108.291	18,420,299.10	17,010,000.00
	01/01/2027	350,000.00	4.200%	98.267	343,934.50	350,000.00
	01/01/2027	17,515,000.00	5.000%	108.205	18,952,105.75	17,515,000.00
	01/01/2028	900,000.00	4.200%	98.078	882,702.00	900,000.00
	01/01/2028	17,855,000.00	5.000%	108.119	19,304,647.45	17,855,000.00
	01/01/2029	9,685,000.00	4.250%	98.589	9,548,344.65	9,685,000.00
	01/01/2029	10,000,000.00	5.000%	108.033	10,803,300.00	10,000,000.00
2031 Term Bond:						
	01/01/2030	20,595,000.00	4.750%	104.886	21,601,271.70	20,595,000.00
	01/01/2031	21,580,000.00	4.750%	104.886	22,634,398.80	21,580,000.00
2037 Term Bond:						
	01/01/2032	3,750,000.00	3.000%	76.371	2,863,912.50	3,750,000.00
	01/01/2033	3,750,000.00	3.000%	76.371	2,863,912.50	3,750,000.00
	01/01/2034	4,000,000.00	3.000%	76.371	3,054,840.00	4,000,000.00
	01/01/2035	4,250,000.00	3.000%	76.371	3,245,767.50	4,250,000.00
	01/01/2036	4,500,000.00	3.000%	76.371	3,436,695.00	4,500,000.00
	01/01/2037	4,750,000.00	3.000%	76.371	3,627,622.50	4,750,000.00
2037 Term Bond:						
	01/01/2032	9,850,000.00	4.250%	97.023	9,556,765.50	9,850,000.00

FORM 8038 STATISTICS

City of Los Angeles
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds Series 2006-A
(Police Headquarters Facility and Public Works Building)
Final Numbers 12-5-06

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
2037 Term Bond:						
	01/01/2033	10,785,000.00	4.250%	97.023	10,463,930.55	10,785,000.00
	01/01/2034	10,915,000.00	4.250%	97.023	10,590,060.45	10,915,000.00
	01/01/2035	11,080,000.00	4.250%	97.023	10,750,148.40	11,080,000.00
	01/01/2036	11,285,000.00	4.250%	97.023	10,949,045.55	11,285,000.00
	01/01/2037	11,535,000.00	4.250%	97.023	11,191,603.05	11,535,000.00
2037 Term Bond:						
	01/01/2032	9,000,000.00	4.500%	100.560	9,050,400.00	9,000,000.00
	01/01/2033	9,000,000.00	4.500%	100.560	9,050,400.00	9,000,000.00
	01/01/2034	9,600,000.00	4.500%	100.560	9,653,760.00	9,600,000.00
	01/01/2035	10,200,000.00	4.500%	100.560	10,257,120.00	10,200,000.00
	01/01/2036	10,800,000.00	4.500%	100.560	10,860,480.00	10,800,000.00
	01/01/2037	11,400,000.00	4.500%	100.560	11,463,840.00	11,400,000.00
		448,595,000.00			461,659,283.75	448,595,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	01/01/2037	4.187%	26,283,065.55	27,685,000.00			
Entire Issue			461,659,283.75	448,595,000.00	19.2961	4.2397%	4.3107%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	2,020,504.18
Proceeds used for credit enhancement	2,370,103.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

Proof of Premium Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
01/01/2018	-	-	12,280,677.64	No
01/01/2018	01/01/2017	100.000%	12,225,011.89	Yes
01/01/2019	-	-	12,949,955.81	No
01/01/2019	01/01/2017	100.000%	12,835,466.24	Yes
01/01/2020	-	-	13,659,797.91	No
01/01/2020	01/01/2017	100.000%	13,483,078.69	Yes
01/01/2021	-	-	14,394,229.01	No
01/01/2021	01/01/2017	100.000%	14,151,924.32	Yes
01/01/2022	-	-	15,169,523.45	No
01/01/2022	01/01/2017	100.000%	14,857,928.05	Yes
01/01/2023	-	-	15,991,305.98	No
01/01/2023	01/01/2017	100.000%	15,606,398.16	Yes
01/01/2024	-	-	16,848,882.31	No
01/01/2024	01/01/2017	100.000%	16,386,718.07	Yes
01/01/2025	-	-	17,742,342.79	No
01/01/2025	01/01/2017	100.000%	17,198,887.78	Yes
01/01/2026	-	-	18,688,245.15	No
01/01/2026	01/01/2017	100.000%	18,058,832.16	Yes
01/01/2027	-	-	19,301,113.15	No
01/01/2027	01/01/2017	100.000%	18,594,970.33	Yes
01/01/2028	-	-	19,732,524.31	No
01/01/2028	01/01/2017	100.000%	18,955,934.65	Yes
01/01/2029	-	-	11,082,011.99	No
01/01/2029	01/01/2017	100.000%	10,616,597.39	Yes
01/01/2031	-	-	45,360,996.82	No
01/01/2031	01/01/2017	100.000%	43,920,177.47	Yes

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

Proof of D/S for Arbitrage Purposes

Part 1 of 2

Date	Principal	Interest	Term 3 Adj.	Total
12/14/2006	-	-	-	-
07/01/2007	-	11,250,122.78	-	11,250,122.78
01/01/2008	1,380,000.00	10,279,300.00	-	11,659,300.00
07/01/2008	-	10,251,700.00	-	10,251,700.00
01/01/2009	1,650,000.00	10,251,700.00	-	11,901,700.00
07/01/2009	-	10,218,700.00	-	10,218,700.00
01/01/2010	1,715,000.00	10,218,700.00	-	11,933,700.00
07/01/2010	-	10,184,400.00	-	10,184,400.00
01/01/2011	8,460,000.00	10,184,400.00	-	18,644,400.00
07/01/2011	-	9,999,700.00	-	9,999,700.00
01/01/2012	8,835,000.00	9,999,700.00	-	18,834,700.00
07/01/2012	-	9,802,350.00	-	9,802,350.00
01/01/2013	9,225,000.00	9,802,350.00	-	19,027,350.00
07/01/2013	-	9,578,850.00	-	9,578,850.00
01/01/2014	9,675,000.00	9,578,850.00	-	19,253,850.00
07/01/2014	-	9,349,075.00	-	9,349,075.00
01/01/2015	10,130,000.00	9,349,075.00	-	19,479,075.00
07/01/2015	-	9,124,950.00	-	9,124,950.00
01/01/2016	10,580,000.00	9,124,950.00	-	19,704,950.00
07/01/2016	-	8,895,100.00	-	8,895,100.00
01/01/2017	225,560,000.00	8,895,100.00	-	234,455,100.00
07/01/2017	-	3,347,868.75	-	3,347,868.75
01/01/2018	-	3,347,868.75	-	3,347,868.75
07/01/2018	-	3,347,868.75	-	3,347,868.75
01/01/2019	-	3,347,868.75	-	3,347,868.75
07/01/2019	-	3,347,868.75	-	3,347,868.75
01/01/2020	-	3,347,868.75	-	3,347,868.75
07/01/2020	-	3,347,868.75	-	3,347,868.75
01/01/2021	-	3,347,868.75	-	3,347,868.75
07/01/2021	-	3,347,868.75	-	3,347,868.75
01/01/2022	-	3,347,868.75	-	3,347,868.75
07/01/2022	-	3,347,868.75	-	3,347,868.75
01/01/2023	-	3,347,868.75	-	3,347,868.75
07/01/2023	-	3,347,868.75	-	3,347,868.75
01/01/2024	-	3,347,868.75	-	3,347,868.75
07/01/2024	-	3,347,868.75	-	3,347,868.75
01/01/2025	-	3,347,868.75	-	3,347,868.75
07/01/2025	-	3,347,868.75	-	3,347,868.75
01/01/2026	-	3,347,868.75	-	3,347,868.75
07/01/2026	-	3,347,868.75	-	3,347,868.75
01/01/2027	350,000.00	3,347,868.75	-	3,697,868.75
07/01/2027	-	3,340,518.75	-	3,340,518.75
01/01/2028	900,000.00	3,340,518.75	-	4,240,518.75
07/01/2028	-	3,321,618.75	-	3,321,618.75

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

Proof of D/S for Arbitrage Purposes

Part 2 of 2

Date	Principal	Interest	Term 3 Adj.	Total
01/01/2029	9,685,000.00	3,321,618.75	-	13,006,618.75
07/01/2029	-	3,115,812.50	-	3,115,812.50
01/01/2030	-	3,115,812.50	-	3,115,812.50
07/01/2030	-	3,115,812.50	-	3,115,812.50
01/01/2031	-	3,115,812.50	-	3,115,812.50
07/01/2031	-	3,115,812.50	-	3,115,812.50
01/01/2032	22,600,000.00	3,115,812.50	(244,210.38)	25,471,602.12
07/01/2032	-	2,647,750.00	-	2,647,750.00
01/01/2033	23,535,000.00	2,647,750.00	(199,586.53)	25,983,163.47
07/01/2033	-	2,159,818.75	-	2,159,818.75
01/01/2034	24,515,000.00	2,159,818.75	(163,143.17)	26,511,675.58
07/01/2034	-	1,651,875.00	-	1,651,875.00
01/01/2035	25,530,000.00	1,651,875.00	(118,093.19)	27,063,781.81
07/01/2035	-	1,123,175.00	-	1,123,175.00
01/01/2036	26,585,000.00	1,123,175.00	(63,900.95)	27,644,274.05
07/01/2036	-	572,868.75	-	572,868.75
01/01/2037	27,685,000.00	572,868.75	-	28,257,868.75
Total	**$448,595,000.00**	**$311,626,572.78**	**(788,934.22)**	**$759,432,638.56**

