

**Project:** 1997 Certificate of Participations Refunding  
Administrative Services Building

**Administering Agency:** Placer County Treasurer Tax Collector

**Contract No.**

**Contract Description:**

PROFESSIONAL LEGAL SERVICES CONTRACT FOR SPECIAL COUNSEL  
SERVICES RELATED TO THE REFUNDING OF CERTIFICATES OF  
PARTICIPATION FOR THE ADMINISTRATIVE AND EMERGENCY SERVICES  
BUILDING

CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is made at Auburn, California, as of April 1, 2006 by and between the County of Placer, ("County"), and Quint and Thimmig, LLP, ("Consultant"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide the services described in Exhibit A. Consultant shall provide said services at the time, place, and in the manner specified in Exhibit A.

2. **Payment.** County shall pay Consultant for services rendered pursuant to this Agreement at the time and in the amount set forth in Exhibit B. The payment specified in Exhibit B shall be the only payment made to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all billings for said services to County in the manner specified in Exhibit B; or, if no manner be specified in Exhibit B, then according to the usual and customary procedures which Consultant uses for billing clients similar to County.

3. **Facilities, Equipment and Other Materials, and Obligations of County.** Except as set forth in Exhibit C, Consultant shall, at its sole cost and expense, furnish all facilities, equipment, and other materials, which may be required for furnishing services pursuant to this Agreement. County shall furnish Consultant only those facilities, equipment, and other materials, and shall perform those obligations listed in Exhibit C according to the terms and conditions set forth in Exhibit C.

4. **General Provisions** The general provisions set forth in Exhibit D are part of this Agreement. Any inconsistency between said general provision and any other terms or conditions of this Agreement shall be controlled by the other term or condition insofar as it is inconsistent with the general provisions.

5. **Exhibits.** All exhibits referred to herein are attached hereto and by this reference incorporated herein.

6. **Time for Performance** Time is of the essence, and, subject to County's compliance with Exhibit C and to the provisions of paragraph 3 of Exhibit D, failure of Consultant to perform any services within the time limits set forth in Exhibit A shall constitute material breach of this contract.

Executed as of the day first above stated:

COUNTY OF PLACER

By: \_\_\_\_\_  
County Executive Officer

QUINT & THIMMIG LLP

By:  \_\_\_\_\_  
Name: Brian D. Quint  
Title: Partner

Approved As to Form

\_\_\_\_\_  
County Counsel

## EXHIBIT A

### SCOPE OF SERVICES

Quint and Thimmig, LLP will provide disclosure counsel services to the County in connection with the refunding of the County's 1997 Certificates of Participation as specified by, and at the direction of the County.

Quint and Thimmig, LLP will perform and render all disclosure counsel related services in connection with said certificate issue, including, but not limited to, the following:

- (a) Prepare the official statement (both preliminary and final) or other disclosure documents in connection with the offering of the bonds;
- (b) Confer and consult with the officers and administrative staff of the COUNTY as to matters relating to the official statement;
- (c) Attend all meetings of the governing body of the COUNTY and any administrative meetings at which the official statement is to be discussed, deemed necessary by us for the proper exercise of our due diligence with respect to the official statement, or when specifically requested by the COUNTY to attend;
- (d) On behalf of the COUNTY, prepare the notice of sale, if the bonds are sold on a competitive basis, or the bond purchase contract pursuant to which the bonds will be sold to the underwriter of the bonds, if the Certificates are sold on a negotiated basis;
- (e) On behalf of the COUNTY, prepare the continuing disclosure certificate; and
- (f) Subject to the completion of proceedings to our satisfaction, provide an opinion addressed to the COUNTY and to the underwriter of the bonds that, although we have not undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the official statement, in the course of our participation in the preparation of the official statement, we have been in contact with representatives of the COUNTY and others concerning the contents of the official statement and related matters, and based upon the foregoing, nothing has come to our attention to lead us to believe that the official statement (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion included therein, and information relating to The Depository Trust Company and its book-entry system, as to which we need express no view) as of the date of the official statement or the date of the closing contains any untrue statement of a material fact or omits to state any

material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

ATTORNEYS and COUNTY acknowledge that County Counsel renders day-to-day and ongoing legal services to the COUNTY. ATTORNEYS shall circulate documents to and coordinate its services with County Counsel to the extent requested by COUNTY or County Counsel. ATTORNEYS shall be entitled to assume that County Counsel has reviewed all documents and matters submitted to the Board of Supervisors for adoption or approval or to officers of COUNTY for execution prior to such adoption, approval or execution, and ATTORNEYS shall submit documents in a timely manner to permit such review.