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

Proof Of Bond Yield @ 4.2396283%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/14/2006	-	1.0000000x	-	-
07/01/2007	11,250,122.78	0.9773038x	10,994,787.91	10,994,787.91
01/01/2008	11,659,300.00	0.9570168x	11,158,146.40	22,152,934.30
07/01/2008	10,251,700.00	0.9371510x	9,607,390.67	31,760,324.98
01/01/2009	11,901,700.00	0.9176975x	10,922,160.29	42,682,485.26
07/01/2009	10,218,700.00	0.8986478x	9,183,012.60	51,865,497.86
01/01/2010	11,933,700.00	0.8799936x	10,501,579.66	62,367,077.52
07/01/2010	10,184,400.00	0.8617266x	8,776,168.39	71,143,245.91
01/01/2011	18,644,400.00	0.8438388x	15,732,867.87	86,876,113.78
07/01/2011	9,999,700.00	0.8263223x	8,262,975.00	95,139,088.78
01/01/2012	18,834,700.00	0.8091694x	15,240,462.94	110,379,551.72
07/01/2012	9,802,350.00	0.7923726x	7,767,113.32	118,146,665.05
01/01/2013	19,027,350.00	0.7759244x	14,763,785.52	132,910,450.57
07/01/2013	9,578,850.00	0.7598177x	7,278,179.75	140,188,630.32
01/01/2014	19,253,850.00	0.7440453x	14,325,736.97	154,514,367.29
07/01/2014	9,349,075.00	0.7286003x	6,811,739.28	161,326,106.58
01/01/2015	19,479,075.00	0.7134760x	13,897,852.15	175,223,958.73
07/01/2015	9,124,950.00	0.6986656x	6,375,288.39	181,599,247.12
01/01/2016	19,704,950.00	0.6841626x	13,481,389.71	195,080,636.83
07/01/2016	8,895,100.00	0.6699607x	5,959,367.18	201,040,004.02
01/01/2017	234,455,100.00	0.6560536x	153,815,102.31	354,855,106.33
07/01/2017	3,347,868.75	0.6424351x	2,150,788.48	357,005,894.81
01/01/2018	3,347,868.75	0.6290994x	2,106,142.18	359,112,037.00
07/01/2018	3,347,868.75	0.6160405x	2,062,422.66	361,174,459.65
01/01/2019	3,347,868.75	0.6032526x	2,019,610.66	363,194,070.32
07/01/2019	3,347,868.75	0.5907303x	1,977,687.37	365,171,757.68
01/01/2020	3,347,868.75	0.5784678x	1,936,634.32	367,108,392.00
07/01/2020	3,347,868.75	0.5664599x	1,896,433.45	369,004,825.45
01/01/2021	3,347,868.75	0.5547013x	1,857,067.08	370,861,892.54
07/01/2021	3,347,868.75	0.5431867x	1,818,517.88	372,680,410.42
01/01/2022	3,347,868.75	0.5319112x	1,780,768.89	374,461,179.31
07/01/2022	3,347,868.75	0.5208697x	1,743,803.50	376,204,982.81
01/01/2023	3,347,868.75	0.5100575x	1,707,605.44	377,912,588.25
07/01/2023	3,347,868.75	0.4994696x	1,672,158.78	379,584,747.03
01/01/2024	3,347,868.75	0.4891016x	1,637,447.93	381,222,194.95
07/01/2024	3,347,868.75	0.4789488x	1,603,457.60	382,825,652.56
01/01/2025	3,347,868.75	0.4690067x	1,570,172.86	384,395,825.42
07/01/2025	3,347,868.75	0.4592710x	1,537,579.04	385,933,404.46
01/01/2026	3,347,868.75	0.4497374x	1,505,661.81	387,439,066.26
07/01/2026	3,347,868.75	0.4404017x	1,474,407.12	388,913,473.38
01/01/2027	3,697,868.75	0.4312598x	1,594,742.15	390,508,215.53
07/01/2027	3,340,518.75	0.4223077x	1,410,726.67	391,918,942.20
01/01/2028	4,240,518.75	0.4135414x	1,753,629.88	393,672,572.08

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

Proof Of Bond Yield @ 4.2396283%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/01/2028	3,321,618.75	0.4049570x	1,345,112.83	395,017,684.91
01/01/2029	13,006,618.75	0.3965509x	5,157,786.09	400,175,471.00
07/01/2029	3,115,812.50	0.3883192x	1,209,929.92	401,385,400.92
01/01/2030	3,115,812.50	0.3802585x	1,184,814.06	402,570,214.98
07/01/2030	3,115,812.50	0.3723650x	1,160,219.56	403,730,434.54
01/01/2031	3,115,812.50	0.3646354x	1,136,135.60	404,866,570.14
07/01/2031	3,115,812.50	0.3570663x	1,112,551.57	405,979,121.72
01/01/2032	25,471,602.12	0.3496543x	8,906,254.15	414,885,375.87
07/01/2032	2,647,750.00	0.3423961x	906,579.27	415,791,955.14
01/01/2033	25,983,163.47	0.3352886x	8,711,858.56	424,503,813.70
07/01/2033	2,159,818.75	0.3283286x	709,130.36	425,212,944.06
01/01/2034	26,511,675.58	0.3215132x	8,523,852.69	433,736,796.75
07/01/2034	1,651,875.00	0.3148392x	520,074.94	434,256,871.68
01/01/2035	27,063,781.81	0.3083037x	8,343,863.89	442,600,735.57
07/01/2035	1,123,175.00	0.3019039x	339,090.90	442,939,826.47
01/01/2036	27,644,274.05	0.2956369x	8,172,668.54	451,112,495.01
07/01/2036	572,868.75	0.2895001x	165,845.55	451,278,340.56
01/01/2037	28,257,868.75	0.2834906x	8,010,840.19	459,289,180.75
Total	**$759,432,638.56**	-	**$459,289,180.75**	-

Derivation Of Target Amount

Par Amount of Bonds	$448,595,000.00
Reoffering Premium or (Discount)	13,064,283.75
Bond Insurance Premium	(1,894,297.85)
Other Credit Enhancement Fees	(475,805.15)
Original Issue Proceeds	$459,289,180.75

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

TERM 3 DISCOUNT TEST

DATE	(SINKING FUND	* PRICE	= DOLLAR PRICE)	* YEARS	= BOND YEARS
01/01/2032	3,750,000.00	76.371%	2,863,912.50	25.0472222x	71,733,052.81
01/01/2033	3,750,000.00	76.371%	2,863,912.50	26.0472222x	74,596,965.31
01/01/2034	4,000,000.00	76.371%	3,054,840.00	27.0472222x	82,624,936.33
01/01/2035	4,250,000.00	76.371%	3,245,767.50	28.0472222x	91,034,762.35
01/01/2036	4,500,000.00	76.371%	3,436,695.00	29.0472222x	99,826,443.38
01/01/2037	4,750,000.00	76.371%	3,627,622.50	30.0472222x	108,999,979.40
Total	**$25,000,000.00**	-	**$19,092,750.00**	-	**$528,816,139.58**

Weighted Average Maturity (Years / Dollar Price)	27.697 Years
Weighted Average Maturity * 25%	6.924 Years
Dollar Price	76.3710000%
Original Issue Discount	23.6290000%
Discount Calculation Required: OID > (.25 * WAM)	Yes

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

Proof of Term 3 YIELD @ 4.4616937%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/14/2006	-	1.0000000x	-	-
07/01/2007	410,416.67	0.9761422x	400,625.02	400,625.02
01/01/2008	375,000.00	0.9548411x	358,065.43	758,690.45
07/01/2008	375,000.00	0.9340049x	350,251.84	1,108,942.29
01/01/2009	375,000.00	0.9136234x	342,608.77	1,451,551.06
07/01/2009	375,000.00	0.8936866x	335,132.47	1,786,683.53
01/01/2010	375,000.00	0.8741849x	327,819.33	2,114,502.86
07/01/2010	375,000.00	0.8551087x	320,665.76	2,435,168.62
01/01/2011	375,000.00	0.8364488x	313,668.31	2,748,836.93
07/01/2011	375,000.00	0.8181961x	306,823.54	3,055,660.47
01/01/2012	375,000.00	0.8003417x	300,128.14	3,355,788.61
07/01/2012	375,000.00	0.7828769x	293,578.85	3,649,367.46
01/01/2013	375,000.00	0.7657933x	287,172.47	3,936,539.93
07/01/2013	375,000.00	0.7490824x	280,905.89	4,217,445.82
01/01/2014	375,000.00	0.7327362x	274,776.06	4,492,221.88
07/01/2014	375,000.00	0.7167466x	268,779.99	4,761,001.86
01/01/2015	375,000.00	0.7011060x	262,914.76	5,023,916.63
07/01/2015	375,000.00	0.6858067x	257,177.52	5,281,094.15
01/01/2016	375,000.00	0.6708413x	251,565.48	5,532,659.63
07/01/2016	375,000.00	0.6562024x	246,075.91	5,778,735.54
01/01/2017	375,000.00	0.6418830x	240,706.12	6,019,441.66
07/01/2017	375,000.00	0.6278760x	235,453.51	6,254,895.18
01/01/2018	375,000.00	0.6141747x	230,315.53	6,485,210.71
07/01/2018	375,000.00	0.6007724x	225,289.66	6,710,500.37
01/01/2019	375,000.00	0.5876626x	220,373.47	6,930,873.83
07/01/2019	375,000.00	0.5748388x	215,564.55	7,146,438.38
01/01/2020	375,000.00	0.5622949x	210,860.57	7,357,298.96
07/01/2020	375,000.00	0.5500247x	206,259.25	7,563,558.20
01/01/2021	375,000.00	0.5380222x	201,758.33	7,765,316.53
07/01/2021	375,000.00	0.5262817x	197,355.63	7,962,672.16
01/01/2022	375,000.00	0.5147973x	193,049.00	8,155,721.15
07/01/2022	375,000.00	0.5035636x	188,836.35	8,344,557.50
01/01/2023	375,000.00	0.4925750x	184,715.63	8,529,273.13
07/01/2023	375,000.00	0.4818262x	180,684.82	8,709,957.95
01/01/2024	375,000.00	0.4713119x	176,741.98	8,886,699.93
07/01/2024	375,000.00	0.4610271x	172,885.18	9,059,585.11
01/01/2025	375,000.00	0.4509668x	169,112.54	9,228,697.64
07/01/2025	375,000.00	0.4411259x	165,422.22	9,394,119.86
01/01/2026	375,000.00	0.4314998x	161,812.43	9,555,932.29
07/01/2026	375,000.00	0.4220838x	158,281.42	9,714,213.71
01/01/2027	375,000.00	0.4128732x	154,827.45	9,869,041.16
07/01/2027	375,000.00	0.4038636x	151,448.86	10,020,490.02
01/01/2028	375,000.00	0.3950507x	148,143.99	10,168,634.02

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

Proof of Term 3 YIELD @ 4.4616937%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/01/2028	375,000.00	0.3864300x	144,911.25	10,313,545.26
01/01/2029	375,000.00	0.3779974x	141,749.04	10,455,294.31
07/01/2029	375,000.00	0.3697489x	138,655.84	10,593,950.15
01/01/2030	375,000.00	0.3616804x	135,630.14	10,729,580.29
07/01/2030	375,000.00	0.3537879x	132,670.47	10,862,250.76
01/01/2031	375,000.00	0.3460677x	129,775.38	10,992,026.13
07/01/2031	375,000.00	0.3385159x	126,943.46	11,118,969.60
01/01/2032	375,000.00	0.3311289x	124,173.35	11,243,142.94
07/01/2032	375,000.00	0.3239031x	121,463.68	11,364,606.62
01/01/2033	375,000.00	0.3168350x	118,813.14	11,483,419.76
07/01/2033	375,000.00	0.3099212x	116,220.44	11,599,640.20
01/01/2034	375,000.00	0.3031582x	113,684.31	11,713,324.51
07/01/2034	375,000.00	0.2965428x	111,203.53	11,824,528.04
01/01/2035	375,000.00	0.2900717x	108,776.89	11,933,304.93
07/01/2035	375,000.00	0.2837419x	106,403.20	12,039,708.13
01/01/2036	375,000.00	0.2775501x	104,081.30	12,143,789.43
07/01/2036	375,000.00	0.2714935x	101,810.07	12,245,599.51
01/01/2037	25,375,000.00	0.2655691x	6,738,815.73	18,984,415.24
Total	**$47,535,416.67**	-	**$18,984,415.24**	-