Quint & Thimmig LLP shall be directly responsible for providing documents, advice, consultations, and other services specified above or requested by the COUNTY in connection with the issue. Other personnel will be made available as required.

ATTORNEYS services are limited to those specifically set forth above. ATTORNEYS services do not include representation of COUNTY or any other party to the transaction in any litigation or other legal or administrative proceeding involving any of the Certificates, the project or any related matter. ATTORNEYS services also do not include any responsibility for state blue sky laws or for title to perfection of security interests in real or personal property. ATTORNEYS services do not include any financial advice or analysis. ATTORNEYS will not be responsible for the services performed or acts or omissions of any co-certificate counsel or other participant. Also, ATTORNEYS services will not extend beyond the execution and delivery of the Certificates and will not, for example, include services related to future rebate compliance or future continuing disclosure.

EXHIBIT B

PAYMENT FOR SERVICES RENDERED

Compensation for the foregoing services shall be as follows:

**Fees and Expenses:**

\$25,000 payable at closing from the proceeds from the Refunding Certificates of Participation.

Invoices shall be submitted to County care of:

Jenine Windeshausen  
Placer County Treasurer  
2976 Richardson Drive  
Auburn, CA 95603

EXHIBIT C  
FACILITIES, EQUIPMENT, AND OTHER  
MATERIALS, AND OBLIGATIONS OF COUNTY

The County has no obligation to provide facilities or equipment to Quint & Thimmig LLP.

The County will make all pertinent information and data available to Quint & Thimmig LLP, as necessary to complete the work described in Exhibit A.

## EXHIBIT D

### GENERAL PROVISIONS

1. **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of the County. County shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement. County shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement.

2. **Licenses, Permits, Etc.** Consultant represents and warrants to County that it has all licenses, permits, qualifications, and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant represents and warrants to County that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for Consultant to practice its profession at the time the services are performed.

3. **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for the satisfactory performance of Consultant's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

4. **Insurance.** Consultant shall file with County a Certificate of Insurance, with companies acceptable to County, with a Best's Rating of no less than A:VII showing the following coverage:

A. **Workers' Compensation and Employers' Liability Insurance**

1) Workers' Compensation Insurance shall be provided, as required, by any applicable law or regulation. Employers' liability insurance shall be provided in amounts not less than five hundred thousand dollars (\$500,000) each accident for bodily injury by accident, five hundred thousand dollars (~~\$500,000~~) policy limit for bodily injury by disease, and five hundred thousand dollars (\$500,000) each employee for bodily injury by disease.

2) Consultant shall require all SUBCONSULTANTS to maintain adequate Workers' Compensation Insurance. Certificates of Workers Compensation shall be filed forthwith with the County upon demand.

B. **General Liability Insurance**

1) Comprehensive General Liability or Commercial General Liability insurance shall be provided covering all operations by, or on behalf of Consultant, covering bodily injury liability and property damage liability for the limits of liability indicated below and

including coverage for contractual liability insuring the obligations assumed by Consultant in this Agreement.

- 2) One of the following forms is required:
  - a) Comprehensive General Liability;
  - b) Commercial General Liability (Occurrence); or
  - c) Commercial General Liability (Claims Made).

3) If Consultant carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of:

- a) One million dollars (\$1,000,000) each occurrence;
- b) One million dollars (\$1,000,000) aggregate.