Derivation Of Target Amount

Par Amount of Bonds	$25,000,000.00
Bond Insurance Premium	(102,531.33)
Reoffering Premium or (Discount)	(5,907,250.00)
Other Credit Enhancement Fees	(5,803.42)
Original Issue Proceeds	$18,984,415.25

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

PROOF OF 1/01/2032 ADJUSTMENT FOR TERM 3

DATE	DEBT SERVICE	PVF	PRESENT VALUE
01/01/2032	-	1.0000000x	-
07/01/2032	56,250.00	0.9781783x	55,022.53
01/01/2033	56,250.00	0.9568329x	53,821.85
07/01/2033	56,250.00	0.9359532x	52,647.37
01/01/2034	56,250.00	0.9155291x	51,498.51
07/01/2034	56,250.00	0.8955508x	50,374.73
01/01/2035	56,250.00	0.8760084x	49,275.47
07/01/2035	56,250.00	0.8568924x	48,200.20
01/01/2036	56,250.00	0.8381936x	47,148.39
07/01/2036	56,250.00	0.8199028x	46,119.53
01/01/2037	3,806,250.00	0.8020112x	3,052,655.01
Total	**$4,312,500.00**	-	**$3,506,763.59**

DERIVATION OF ADJUSTMENT AMOUNT

Present Value of Bond @ 4.4616937%	3,506,763.59
Par Amount of Bond	3,750,000.00
Cash Flow Adjustment	(243,236.41)

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

PROOF OF 1/01/2033 ADJUSTMENT FOR TERM 3

DATE	DEBT SERVICE	PVF	PRESENT VALUE
01/01/2032	-	-	-
01/01/2033	-	1.0000000x	-
07/01/2033	56,250.00	0.9781783x	55,022.53
01/01/2034	56,250.00	0.9568329x	53,821.85
07/01/2034	56,250.00	0.9359532x	52,647.37
01/01/2035	56,250.00	0.9155291x	51,498.51
07/01/2035	56,250.00	0.8955508x	50,374.73
01/01/2036	56,250.00	0.8760084x	49,275.47
07/01/2036	56,250.00	0.8568924x	48,200.20
01/01/2037	3,806,250.00	0.8381936x	3,190,374.33
Total	**$4,200,000.00**	-	**$3,551,214.99**

DERIVATION OF ADJUSTMENT AMOUNT

Present Value of Bond @ 4.4616937%	3,551,214.99
Par Amount of Bond	3,750,000.00
Cash Flow Adjustment	(198,785.01)

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

PROOF OF 1/01/2034 ADJUSTMENT FOR TERM 3

DATE	DEBT SERVICE	PVF	PRESENT VALUE
01/01/2032	-	-	-
01/01/2034	-	1.0000000x	-
07/01/2034	60,000.00	0.9781783x	58,690.70
01/01/2035	60,000.00	0.9568329x	57,409.97
07/01/2035	60,000.00	0.9359532x	56,157.19
01/01/2036	60,000.00	0.9155291x	54,931.75
07/01/2036	60,000.00	0.8955508x	53,733.05
01/01/2037	4,060,000.00	0.8760084x	3,556,593.93
Total	**$4,360,000.00**	-	**$3,837,516.59**

DERIVATION OF ADJUSTMENT AMOUNT

Present Value of Bond @ 4.4616937%	3,837,516.59
Par Amount of Bond	4,000,000.00
Cash Flow Adjustment	(162,483.41)

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

PROOF OF 1/01/2035 ADJUSTMENT FOR TERM 3

DATE	DEBT SERVICE	PVF	PRESENT VALUE
01/01/2032	-	-	-
01/01/2035	-	1.0000000x	-
07/01/2035	63,750.00	0.9781783x	62,358.87
01/01/2036	63,750.00	0.9568329x	60,998.10
07/01/2036	63,750.00	0.9359532x	59,667.02
01/01/2037	4,313,750.00	0.9155291x	3,949,363.78
Total	**$4,505,000.00**	-	**$4,132,387.76**

DERIVATION OF ADJUSTMENT AMOUNT

Present Value of Bond @ 4.4616937%	4,132,387.76
Par Amount of Bond	4,250,000.00
Cash Flow Adjustment	(117,612.24)

$448,595,000.00

MICLA

Lease Revenue Bonds, 2006A

1/1/2037 Term Bond Maturity with 3% Coupon to Yield 4.430%

PROOF OF 1/01/2036 ADJUSTMENT FOR TERM 3

DATE	DEBT SERVICE	PVF	PRESENT VALUE
01/01/2032	-	-	-
01/01/2036	-	1.0000000x	-
07/01/2036	67,500.00	0.9781783x	66,027.04
01/01/2037	4,567,500.00	0.9568329x	4,370,334.10
Total	**$4,635,000.00**	-	**$4,436,361.14**

DERIVATION OF ADJUSTMENT AMOUNT

Present Value of Bond @ 4.4616937%	4,436,361.14
Par Amount of Bond	4,500,000.00
Cash Flow Adjustment	(63,638.86)

Appendix B
- Credit Rating Reports -

Tax Supported
New Issue

Municipal Improvement Corporation of the City of Los Angeles, California

Ratings

New Issue

Lease Revenue Bonds,
Series 2006-A (Police Headquarters Facility and Public Works Building) ... AA–

Outstanding Debt

Refunding Certificates of Participation (Refunding Program AY) .... AA–
City of Los Angeles:
General Obligation Bonds.................... AA
Judgment Obligation Bonds................ AA–
Los Angeles Convention and Exhibition Center Authority Lease Revenue Bonds, Series 2003 .. AA–

Rating Outlook .... Stable

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See page 2 for New Issue Details.

■ Outlook

The 'AA–' lease and certificate ratings and 'AA' general obligation rating reflect the economic stability provided by the city's role as the center of the southern California region, sound financial operations and position, and a moderate though rising debt burden. The city utilizes prudent spending controls to realize better than budgeted financial operations, resulting in sizable year-end reserves. The economy is performing well, marked by good taxable assessed valuation (AV) gains, quick recovery from losses in economically sensitive taxes, and a declining, although high, unemployment rate.

However, Fitch Ratings expresses concern over the city's reliance on the prior year's reserves to balance the next year's operations, a practice the city is addressing and reduced in the fiscal 2007 budget. Also, the city's finances are likely to be affected by a reduction in the city's utility users' tax (UUT) on phone usage as a result of actions by the U.S. Department of Treasury, as well as litigation against the city. Lastly, Fitch notes the city's substantial growth in property value and the rise in nontraditional mortgage use, presenting a vulnerability to real estate softening. The Rating Outlook for all obligations is Stable, which balances certain positive rating factors with the concerns stated above.

■ Rating Considerations

Los Angeles' economy is marked by growth and diversity, with building activity high and employment showing slow gains following a mild recessionary downturn. The county's job base experienced a 2.1% decline from 2001–2003 and rose 0.8% in the following two years. The city's unemployment rate declined to 5.9% in 2005 and has shown improvement to date in 2006. Typical of an urban city, Los Angeles' unemployment rate remains well above county, state, and national averages. The city's real estate market has been very active, both in new construction and in value gains. While the strong market has created a benefit to the city through sizable AV gains, the rapid growth and relatively low home affordability create vulnerability for a correction. The effect of a residential market correction could be exacerbated by the rising use of interest only and subprime mortgages experienced in the area since 2000.

Los Angeles' financial operations are strong, marked by sizable year-end reserves, a diverse revenue base, and prudent fiscal controls. The city's unaudited results for fiscal 2006 show a small operating deficit, although the ending fund balance remains above average and strong. In particular, the city increased its reserves for emergencies and contingencies, while other special use designations are reduced. This result marks only the city's third operating deficit in the past nine fiscal years, with the operating

New Issue Details

$436,215,000 Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building), are scheduled to sell on or about Nov. 30 via negotiation by a syndicate led by E. J. De La Rosa & Co., Inc. and Siebert Brandford Shank & Co., LLC. The bonds mature in serials and terms due Jan. 1, 2008–2037. All bonds are subject to extraordinary mandatory redemption at par at any time from insurance or condemnation proceeds. Other redemption features will be determined closer to pricing.

Security: The bonds are secured lease rental payments made by the city to the corporation for use and occupancy of the two leased facilities. Security includes a debt service reserve fund equaling the least of maximum annual debt service, 125% of average annual debt service, and 10% of certificate par outstanding.

Purpose: Bond proceeds will be used to finance and refinance construction of a police headquarters facility and acquisition and renovation of a building for the public works department.

surpluses well exceeding the losses. Good results over the past few fiscal years have been the result of strong tax performance and spending restraints, with performance during the recession years solely the product of prudent expenditure controls. The unaudited fiscal 2006 results show the general fund ending balance dropping slightly to $785.4 million, still a high 21.9% of expenditures and transfers out. The unreserved portion declines to $571.2 million, or 17.9% of spending.

A broad group of taxes make up 69% of general fund revenue, primarily property, utility, sales, and business. However, some or all of the city's UUT on telephone use appears likely to be lost if action is not taken, based on federal changes and, separately, litigation brought against the city. The city currently is reviewing the effect of these events on its tax structure. Actions to restructure the tax could require voter authorization under Proposition 218. The city's fiscal 2007 budget shows UUT revenue from telephone usage to be about $270 million, including about $163 million from cellular use. The latter is the subject of the recent litigation, while the federal changes affect the full tax collection on telephone charges.

Fitch notes the city's recent efforts to address the structural imbalance created by its reliance on nonrecurring sources, including prior years' reserves, to achieve fiscal balance. While some of the nonrecurring items are unanticipated resources prudently set aside in prior years (and this type of occurrence tends to recur to varying degrees in most years), these funds nonetheless are one time in nature. Fitch also notes that the city consistently produces actual results that are better than the budget plan, preserving sizable reserve balances, which partially mitigates this concern.

In addition to the sound management practice of conservative budgeting, Fitch notes the city's other sound financial and debt policies. In April 2005, the Los Angeles City Council approved, and the mayor signed, numerous such policies, codifying prudent practices, such as maintaining a reserve fund with 5% of revenue as a goal, use of one-time resources for one-time expenditures, and a requirement that any new programs have a full funding source. Many of the city's policies are stated clearly in its budget and other key documents.

A 2005 Los Angeles Superior Court ruling in AT&T Wireless et al. v. City of Los Angeles orders the city to revert to a prior method for taxing cellular phone use for two large cellular service providers. The city is appealing the ruling, and a stay of the current ruling is pending. The city's fiscal 2007 budget expects $163 million in UUT revenue from cell phone use, all of which could be lost if the initial ruling is sustained.