4) If Consultant carries a Commercial General Liability (Occurrence) policy:

- a) The limits of liability shall not be less than:
  - i) One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage);
  - ii) One million dollars (\$1,000,000) for Products-Completed Operations;
  - iii) One million dollars (\$1,000,000) General Aggregate.
- b) If the policy does not have an endorsement providing that the General Aggregate Limit applies separately to this contract, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be two million dollars (\$2,000,000).

5) Special Claims Made Policy Form Provisions:

Consultant shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of County, which consent, if given, shall be subject to the following conditions:

- a) The limits of liability shall not be less than:
  - i) One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage);
  - ii) One million dollars (\$1,000,000) aggregate for Products-Completed Operations;
  - iii) One million dollars (\$1,000,000) General Aggregate.
- b) The insurance coverage provided by Consultant shall contain language allowing consultant to purchase coverage for up to six (6) months following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims made policy. And, Consultant shall upon expiration of such coverage, either replace such coverage with comparable coverage or exercise such option.

C. Endorsements:

Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language:

1) "The County of Placer, its officers, agents, employees and volunteers, are to be covered as insureds for all liability arising out of operations, or on behalf of, the additional insured in the performance of this Agreement."

2) "The insurance provided by the Consultant, including any excess liability or umbrella form coverage, is primary coverage to the County with respect to any insurance or self-insurance programs maintained by County, and no insurance held or owned by County shall be called upon to contribute to a loss."

D. Automobile Liability Insurance

1) Automobile Liability insurance shall be provided covering bodily injury and property damage in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence.

2) Covered vehicles should include owned (if any are owned by Consultant), non-owned, and hired automobiles/trucks.

E. Professional Liability Insurance (Errors and Omissions)

1) Professional Liability Insurance for Errors and Omissions coverage shall be provided in the amount of not less than two million dollars (\$2,000,000) in aggregate.

2) The insurance coverage provided by Consultant shall contain language allowing Consultant to purchase coverage for up to six (6) months following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims made policy.

5. Indemnity. Consultant shall indemnify and hold harmless County from any and all damages or liability arising from this Agreement and resulting from negligent acts or omissions, malpractice or intentional acts of Consultant in rendering the services set forth in this Agreement.

6. Consultant Not Agent. Except as County may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of County in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind County to any obligation whatsoever.

7. Assignment Prohibited. Consultant may assign its rights and obligations under this Agreement only upon the prior written approval of County, said approval to be in the sole discretion of County.

8. Personnel.

A. Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that County, in its sole discretion, at any time

during the term of this Agreement, desires the removal of any person or persons assigned by Consultant to perform services pursuant to this Agreement, including those members of the Project Team as explained below, Consultant shall remove any such person immediately upon receiving notice from County of the desire of County for removal of such person or persons.

B. Notwithstanding the foregoing, if specific persons are designated as the "Project Team" in Exhibit A, Scope of Services, Consultant agrees to perform the work under this agreement with those individuals identified. Reassignment or substitution of individuals or subconsultants named in the Project Team by Consultant without the prior written consent of County shall be grounds for cancellation of the agreement by County, and payment shall be made pursuant to Paragraph 10 Termination only for that work performed by Project Team members.

9. **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. All products of whatsoever nature which Consultant delivers to County pursuant to this Agreement shall be prepared in a substantial first class and workmanlike manner and conform to the standards or quality normally observed by a person practicing in Consultant's profession.

10. **Termination.**

A. County shall have the right to terminate this Agreement at any time by giving notice in writing of such termination to Consultant. In the event County shall give notice of termination, Consultant shall immediately cease rendering service upon receipt of such written notice, pursuant to this Agreement. In the event County shall terminate this Agreement:

1) Consultant shall deliver copies of all writings prepared by it pursuant to this Agreement. The term "writings" shall be construed to mean and include: handwriting, typewriting, printing, Photostatting, photographing, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof.

2) County shall have full ownership and control of all such writings delivered by Consultant pursuant to this Agreement.

3) County shall pay Consultant the reasonable value of services rendered by Consultant to the date of termination pursuant to this Agreement not to exceed the amount documented by Consultant and approved by County as work accomplished to date; provided, however, that in no event shall any payment hereunder exceed the amount of the agreement specified in Exhibit B, and further provided, however, County shall not in any manner be liable for lost profits which might have been made by Consultant had Consultant completed the services required by this Agreement.

In this regard, Consultant shall furnish to County such financial information as in the judgment of the County is necessary to determine the reasonable value of the services rendered by Consultant. The foregoing is cumulative and does not affect any right or remedy which County may have in law or equity.

B. Consultant may terminate its services under this Agreement upon thirty (30) working days advance written notice to the County.

11. **Non-Discrimination.** Consultant shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or sex in contravention of the California Fair Employment and Housing Act, Government Code section 12900 et seq.

12. **Records.** Consultant shall maintain, at all times, complete detailed records with regard to work performed under this agreement in a form acceptable to County, and County shall have the right to inspect such records at any reasonable time. Notwithstanding any other terms of this agreement, no payments shall be made to Consultant until County is satisfied that work of such value has been rendered pursuant to this agreement. However, County shall not unreasonably withhold payment and, if a dispute exists, the withheld payment shall be proportional only to the item in dispute.

13. **Ownership of Information.** All professional and technical information developed under this Agreement and all work sheets, reports, and related data shall become the property of County, and Consultant agrees to deliver reproducible copies of such documents to County on completion of the services hereunder. The County agrees to indemnify and hold Consultant harmless from any claim arising out of reuse of the information for other than this project.

14. **Waiver.** One or more waivers by one party of any major or minor breach or default of any provision, term, condition, or covenant of this Agreement shall not operate as a waiver of any subsequent breach or default by the other party.

15. **Conflict of Interest** Consultant certifies that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of this agreement. In addition, Consultant agrees that no such person will be employed in the performance of this agreement without immediately notifying the County.

16. **Entirety of Agreement.** This Agreement contains the entire agreement of County and Consultant with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer or agent of any party which is not contained in this Agreement shall be binding or valid.

17. **Attorney's Fees.** If any party to this Agreement commences legal proceedings to enforce any of its terms or for damages for its breach, the prevailing party

shall be entitled to recover reasonable attorney's fees, including those incurred on appeal, if any.

**18. Governing Law.** This Agreement is executed and intended to be performed in the State of California, and the laws of that State shall govern its interpretation and effect. Any legal proceedings on this agreement shall be brought under the jurisdiction of the Superior Court of the County of Placer, State of California, and Consultant hereby expressly waives those provisions in California Code of Civil Procedure §394 that may have allowed it to transfer venue to another jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 10, 2006

NEW ISSUE—Book-Entry Only

RATINGS:  
 Moody's: \_\_\_\_\_ (\_\_\_\_\_. Insured)  
 Standard & Poor's: \_\_\_\_\_ (\_\_\_\_\_. Insured)  
 (See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, (among other matters), the accuracy of certain representations and compliance with certain covenants, the portion of each Lease Payment designated as and representing interest with respect to the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the opinion of Special Counsel, such interest is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences relating to the accrual or receipt of the interest portion of the Lease Payments or the ownership or disposition of the Certificates. See "TAX MATTERS" herein.



\$ \_\_\_\_\_  
**CERTIFICATES OF PARTICIPATION**  
 (2006 Administrative and Emergency Services Building Refinancing Project)  
**Evidencing the Direct, Undivided Fractional Interests**  
**of the Owners Thereof in Lease Payments to be Made by the**  
**COUNTY OF PLACER, CALIFORNIA**  
**As the Rental for Certain Property**  
**Pursuant to a Lease Agreement with the**  
**Placer County Public Financing Authority**