Separately, the U.S. Treasury Department has conceded in litigation regarding application of the federal excise tax (FET) on long distance phone use based solely on time. Also, the Secretary of the Treasury has stated his intent to ask Congress to eliminate the FET on local use. Since Los Angeles' UUT exempts all items not covered by the FET, the Treasury's action with regard to long distance service would implicate a significant reduction for Los Angeles, unless the city changes its tax structure. However, a restructuring of the tax could require voter approval under Proposition 218. The city continues to evaluate the effect of the federal changes and the pending litigation, and will develop a response once the matter is better understood.

Fitch expects that the city's prudent fiscal policies, now adopted into law, as well as the size and diversity of the city's revenue base and strong year-end reserves, will prevent financial deterioration if one or more of these events result in revenue loss.

Los Angeles' debt burden is moderate, but it has increased significantly in recent years as a result of both its own issuance and that of the Los Angeles Unified School District. Despite continued sales by both entities, however, Fitch expects the city's debt ratios to remain affordable, owing somewhat to the rapid amortization of general obligation bonds.

■ Lease Structure and Financing

Bond proceeds will be used to finance and refinance two projects, the city's police headquarters facility and the public works building. Both projects are leased under a lease and trust indenture, and both projects are highly essential.

The police headquarters is a new 500,000-square-foot building that will house up to 2,400 employees by 2011, based on current projections. The building will include office space, a helipad, an auditorium, and underground parking, as well as one acre of landscaped open space. Construction is under way, and completion is expected in June 2009. Interest is capitalized nine months beyond this date, and three months beyond the date the city expects all workers to be housed in the building.

The total project is expected to cost $317.6 million, including a sizable $24.7 million contingency. To date, the city financed $48.6 million for land acquisition, design, and excavation from a reserve fund advance and commercial paper issued by the Municipal Improvement Corporation of the City of Los Angeles (MICLA). These amounts will be fully repaid with bond proceeds.

The public works building is an existing structure that the city purchased and significantly renovated using the MICLA commercial paper program. Bond proceeds will be used to redeem $95 million in outstanding commercial paper. The city expects to finish its substantial improvements by December 2006, with occupancy commencing in early 2007. The building will house 1,200 employees.

The lease structure is strong and typical of other MICLA and city leases. The lease includes the city's covenant to budget and appropriate for the lease payment, which is subject to abatement. Insurance coverage equals the lesser of the buildings' replacement value and bonds outstanding, although in the event of destruction, the city can only redeem bonds if the remaining lease rental payment is sufficient to retire the bonds that will be outstanding. The city is required to provide rental interruption insurance equal to 24 months lease rental payments. While this falls under the 30-month full project schedule, Fitch find it acceptable, given that the true building time is estimated at 18 months, with the remainder being design, site preparation, and foundation work.

For more information, see Fitch Research on the "City of Los Angeles, California," dated Aug. 3, 2006, available on Fitch's web site at www.fitchratings.com.

New Issue: Los Angeles Municipal Improvement Corp., CA

MOODY'S ASSIGNS A1 RATING TO LOS ANGELES' MICLA 2006-A SERIES OF LEASE REVENUE BONDS; CITY'S OUTSTANDING LONG-TERM RATINGS AFFIRMED

Approximately $1.3 Billion of Real Property Lease Debt Affected, Including the Current Offering

Los Angeles (City of) CA
Municipality
CA

Moody's Rating

ISSUE	RATING
Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building)	A1

Sale Amount	$436,000,000
Expected Sale Date	11/29/06
Rating Description	Lease Revenue Bonds

Opinion

NEW YORK, Nov 28, 2006 -- Moody's has assigned an A1 rating to the Municipal Improvement Corporation of Los Angeles' Lease Revenue Bonds, Series 2006-A (Police Headquarters Facility and Public Works Building). The rating assignment represents an affirmation of our existing long-term ratings on the City's general obligation (Aa2) and general fund related debt, including its other A1-rated real property leases. Our outlook for these ratings is stable. The underlying security for the current offering is a lease between the City of Los Angeles and its Municipal Improvement Corporation. The leased assets are a substantially complete public works building and a to-be-constructed, new police headquarters. Bond proceeds will be used to reimburse the city's general fund and commercial paper program for funds already spent on these projects and to fund the construction of the police headquarters facility. The lease underlying the current offering is a typical, abatable general fund lease secured by the city's pledge to budget and appropriate lease payments so long as it has use and occupancy of the leased assets. The assigned rating primarily reflects the strength of this general fund pledge, the specific terms of the lease, and the city's general credit strengths. These general strengths include the city's exceptionally large, highly diverse, and still rapidly growing property tax base; the city's moderate debt burden even with the sizable current offering; and a highly diverse, generally healthy regional economy that has consistently boosted city revenues. The rating also incorporates the city's recently strong, stable financial trend and sound management.

EXCEPTIONALLY LARGE, DIVERSE PROPERTY TAX BASE

The city's economy and property tax base are healthy and growing. While the rate of real estate transactions has markedly declined, unemployment remains low and business license tax revenue growth suggests a fundamentally sound economy. Like most areas, while the real estate market has slowed, prices remain fairly firm. The city's total 2006 assessed valuation ($328 billion) is more than twice that of each of the next three largest cities in the state (San Diego, San Francisco, and San Jose) and nationally is second only to New York City. Like most large issuers, taxpayer concentration is not a risk, and Los Angeles' industry diversity is arguably the highest in the country.

Assessed valuation growth in the last few years has been quite strong for an essentially built out city, averaging 7.4% from 2000-2005. It increased another 9.9% in fiscal 2006 and about 10% growth is reasonably projected in the city's budget for fiscal 2007. With recent apparent peak of the real estate cycle in California, however, continued growth at this rate is highly unlikely.

The recent run-up in residential real estate prices poses some risk to the city's fiscal health should it reverse or markedly decelerate. As might be expected, the vast majority of the recent A.V. growth has been from property turnover at increased prices rather than new construction, though even new construction has been on the upswing in the city. But the impact of a slowing real estate market on the city's assessed valuation should be relatively moderate, particularly compared to the last real estate cycle, and would likely be lagged by a few years. Aggregate assessed valuations rise and fall much more slowly than market values due to the constraints of Proposition 13, and the regional economy remains strong. The more significant fiscal impact on the city would likely be from a decline in non-property-tax related revenues. Notwithstanding the regional economy's strength, particularly in tourism, international trade, and financial services, the city's economically sensitive revenues appear to have grown much more rapidly than regional job creation and personal income, suggesting that consumer spending may have been unsustainably stimulated by the real estate "wealth effect".

DIRECT DEBT BURDEN REMAINS STEADY AND MODERATE; OVERALL DEBT BURDEN ABOVE AVERAGE BUT QUITE MANAGEABLE; STANDARD LOS ANGELES REAL PROPERTY LEASE

With strong tax base growth and significantly less new issuance by overlapping entities, the city's overall debt burden has fallen substantially in the last few years. With the current offering, the fiscal 2007 overall debt burden is likely to be around 3.2%, compared to 3.8% a few years ago. This is moderately above state and national averages but not unusual for the largest cities nationally. The city's direct debt burden has been stable and is even somewhat below national large-city averages, due most likely to Los Angeles's comparatively more limited role (e.g., schools are separately funded). The city's direct debt burden will likely remain moderate even with the current offering, since the city's outstanding debt is fairly rapidly retired (49.7% in the next ten years). The city also maintains internally imposed debt limits, which should keep its debt burden in check even with the likely slowing of assessed valuation growth.

Except for its large size, the current offering is a standard City of Los Angeles real property lease, primarily secured by the city's pledge to make lease payments so long as it has use and occupancy of the leased assets. Full use and occupancy of the leased assets is anticipated in June 2009. The leased assets include both the police headquarters facility, on which construction has just begun, and the substantially complete public works building. The public works building is 90% occupied by the city, and final completion is expected in January 2007. The new police headquarters building is expected to be completed in June, 2009. Interest payments for this portion of the transaction have been capitalized through March 30, 2010, providing a reasonable 9-month cushion for unexpected construction delays.

Key legal terms in the lease and trust indenture are standard, most notably including, title insurance, 24 months of rental interruption insurance, and the establishment of a debt service reserve determined by the standard, three-prong "lesser-of..." test. Our A1 rating on the current transaction does not anticipate the maintenance of insurance coverage for seismic risk, which is typical of most rated leases in California. In keeping with traditional practice, lease payments are due to the trustee fifteen days in advance of debt service on the certificates.

With the current issue, the city's peak lease payment as a percent of general fund revenues jumps (from about 3.1% to 3.9%) but remains quite manageable and below the levels of just a few years ago. The growth in the city's revenue base has far exceeded its growth in lease payment obligations.

The city (excluding its enterprise funds) has two floating-to-fixed interest rate swaps outstanding related to its convention center lease revenue bonds. The swaps have a combined notional amount of $235.5 million and while they introduce various additional financial risks, Moody's believes they have been appropriately managed and are relatively minor in the context of the city's overall financial resources.

STRONG CURRENT FISCAL POSITION BUT NOT WITHOUT LIKELY FUTURE CHALLENGES

As of fiscal 2005, Los Angeles's general fund finances were in their strongest position in years. Unaudited figures for fiscal 2006 indicate that the city had a general fund operating deficit, but it was quite modest (less than 1% of revenues) and the city's general fund financial position remains quite healthy. With the recently favorable trend in the economy and real estate market, the city's revenue growth has been more than enough to absorb fairly rapid expenditure increases. As of fiscal 2005, fund balances, budget reserves, and cash balances were all at ten-year highs, and the city's five-year general fund forecast suggested that the structural deficit was fairly modest. The city's fiscal 2007 budget and unaudited fiscal 2006 operating results continue to support this expectation. Moody's believes that the projected expenditure growth over the five-year period is likely optimistic given the recent trend, but the revenue growth projection is also arguably conservative. Moody's does note that the recent increase in expenditures--13.9% in fiscal 2007 alone--is in significant measure the result of increased pension contributions, which are projected to be dramatically more modest in coming years. The fiscal 2007 budget was balanced with an above average transfer from the city's reserve fund, but the estimated $139 million budget gap this left for closure in fiscal 2008 is only 3.2% of projected revenues and considerably less than prior years' projected budget gaps.

The city's major fiscal challenge will likely be the pressure to increase city services even while revenue growth slows. The mayor has proposed increasing police staffing by 1,000 over the next five years, for which only partial, compensating expenditure reductions have been identified. Los Angeles is quite well positioned compared to many cities in terms of its pension and retiree health care funding, but increasing health care costs will likely continue to be a challenge. Quite possibly the most significant challenge will be the loss of a substantial portion of the city's utility users' tax revenues related to wireless telephone service. This $160 million revenue source is currently being challenged as a non-voter approved general tax increase, in violation of the requirements of Proposition 218. The recent federal repeal of its telephone excise tax also casts some legal uncertainty on both the wireless and land-line related utility users' tax, which combined account for $270 million, or 6.3% of projected fiscal 2008 general fund revenues. If the plaintiffs were to prevail on the legal issues, the city could receive voter-authorization to levy these taxes, but such voter approval would be by no means certain and at a minimum there would likely be a period during which the city could not legally collect this revenue.

Outlook

Despite the challenges noted above, our outlook for the city's general fund related debt ratings remains stable, primarily reflecting the city's currently very strong financial position and capable management. The likely cyclical nature of some of the recent fiscal and economic improvement, the constraints on California cities' revenue raising ability, and well-developed voter initiative process in the state, also limit the upside for the rating, despite the city's strong ten-year financial trend.

KEY STATISTICS

Fiscal 2005:

Net cash as % of revenue: 28.3%

Total fund balance as % of revenue: 20.6%

Available fund balance as % of revenue: 14.7%

Net direct debt as % of AV: 1.0%

Overall net debt as % of AV: 3.3%

2000 Census:

Median Family Income: $39,942 (75.3% of the state average)

Per Capita Income: $20,671 (91.0% of the state average)

Persons below poverty: 18.3%

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RatingsDirect Publication Date
Nov. 14, 2006

Los Angeles, California

Credit Profile

US$500. mil lse rev bnds (Los Angeles) (Police Headquarters Fac And Pub Wrks Bldg) ser 2006-A due 01/01/2037
Sale date: 29-NOV-2006 AA-

AFFIRMED

Los Angeles Mun Imp Corp, California

$9.675 mil. Los Angeles Mun Imp Corp (Los Angeles)	AA-
$38.945 mil. Los Angeles Mun Imp Corp (Los Angeles) (Prog AY) (MBIA)	AAA/AA-(SPUR)
$34.365 mil. Los Angeles Mun Imp Corp (Los Angeles) Leasehold rfdg rev bnds (City of Los Angeles Cent Lib Proj) ser 2003A dtd 04/02/2003 due 06/01/2003-2015	AAA/AA-(SPUR)
$15.600 mil. Los Angeles Mun Imp Corp (Los Angeles) addl certs of part (Prog Ar Real Prop Improvements) (AMBAC)	AAA/AA-(SPUR)
$39.275 mil. Los Angeles Mun Imp Corp (Los Angeles) addl certs of part (Real Prop Imp Prog T) ser 2002 dtd 10/31/2002 due 02/01/2004-2019 2027	AAA/AA-(SPUR)
$20.170 mil. Los Angeles Mun Imp Corp (Los Angeles) cert of part (Equip & Real Prop Acquis Prog AC) dtd 10/01/1997 due 10/01/1998-2014	AAA/AA-(SPUR)
$51.655 mil. Los Angeles Mun Imp Corp (Los Angeles) certs of part (Equip & Real Prop Acquis Prog Au) dtd 10/31/2002 due 10/01/2003-2017 2022 2027	AAA/AA-(SPUR)
$52.505 mil. Los Angeles Mun Imp Corp (Los Angeles) certs of part bnds (Prog AX Equip Acquis) (MBIA)	AAA/AA-(SPUR)

Los Angeles, California
Los Angeles Mun Imp Corp, California

$20.570 mil. Los Angeles Mun Imp Corp (Los Angeles) certs of part (Equip Acquisition & Real Prop Imp Prog Ae) ser 98 dtd 12/01/1998 due 12/01/1999-2014	AAA/AA-(SPUR)
$27.090 mil. Los Angeles Mun Imp Corp (Los Angeles) certs of part (Equip Prog Am) dtd 08/01/2000 due 08/01/2001-2010	AAA/AA-(SPUR)

OUTLOOK: STABLE

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' rating to the Los Angeles Municipal Improvement Corp. (MICLA), Calif.'s $500 million, series 2006-A lease revenue bonds (Police

Headquarters Facility and Public Works Building), issued for the City of Los Angeles. At the same time, Standard & Poor's affirmed its 'AA-' rating and underlying rating (SPUR) on MICLA's outstanding appropriation-backed certificates of participation (COPs) and lease revenue bonds.

The rating reflects:

- The general creditworthiness of Los Angeles, and
- Strong legal provisions of leases entered into by the city, including a covenant to budget and appropriate lease payments.

The COPs and lease revenue bonds are secured by a covenant of Los Angeles to budget and appropriate annual lease payments for the use of the leased assets. Lease payments are subject to abatement to the extent leased assets are damaged or destroyed, and the certificates are not secured by a dedicated tax levy.

The current transaction will provide financing to complete the purchase of and improvements to the city's Department of Public Works facility, construct a new downtown police headquarters building, capitalize interest for the yet-to-be constructed police headquarters building, and reimburse CP previously issued for both projects.

As the subject of the first of three police central administration projects (the other two projects will be funded with future bond financing), the police headquarters project entails the construction of a 500,000-square-foot facility on a 3.83-acre lot located in downtown Los Angeles, adjacent to City Hall. In addition to the facility, which will include an auditorium, helipad, cafe, and 365 parking spaces for police use, the project will provide one acre for a landscaped, open-space terrace. Thus far, \$18 million in pre-construction costs were financed through the city's CP program and the use of funds from the city's reserve fund. The estimated value of the property purchased by the CP notes is \$45.9 million. In September 2006, Tutor Saliba was awarded the construction contract. This contractor has a favorable track record with city construction projects, including certain large and relatively complex projects such as the Hyperion Treatment Plant and the city's two 911 Los Angeles Police Department call centers. The construction period, which is scheduled to last for three years, will be overseen by the city's bureau of engineering, which is highly experienced in serving as project manager for this project. In this capacity, the city serves as project manager on more than 100 capital projects per year. Though construction is expected to be complete by June 2009, the current financing includes capitalized interest through March 2010. Upon construction of the facility, the city estimates that the value of the leased premises will exceed that of the lease payments. The construction budget includes a contingency of 10% for potential cost increases.

Bond proceeds will also provide funding to reimburse \$98 million in MICLA CP that was previously issued for the purchase of and improvements to the city's department of public works facility, a 10-story office building with 425,814 net rentable square feet. Construction on improvements to this facility began in late 2004 and is approximately 95% complete. Since this facility is presently usable and final construction is expected in early 2007, the city is not capitalizing interest for this project.

The 'AA' rating on Los Angeles, Calif.'s GO bonds reflects:

- A very deep and diverse economy, with somewhat below-average income levels;
- A broad and strengthening tax base, which increased by 9.7% to reach \$360 billion for fiscal 2007;
- Moderate debt levels at \$2,615 per capita, or 3.6% of market value;
- Adequate financial performance and strong financial management, with a budgeted general fund reserve of balance of \$185 million, or 4.7% of budgeted revenues; and
- Recent formalization of very prudent and comprehensive financial management policies that require the city to use recurring revenues to support ongoing expenditures.

Somewhat offsetting these strengths is the city's structural gap between revenues and expenditures. In this area, the city is making good progress; the issue is among the top priorities of the political leadership of the city.

Los Angeles' economic base continues to demonstrate stable, albeit gradual, growth, with particular resilience in the real estate market despite early indications of flattening. While not particularly rapid (job growth of 0.8% for calendar 2005), the city's economic expansion is steady, with employment increases across numerous sectors over the past year. Moreover, employment increases have accelerated in 2006, with job growth reaching 1.3% in May. Federal defense spending is bolstering the industrial and research and development sectors and is not expected to abate in the near term. Boeing recently received a $995 million contract from the U.S. Navy to support the F/A-18/F Integrated Readiness Support Teaming (FIRST) program. Nonetheless, the aerospace (and therefore, manufacturing) sector continues to have excess commercial capacity, making it likely that employment growth will lag, despite increased federal spending in this area. The film and entertainment industries provide significant economic support and are benefiting from a falling dollar, which makes local film production relatively affordable compared to overseas production. In addition, Los Angeles is one of the few metropolitan areas that is seeing falling office vacancy rates, a trend that is likely to fuel additions to supply and therefore strengthen the construction sector.

For fiscal 2006, as of its final financial status report, the city estimated ending the year with $212 million in revenues above what was projected in the adopted budget. The current projections show that the city's total fiscal 2007 beginning budget reserve will be $185.8 million, or approximately 4.3% of general fund expenditures on a budgetary basis. Approximately 75% of the increased revenue growth above budget is a function of economic conditions in the city. In particular, revenues in property-related taxes, as well as sales, business, hotel and parking, and utility users taxes are all above what was initially budgeted for 2006.

Standard & Poor's has assigned the city's swap portfolio a Debt Derivative Drofile (DDP) overall score of '2' on a four-point scale, where '1' represents the lowest risk. The overall score of '2' reflects our view that the city's general fund-related swap portfolio reflects a neutral credit risk at this time.

Los Angeles' management practices are considered strong under Standard & Poor's Financial Management Assessment (FMA). An FMA of 'strong' indicates that practices are strong, well embedded, and likely sustainable.

Debt levels are moderate at $2,415 per capita, or 3.6% of market value.

Outlook

The stable outlook reflects the city's deep and diverse economic base and our expectation of stable financial performance, given the city's proactive efforts to establish predictable reserve and debt policies. Successful elimination of the city's structural deficit and a record of compliance with its own financial policies, which we view as prudent, could contribute to upward rating potential. If, on the other hand, the city's current structural budget position is further strained by significant reductions in revenue—whether a result of changes in the city's economic or legal context—the rating could be subject to pressure.

Deep, Diverse Economy

The city's gradually growing population of 3.96 million people shows deep employment diversity, with no sector being dominant. The real estate market remains resilient, with total assessed value (AV) growth of 9.65% to $360 billion for fiscal 2007. This increase continues to reflect the renewed construction and building permit activity and the fact that most recession-driven tax appeals have been resolved. This translates to a robust

$94,428 on a per capita basis. In addition, the city's office vacancy rates are in decline, reaching 11.5% in the first quarter of 2006.These trends are concurrent with a renewed residential and commercial interest in downtown Los Angeles. Since 2000, there have been more than 26,000 new housing units constructed in downtown Los Angeles. A new 1,000-room hotel complex is underway to support the business potential related to the Staples Convention Center. Leading employers include Kaiser Permanente (30,511 employees), Boeing (16,862), Von's Grocers (12,224), and Bank of America (10,801). City unemployment levels have improved considerably, with a sharp drop in 2005 to 5.6% from 7.4% in 2004. Data show that income levels are getting closer to the national average, but remain below average, with median household effective buying income and per capita income at 88% of the nation.

Fund Balances Strong; Challenges To Structural Balance Remain

Leading general fund revenues in fiscal 2005 (audited) included property taxes (28%), utility users taxes (15.7%), business taxes (10.7%), sales taxes (8.2%), and charges for services (10.8%). Audited unreserved general fund balances for the fiscal year ended June 30, 2005, were $579 million, or a strong 16.5% of expenditures, up from 13.6% at the end of 2004. Audited fiscal 2006 results are not yet available, but are expected to be similar.

Although the budgetary operating margin remains thin, the city is making considerable progress toward eliminating its structural budget gap between recurring revenues and expenditures. The structural gap for fiscal 2007 stands at $231 million, an amount that is eliminated in the budget by a transfer from the fiscal 2006 ending position. Moreover, the mayor and council have committed to eliminating the structural deficit over the next five years. Restructuring of city services, management techniques, and a goal of $15 million-$20 million minimum in annual reductions to the deficit are components of the plan. The city's economically sensitive revenues are approximately on track according to the adopted budget, once adjusted for the state's realignment, and cause relatively more city revenue to be derived from local property tax than from vehicle license fees or sales taxes. For fiscal 2006, the city ended with a reserve fund balance of $411 million (on a budgetary basis), equivalent to 9.5% of the general fund budget (before transferring $232 million to the fiscal 2007 budget).

There is the potential for city finances to be strained as a result of a legal challenge to its method of levying its utility users' tax on telephone services. The suit against the city alleges that the city's change in 2003 of its methodology of levying the tax was subject to Proposition 218, requiring voter approval. In addition, elimination of federal excise taxes could undermine another portion of the city's utility users' tax, which has relied on the federal tax as its basis. Of the total $613 million, or 14% of general fund revenues, that was derived from the utility users' tax, the city estimates that $270 million, or 6.2% of general fund revenues, could be at risk.

For fiscal 2007, in its budget, the city is moving to increase its number of police officers and is funding the initiative with an increase to the city's politically sensitive and, heretofore, highly subsidized solid waste collection fee. The current $11 per month per resident fee only covers 35% of the cost of the service. After a four-year phase-in, the fee generated will cover 65% of the cost of providing the service. In addition, the city is making substantive progress toward meeting its 5% budget reserve policy. For fiscal 2006, the budget reserve was 4.5% of revenues while for fiscal 2007 the budget accommodates a reserve of 4.7% of revenues.

In October 2003, the city council formally adopted two new financial policies—one that requires one-time revenues be spent on nonrecurring expenditures, the other that a supporting revenue stream must be proposed for any new program or position proposed in the budget. As mentioned, these policies were expanded in April 2005 and include the requirement that all city council agenda items be subject to and in compliance with the city's financial policies.

Debt Is Conservatively Structured

The city has $526 million in authorized but unissued GO bonding capacity. Under the city's debt policy, debt service costs cannot exceed 15% of general fund revenues and, within that limit, non-voted debt service must be less than 6%. The city expects to maintain its target of having at least 50% of all direct debt repaid within 10 years as required under its debt policy. Currently, the city's debt service schedule calls for 65% of its outstanding GO debt (principal portion) to be retired in 10 years and 100% to be retired in 20 years. Currently, the city's forward-looking debt issuance calendar anticipates additional general fund supported debt in the range of $160 million-$200 million. On a combined basis, the city's pension funds for its safety and general employees' is adequately funded, with plan assets equivalent to nearly 87% of actuarial liabilities. Although the city has a liability related to other post-employment (health care insurance) benefits in the form of a subsidized rate premium for retired employees, the city presciently capped health care benefits and funding the rate-subsidy in the late 1980s. As of 2005, the city's actuarial accrued liability is estimated at $1.7 billion, of which 52% is funded.

Debt Derivative Profile

The city's swap portfolio has been assigned a DDP overall score of '2' on a four-point scale where '1' represents the lowest risk. The overall score of '2' reflects Standard & Poor's view that the city's general fund-related swap portfolio reflects a neutral credit risk at this time due to the following factors:

- Highly rated swap counterparties;
- A low degree of involuntary termination risk under the city's swaps due to a moderate ratings trigger spread;
- Average economic viability of the swap portfolio over stressful economic cycles; and
- Very good management practices, including formalized debt and swap management plans and policies.

The city has two floating-to-fixed rate swaps outstanding, which were entered in 2003 to hedge against interest rate risk associated with the city's first and only variable-rate issue, $235 million in COPs. One swap was with Societe Generale ('AA-/Stable') for a $117.76 million notional amount. The effective date of the swap outstanding was June 1, 2004, and terminates on Aug. 1, 2021. The amortization or decline of swap notional amount begins on Aug. 1, 2016. Under the swap agreement, the city is paying a fixed 2.91% and receiving 65% of LIBOR, which could have a moderate degree of basis risk over stressful economic cycles. The city's other swap is with CDC Financial Products Inc. ('AAA/Stable') for a $117.76 million notional amount. The effective date of the swap was June 1, 2004, and terminates Aug. 1, 2021. The amortization or decline of the swap notional amount begins on Aug. 1, 2016. Under the swap agreement, the city is paying a fixed 2.90% and receiving 65% of LIBOR, which could have a moderate degree of basis risk over stressful economic cycles.

Appendix C
- Financing Team Participants -

CITY OF LOS ANGELES
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES ("MICLA")
Lease Revenue Bonds, Series 2006-A

Distribution List
November 20, 2006

ISSUER

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Office of the City Administrative Officer
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Appendix D
-The Bond Buyer Articles-
"Recap for the Week"

11/27/06

Munis Finish Slightly Firmer in Limited Activity

The municipal market was unchanged with a slightly firmer tone Wednesday, as weekly jobless claims came in higher than expected and the November University of Michigan consumer sentiment index fell a bit short of expectations.

Traders said that there was very limited activity as market participants prepared to pause Thursday in observance of Thanksgiving Day.

"It is safe to say we are dead quiet at this point. I think we've officially reached that point," a trader in New York said. "We had quick movement in the Treasury market as soon as the Michigan sentiment number came out, but then it all just backed down to flat yet again. There are few offerings out there, and I see people cheapening things up trying to entice some buyers, but it is just not going to happen today."

Trades reported by the Municipal Securities Rulemaking Board Wednesday showed gains. A dealer sold to a customer Minnesota 5s of 2015 at 3.69%, down three basis points from where they traded Tuesday. Bonds from an interdealer trade of Pembroke Pines, Fla., 4s of 2023 yielded 4.23%, down two basis points from where they were sold Tuesday. Bonds from an interdealer trade of New York City 5s of 2024 yielded 4.12%, down three basis points from where they traded Tuesday. A dealer sold to a customer New York City Transitional Finance Authority 4.25s of 2007 at 3.51%, down two basis points from where they were sold Tuesday.

The Treasury market was slightly firmer Wednesday. The yield on the benchmark 10-year Treasury note was quoted near the end of the session at 4.56%, after opening at 4.58%. The yield on the two-year note, which opened at 4.78%, finished at 4.75%.

In economic data released Wednesday, first-time applications for state unemployment benefits increased 12,000 to 321,000 in the week ended Nov. 18. The seasonally adjusted figure was well above the 310,000 level predicted by economists polled by IFR Markets and followed the previous week's revised level of 309,000. The level was the highest since the week of Oct. 28, when initial claims hit 328,000.

Also, the University of Michigan's final November consumer sentiment index reading was 92.1, compared to 92.3 at mid-month and the final October reading of 93.6. Economists polled by IFR had predicted a 93.3 reading for the index.

After a light economic calendar in the holiday-shortened week, market participants can expect a fair amount of data this week as the next meeting of the Federal Open Market Committee draws near, perhaps shedding some light on what the Fed may do to interest rates in the near future, whether at the Dec. 12 meeting or early in 2007. The federal funds rate currently stands at 5.25%, and presently, no change to the rate at next week's meeting is widely expected in the market.

Among the key data scheduled for release this week is today's October consumer confidence index, the preliminary third-quarter gross domestic product reading scheduled for tomorrow, and October personal income and consumption, along with the October core personal consumption expenditures deflator, scheduled for Wednesday. Economists polled by IFR Markets are predicting a 106.0 reading for consumer confidence, 1.6% growth in GDP, 0.5% gain in personal income, 0.1% gain in consumption, and a 2.3% rise to the PCE deflator.

11/28/06

Munis Quiet After Long Weekend

The municipal market was quiet and unchanged yesterday, as market participants eased their way back after a long holiday weekend.

A trader in New York, however, said that yesterday's quiet market "may be the lull before the storm."

"We have a lot going on this week, with a lot of economic numbers, auctions, [Federal Reserve Board] speakers, and lot of new supply in the primary," the trader said. "We had pretty good results from the holiday shopping over the weekend. And, quite honestly, it is not like we were setting the world on fire in the municipal market, with yields so low. It is a tough sell for us right now."

"We weakened a bit early in the day after a solid holiday weekend of shopping and Black Friday," a trader in Los Angeles added. "But I think by now we are just sitting and waiting to see what happens this week. Things really could go either way, and I am telling my guys to hold off a bit to see where things go."

Trades reported by the Municipal Securities Rulemaking Board yesterday were mixed. A dealer sold to a customer Indiana University 5s of 2010 at 3.55%, up one basis point from where they traded Wednesday. Bonds from an interdealer trade of Limestone County, Ala., Board of Education 4.125s of 2024 yielded 4.23%, down two basis points from where they were sold Wednesday. A dealer bought from a customer Louisiana 4.75s of 2039 at 4.32%, down two basis points from where they traded Wednesday.

The Treasury market showed little movement yesterday. The yield on the benchmark 10-year Treasury note, which opened at 4.56%, was quoted near the end of the session at 4.53%. The yield on the two-year note finished at 4.72% after opening at 4.76%.

The economic calendar was light yesterday, but activity on that front will pick up throughout the remainder of this week, with several pieces of potentially market-moving data still to come.

Alan Levenson, chief economist at T. Rowe Price Associates in Baltimore, said he's highlighting three events this week — the October existing and new home sales data to be released tomorrow, the October personal income and personal consumption data scheduled for Thursday release, and a speech today on the economic outlook by Fed chairman Ben S. Bernanke.

Levenson believes the new home sales figure could fall sharply from last month, because it has been up two months in a row.

"They fell steeply in July, then they bounced for a couple of months and I think there is some downside to the consensus estimate, which is around one million annual rate, down from 1.1 million of last month," he said. "And existing home sales may surprise to the upside. This is just because new home sales are based on contracting signings and existing home sales are based on contract closings, so sometimes what happens is a switch between the two."

Economists polled by IFR Markets are predicting existing home sales to come in at 6.14 million, while predicting new home sales to be at 1.05 million. The polled economists also forecast a 0.5% gain in October personal consumption, along with a 0.2% gain in personal consumption.

"The way that we interpret the rest of the data we receive for the rest of the week is going to be influenced pretty significantly by what Mr. Bernanke says," Levenson said. The Fed chief's speech could also shed light on what the likelihood of the Federal Open Market Committee adjusting the federal funds rate moving forward is. Levenson, however, believes there is a very strong probability regardless of the rate remaining unchanged at 5.25% through the end of 2007.

"If you asked me what the direction of the Fed's next move is, and eventually they will change the rate, I would say that it is likely too go up, but it could be 2008 when they make that move," Levenson said.

"Bernanke has made it clear that he doesn't need the economy to show a 5% unemployment rate and 2% [personal consumption expenditures] core inflation today, that is kind of a long-term plan. As long as the economy doesn't violate that long-term plan, they are not going to do anything."

In the new-issue market yesterday, leading the competitive market, Prior Lake Independent School District in Minnesota sold $41 million of bonds to Prager, Sealy & Co. in two series. The first series, $29 million of general obligation school building refunding bonds, was sold with a true interest cost of 3.94%. The bonds mature from 2011 through 2021, and bonds maturing in 2011, 2012, and from 2014 through 2017 were not formally re-offered. Yields range from 3.63% with a 4% coupon in 2013 to 4.20% priced at par in 2021. The bonds are callable at par in 2016 and are insured by MBIA Insurance Corp.

The second series, $12 million of GO school building bonds, was sold with a true interest cost of 4.24%. The bonds mature from 2008 through 2026, and bonds maturing in 2025 and 2026 were not formally re-offered. Yields range from 3.56% with a 4% coupon in 2008 to 4.34% with a 4.25% coupon in 2024. The bonds are callable at par in 2016 and are insured by Financial Security Assurance Inc.

Also, Dakota County, Minn., competitively sold roughly $32 million of GO crossover refunding bonds to Merrill Lynch & Co., with a true interest cost of 4.11%. The bonds mature from 2009 through 2026, and bonds maturing from 2015 through 2018 and from 2023 through 2026 were not formally re-offered. Yields range from 3.50% with a 4% coupon in 2009 to 4.125% price at par in 2022. The bonds are callable at par in 2016. This credit is rated Aaa by Moody's Investors Service and AA-plus by Standard & Poor's.

11/29/06

Munis Firmer as Primary Sees Burst

The municipal market was slightly firmer yesterday, as the majority of economic data released fell below expectations and the primary market saw a burst of activity, including a pair of California offerings that together exceeded $1.8 billion.

In the new-issue market, California sold about $1.1 billion of general obligation bonds competitively in two series to Goldman Sachs & Co., with a true interest cost of 4.35%. Pricing information was not made available by press time. The first series, $650 million of new money, matures from 2007 through 2036. The second series, $412.5 million of refunding GOs, matures from 2007 through 2029. Moody's Investors Service rates California's GO credit A1 , and both Standard & Poor's and Fitch Ratings rate it an A-plus.

California last came to market with a combined GO offering in June. Merrill Lynch & Co. won that $1.01 billion deal, which was made up of a $700 million new-money portion, and $311.8 million of refunding GO. Bonds from the new-money series mature in 2006, and from 2011 through 2033, with a term bond in 2035. Yields range from 3.51% in 2006 to 4.73% in 2035, all with 5% coupons. Bonds from the refunding series mature from 2006 through 2030, with yields ranging from 3.51% with a 5% coupon in 2006 to 4.62% with a 4.5% coupon in 2030. All bonds from both series are callable at par in 2016.

In the new-money series, bonds maturing from 2013 through 2015 were tightest to that day's Municipal Market Data triple-A yield curve, with yields 18 basis points over the scale. Bonds maturing in 2028 and 2029 were widest to the curve, with yields 28 basis points over. Among 5% coupon paper in the refunding series, bonds maturing from 2015 through 2017 were 18 basis points over the scale, while all the remaining 5% coupon bonds, those maturing from 2019 through 2021, were 19 basis points over.

The day's second-largest deal also came out of California, where JPMorgan priced $700.3 million of tax allocation refunding bonds for the San Jose Redevelopment Agency. The credit was sold in two series, the first of which accounted for $422.7 million maturing between 2023 and 2032. This first series had coupons ranging between 3.75% and 5%, yielding a low of 4.02% in 2023 and a high of 4.46% in 2032. The second series, worth about $277.6 million, matures between 2008 and 2023, carrying coupons between 4% and 5%. It included yields that ranged from 3.43% in 2008 to 4.02% in 2023. The first series of the San Jose deal was insured by MBIA Insurance Corp., and the second was backed by Ambac Assurance Corp. Both series are callable at par in 2017.

The borrowers were able to tap a market inclined to be generous on the long end.

Traders said though there hasn't been much movement on the short-end of the scale, yields on the long end are lower by about two or three basis points.

"I think [municipals are firmer by] one [basis point] in the short end, two in the intermediate, and two to three in the long end," a trader in Chicago said. "I think with all the news we've had today that's pretty positive, considering housing was up. That rallied the market huge last time. Good news for the housing market didn't hurt the market this time, so it seems to me that people are feeling a little more positively in the short term — at least until we get our next round of statistics tomorrow."

The Treasury market showed some gains yesterday. The yield on the benchmark 10-year Treasury note, which opened at 4.54%, finished at 4.51%. The yield on the two-year note was quoted near the end of the session at 4.68%, after opening at 4.74%.

"I think a few of the traders out there are trying to grab some pieces and see if they can take advantage of the pop that we're getting," a trader in New York said. "I moved a coupled of my things in, which I don't really ever do, as I watched the market really start to rally. I think we're at least two or three basis points richer on the long end, and we're even hearing some talk of the 10-year [Treasury note] hitting 4.40% in the near future."

In economic data released yesterday, new orders for durable goods, excluding semiconductors, dropped 8.3% in October, spurred by a fall in transportation orders. The decrease followed September's revised 8.7% increase. The October decrease exceeded the prediction of economists polled by IFR Markets, which was for a 5.1% decrease.

Excluding transportation, durable goods orders fell 1.7% from September, when the category decreased the same amount. Economists polled by IFR Markets predicted the category would rise by 0.1%.

The Conference Board's consumer confidence index slipped in November to 102.9, down from 105.1 last month. Economists polled by IFR Markets had predicted an increase in the index to 105.4.

Additionally, existing home sales rose to a seasonally adjusted annual rate 6.24 million units during the month of October, outpacing September's report of 6.21 million units. The October figures also beat IFR expectations, which averaged 6.14 million units.

In a speech yesterday, Federal Reserve Board chairman Ben S. Bernanke said inflation risks or a worse-than-expected slump in housing could further complicate the already slowing economy.

"The deceleration in economic activity currently under way appears to be taking place roughly along the lines envisioned," he said. "As anticipated, the slowdown primarily reflects a cooling of the housing market. Most other sectors of the economy appear still to be expanding at a solid rate, and the labor market has tightened further."

Also yesterday, the Treasury Department auctioned $20 billion of two-year notes with a 4 5/8 coupon at a 4.692% yield, a price of about 99.87. The bid-to-cover ratio was 3.02. The Fed banks also bought about $4.34 billion for their own account in exchange for maturing securities.

Elsewhere in primary market action, the Clark County, Nev., School District competitively sold $575 million of building bonds in two series yesterday to Merrill Lynch. The first series, $450 million of GO building bonds, were bought with a true interest cost of 4.102%. They mature from 2009 through 2026, with yields that range from 3.70% in 2015 to 3.94% in 2021, all with 5% coupons. Bonds maturing from 2009 through 2014, from 2016 through 2018, and from 2022 through 2026 were not formally reoffered. The second series, $125 million of GO building bonds bought with a TIC of 4.113%, also matures from 2009 through 2026. Yields range from 3.70% in 2015 to 3.98% in 2023, all with 5% coupons. Bonds maturing from 2009 through 2014 and from 2024 through 2026 were not formally reoffered. The bonds are rated Aa2 by Moody's and AA by Standard & Poor's and Fitch.

JPMorgan priced for retail investors $666 million of revenue financing system refunding bonds for the University of Texas System Board of Regents. The first series, worth $342 million, matures from 2007 through 2026, with yields ranging from 3.52% with a 4% coupon in 2008 to 4.34% with a 4.25% coupon in 2016. Bonds maturing in 2007 will be decided via sealed bid today. Bonds maturing from 2017 through 2024 and in 2026 were not offered during the retail order period.

The second series, worth $324 million, matures from 2008 through 2038, with yields ranging from 3.52% with a 4% coupon in 2008 to 3.77% with a 5% coupon in 2016. Bonds maturing from 2017 through 2038 were not offered during the retail order period. The bonds will be priced for institutional investors today. They are callable at par in 2017, and are rated triple-A by all three major rating agencies.

Additionally, Citigroup Investment Banking priced $437 million of sales tax refunding bonds for Hamilton County, Ohio. The bonds mature from 2007 through 2026, with term bonds in 2032. Yields range from 3.60% with a 4% coupon in 2007 to 4.04% with a 5% coupon in 2032. Ambac Assurance Corp. insures all the bonds, except those maturing in 2007, which are uninsured. The bonds, which are callable at par in 2016, carry underlying ratings of A2 by Moody's and A-plus by Fitch.

Shelby County, Tenn., competitively sold about $287 million of GO variable-rate demand obligation refunding bonds in a three-pronged deal to Morgan Stanley, with a TIC of 3.44%. The VRDO bonds mature in 2031, yielding 3.20% at par. The long-term credit is rated Aa2 by Moody's, AA-plus by Standard & Poor's and AA by Fitch. The short-term paper is rated VMIG-1 by Moody's, A-1-plus by Standard & Poor's, and F-1-plus by Fitch.

Also, Lehman Brothers tentatively priced $207 million of GOs for the Texas Public Finance Authority in two series. The first series, worth $163.7 million, matures between 2007 and 2026 and carries coupons of 5%. Yields range between 3.55% in 2007 and 4.05% in 2026. The second series accounts for about $43.3 million of the deal and matures between 2007 and 2023. Yields range from 3.55% with a 4% coupon in 2007 to 4.00% with a 5% coupon in 2023. Both series are callable at par in 2016. The bonds are rated Aa1 by Moody's, AA by Standard & Poor's, and AA-plus by Fitch.

11/30/06

Munis Unchanged to Firmer in New-Issue Flood

Municipals were unchanged to slightly firmer yesterday, digesting a flood of primary market offerings as some of the week's largest deals hit the market.

Traders said yields on the long end were lower by about one basis point amidst a deluge of new-issue supply.

"The new deals came out probably a little cheaper than where secondary market paper has been trading, just to sort of test the waters of the market," a trader in Los Angeles said. "There hasn't been much supply up until now, and the calendar seems fairly heavy for the next couple of weeks. People are trying to squeeze in a bunch of deals at the end of the year."

Heading up the new-issue market yesterday, the triple-A rated University of Texas System Board of Regents sold $900 million of revenue financing system bonds, priced in four series. JPMorgan is book-runner for two series, $346.7 million of revenue bonds and $321.6 million of revenue refunding bonds, and Goldman, Sachs & Co. is underwriting $175.3 million of refunding bonds and another $55.1 million piece.

JPMorgan's Series D — worth $346.7 million — matures from 2007 through 2026, with yields ranging from 3.52% with a 4% coupon in 2008 to 4.35% with a 4.25% coupon in 2026. Bonds maturing in 2007 were decided via sealed bid.

Bonds from JPMorgan's Series F — worth $321.6 million — mature from 2008 through 2033, with term bonds in 2036 and 2038. Yields range from 3.52% with a 4% coupon in 2008 to 4.45% with a 4.25% coupon in 2038. Bonds from both series are callable at par in 2017.

Of the bonds priced by Goldman Sachs, Series C — worth $175.3 million — matures from 2008 through 2023, with yields ranging from 3.52% with a 3.5% coupon in 2008 to 3.98% with a 5% coupon in 2023. The bonds are not callable.

Series E — worth $55.1 million — matures from 2008 through 2023, with yields ranging from 3.52% with a 4% coupon in 2008 to 4.76% with a 4.25% coupon in 2023. The bonds are callable at par in 2017.

Among 5% coupon paper in the two series priced by JPMorgan, bonds from Series F maturing in 2010 were tightest to Tuesday's Municipal Market Data triple-A yield curve, with yields 12 basis points over. Bonds from both series maturing from 2017 through 2022 and bonds from Series F maturing in 2023 were widest to the scale, with yields 17 basis points over.

Among 5% coupon paper in the two series priced by Goldman, bonds from the $55 million Series E maturing in 2009 were tightest to Tuesday's MMD triple-A yield curve, with yields nine basis points over. Bonds from both series maturing in 2017 and bonds from Series E maturing from 2018 through 2020 were widest to the scale, with yields 17 basis points over.

The University of Texas last sold revenue financing system bonds in April. UBS Securities LLC was the lead underwriter on that $560 million deal, which was also priced in two series. The first series, worth just $20 million, matures from 2007 through 2015, with yields ranging from 3.65% with a 4% coupon in 2008 to 4.18% with a 4.25% coupon in 2015. Bonds maturing in 2007 were not formally re-offered, and bonds from this series are not callable.

Bonds from the second series, worth $540 million, mature from 2007 through 2026, with term bonds in 2031 and 2037. Yields range from 3.65% with a 4% coupon in 2008 to 4.63% with a 5% coupon in 2037. Bonds maturing in 2007 were not formally re-offered, and all bonds are callable at par in 2016. The deal is insured by the Permanent School Fund.

Among 5% coupon paper in both series, which is only found in the larger $540 million series, bonds maturing in 2031 were tightest to that day's MMD triple-A yield curve, with yields eight basis points over the curve. Bonds maturing from 2020 through 2023 were widest to the curve, with yields 17 basis points over.

The Treasury market showed little movement yesterday. The yield on the benchmark 10-year Treasury note, which opened at 4.53%, was quoted near the end of the session at 4.52%. The yield on the two-year note finished at 4.68%, after opening at 4.69%.

In economic data released yesterday, third-quarter real gross domestic product — the broadest measure of the economy's performance — grew faster than the advance report of 1.6%, but slower than the second quarter's 2.6% reading. The preliminary figure was also above IFR Markets' prediction of 1.8% growth.

Also, sales of new single-family homes fell 3.2% to a 1.004 million seasonally adjusted annual rate in October. The 1.004 million October figure came after a downwardly revised 1.037 million rate in September. Economists polled by IFR had predicted a 1.050 million sales level for October.

Elsewhere in the primary market, Lehman Brothers priced $565 million of fixed-rate debt for the University of Puerto Rico yesterday in two series. Bonds from the first series — $295 million of revenue refunding bonds — mature from 2010 through 2026, with a term bond in 2030. Yields range from 3.78% in 2010 to 4.23% in 2030, all with 5% coupons. Bonds from the second series — $270 million of new-money revenue bonds — mature from 2008 through 2023, with term bonds in 2030 and 2036. Yields range from 3.72% in 2008 to 4.27% in 2036, all with 5% coupons. Bonds from both series are callable at par in 2016. The underlying credit is rated Baa2 by Moody's Investors Service and BBB by Standard & Poor's.

Morgan Stanley priced $500 million of tax and revenue anticipation notes for Iowa. The Trans mature in 2007, yielding 3.53% with a 4.25% coupon. The notes are rated MIG-1 by Moody's, SP-1-plus by Standard & Poor's, and F1-plus by Fitch Ratings.

Banc of America Securities LLC priced $395.5 million of senior-lien refunding state road bonds for the Missouri Highways and Transportation Commission. The bonds mature from 2013 through 2022, with yields ranging from 3.55% with a 5% coupon in 2013 to 3.86% with a 5% coupon in 2022. The bonds are callable at par in 2017, except for those maturing in 2018 and 2019, which are not callable. The credit is rated triple-A by both Moody's and Standard & Poor's, and AA-plus by Fitch.

Citigroup Investment Banking priced $327.4 million of lease revenue refunding bonds for the Los Angeles County Public Works Financing Authority in two series. The first — a $222 million current refunding — matures from 2007 through 2016, with yields ranging from 3.42% with a 3.75% coupon in 2008 to 3.69% with a 3.625% coupon in 2016. Bonds maturing in 2007 were decided via sealed bid. The bonds are not callable. The second series — a $105 million advance refunding — matures from 2007 through 2026, with term bonds in 2031 and 2033. Yields range from 3.40% with a 3.5% coupon in 2007 to 4.08% with a 5% coupon in 2033. The bonds are callable at par in 2016. All bonds from both series are insured by Financial Guaranty Insurance Co.

Also, Wachovia Bank NA priced $250 million of health care facilities revenue bonds for the North Carolina Medical Care Commission. The bonds mature in 2034, 2036, and 2039, yielding 4.27%, 4.49%, and 4.30%, respectively. The 2034 and 2039 maturities have 5% coupons, while bonds maturing in 2036 carry a 4.5% coupon. The bonds are callable at par in 2016, and the underlying credit is rated Aa3 by Moody's, and AA-minus by Standard & Poor's and Fitch.

12/01/06

Munis Firm on Weaker Economic Data

The municipal market was firmer by two or three basis points yesterday as the majority of economic data released came in weaker than expectations.

A trader in Boston said tax-exempts showed gains as investors worked to clean up the flux of new deals seen the first three days of the week.

"There's continued demand coming in, especially with the market rally, and I think you'll probably see good follow-through for the next day or two," the trader said.

The Treasury market was firmer yesterday. The yield on the benchmark 10-year Treasury note was quoted near the end of the session at 4.46% after opening at 4.53%. The yield on the two-year note, which opened at 4.70%, finished at 4.62%.

In economic data released yesterday, first-time applications for state unemployment benefits increased 34,000 to 357,000 in the week ended Nov. 25 — the highest level in more than a year. The seasonally adjusted figure was well above the 314,000 level predicted by economists polled by IFR Markets and followed the previous week's revised level of 323,000. The level was the highest since the week of Oct. 8, 2005, when initial claims hit 372,000.

Personal income rose 0.4% in October, while personal consumption increased 0.2%. October personal income rose by $49.30 billion to about $11.058 trillion after an unrevised 0.5% increase in September. Meanwhile, spending jumped $16.90 billion to $9.360 trillion, following a revised 0.2% decrease last month. Economists polled by IFR Markets had predicted a 0.5% rise in personal income and a 0.2% increase in personal consumption.

The core price index for personal consumption expenditures, which excludes food and energy, increased 0.2% in September, compared with an unrevised 0.2% increase the previous month. On a year-over-year basis, the core rate is up 2.4%. The rise was slightly above IFR Markets' projected 2.2% rise in the core deflator.

Also, the Chicago Purchasing Managers' Business Barometer slumped to 49.9 in November from 53.5 in October, the first time after 42 months of expansion that the index showed economic contraction, as defined by a reading below 50.0. Economists polled by IFR predicted a 54.5 reading for the indicator.

In the primary market yesterday, Lehman Brothers priced $858.2 million of state personal income tax revenue bonds for the Dormitory Authority of the State of New York in three series. The $809 million series matures from 2008 through 2026, with term bonds in 2031 and 2036. Yields range from 3.45% with a 4% coupon in 2008 to 4.00% with a 5% coupon in 2036. The bonds are callable at par in 2016.

The $39 million series matures in 2008, 2009, and 2010, yielding 3.45% with a 4% coupon, 3.49% with a 5% coupon, and 3.51% with a 5% coupon, respectively. The $9.9 million series matures from 2007 through 2016, with yields ranging from 3.40% in 2007 to 3.70% in 2016, all with 4% coupons. These two series are not callable. The credit is rated AAA by Standard & Poor's and AA-minus by Fitch Ratings.

Among 5% coupon paper in all series, bonds from the series worth $39.3 million maturing in 2009 were tightest to Wednesday's Municipal Market Data triple-A yield curve, with yields three basis points over. Bonds from the largest series, worth $809 million, maturing in 2017 were widest to the scale, with yields nine basis points over.

DASNY last came to market with state personal income tax revenue bonds in October. Citigroup Investment Banking priced that $757 million deal, which matures from 2007 through 2026, with term bonds in 2031 and 2035. Yields range from 3.50% at par in 2007 to 4.33% with a 5% coupon in 2035. The bonds are callable at par in 2016.

Among 5% coupon paper in the deal, bonds maturing from 2017 through 2019 and in 2035 were tightest to that day's MMD triple-A yield curve, with yields 18 basis points over. Bonds maturing in 2021 and 2022 were widest to the scale, with yields 21 basis points over.

Citigroup priced $400 million of general obligation bonds for Connecticut in two series. Bonds from the $372 million tax-exempt series mature from 2007 through 2016, with term bonds in 2017, 2018, 2020, and 2021. Yields range from 3.47% with a 3.50% coupon in 2007 to 3.85% with a 5% coupon in 2021. The bonds, rated Aa3 by Moody's Investors Service and AA by Standard & Poor's and Fitch, are callable at par in 2016. The deal also contains a $28 million series of taxable bonds, which mature from 2007 through 2009.

Also, in the competitive market, triple-A rated Columbus, Ohio, sold about $200 million of bonds to Merrill Lynch & Co. in two series. Merrill won, with a true interest cost of 3.85%, $13.6 million of various purpose unlimited-tax bonds, which mature from 2008 through 2027. Yields range from 3.47% with a 5% coupon in 2008 to 3.68% with a 5% coupon in 2017. Bonds maturing in 2011, 2012, from 2014 through 2016, and from 2018 through 2027 were not formally re-offered. The bonds are callable at par in 2016.

Merrill was also the winning bidder on $76.6 million of various-purpose limited-tax bonds, which mature from 2008 through 2025, with a term bond in 2027. Yields range from 3.47% with a 3.75% coupon in 2008 to 4.22% with a 4.125% coupon in 2024. Bonds maturing from 2009 through 2013, and in 2020, 2025, and 2027 were not formally re-offered. The bonds are also callable at par in 2016.