Dated: Date of Delivery

Due: June 1, as set forth below

The \$ \_\_\_\_\_ Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) (the "Certificates"), are being sold to: (a) refund the Certificates of Participation (Administrative and Emergency Services Building) evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the County of Placer, California (the "County") to the North Lake Tahoe Public Financing Authority, presently outstanding in the principal amount of \$12,605,000 (the "1997 Certificates"); (b) fund a reserve fund for the Certificates; and (c) pay for the costs incurred in connection with the execution and delivery of the Certificates. The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments (as defined herein) to be made by the County to the Placer County Public Financing Authority (the "Authority") for the use and occupancy of the Leased Facilities (as defined herein) under and pursuant to a Lease Agreement, dated as of June 1, 2006, between the Authority and the County (the "Lease Agreement"). The Authority will assign its right to receive Lease Payments from the County under the Lease Agreement and its right to enforce payment of the Lease Payments when due or otherwise protect its interest in the event of a default by the County thereunder to The Bank of New York Trust Company, N.A., Los Angeles, California, as trustee (the "Trustee"), for the benefit of the registered owners of the Certificates.

The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2006, by and among the County, the Authority and the Trustee. The Certificates will be executed and delivered in book-entry form only and will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Certificates (the "Beneficial Owners") will not receive physical certificates representing their interest in the Certificates. Interest with respect to the Certificates accrues from the Date of Delivery and is payable semiannually on each June 1 and December 1, commencing December 1, 2006. The Certificates may be executed and delivered in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest with respect to the Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates. (See "THE CERTIFICATES—Book-Entry-Only System" herein).

The County has covenanted in the Lease Agreement to make all Lease Payments due under the Lease Agreement, subject to abatement during any period in which by reason of damage or destruction of the Leased Facilities or by reason of eminent domain proceedings with respect to the Leased Facilities, there is substantial interference with the use and occupancy by the County of the Leased Facilities or any portion thereof. The County has covenanted in the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations for all such Lease Payments.

The Certificates are subject to optional, extraordinary and mandatory sinking fund redemption, as described herein.

Payment of the principal of and interest on the Certificates when due will be insured by a municipal bond insurance policy to be issued by \_\_\_\_\_ simultaneously with the delivery of the Certificates. See "MUNICIPAL BOND INSURANCE" herein.

[MUNICIPAL BOND INSURER LOGO]

THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS CONSTITUTES A DEBT OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS IS SUBJECT TO THE COUNTY'S BENEFICIAL USE AND POSSESSION OF THE LEASED FACILITIES. See "RISK FACTORS" herein.

The cover page contains certain information for general reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

MATURITY SCHEDULE\*

CUSIP Prefix: \_\_\_\_\_

\$ \_\_\_\_\_ Serial Certificates

Maturity June 1	Principal Amount	Interest Rate	Price	CUSIP Suffix <sup>†</sup>	Maturity June 1	Principal Amount	Interest Rate	Price	CUSIP Suffix <sup>†</sup>
\$ _____ %					Term Certificates due June 1, _____			Price: _____ %	to Yield _____ %— CUSIP _____ †
\$ _____ %					Term Certificates due June 1, _____			Price: _____ %	to Yield _____ %— CUSIP _____ †

*Bids for the purchase of the Certificates will be received by the County on Wednesday, May 17, 2006, until 10:00 A.M., Pacific time, electronically, through the facilities of I-Deal LLC BLDCOMP/PARTY. The Certificates will be sold pursuant to the terms of sale set forth in the Official Notice of Sale dated May 10, 2006.*

The Certificates will be offered when, as and if delivered and received by the Underwriter, subject to approval by Orrick Herrington & Sutcliffe LLP, San Francisco, California, Special Counsel. Certain matters will be passed upon for the County by County Counsel and by Quint & Thurnig LLP, San Francisco, California, as Disclosure Counsel. It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about June 2, 2006.

Dated: May \_\_\_\_\_ 2006

\*Preliminary, subject to change.

†Copyright 2006, American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the County nor the Underwriter takes any responsibility for the accuracy of such numbers.

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers, to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be prohibited by law.

COUNTY OF PLACER  
Placer County Administrative Offices  
175 Fulweiler Avenue  
Auburn, CA 95603  
<http://www.placer.ca.gov>

COUNTY OF PLACER and  
PLACER COUNTY PUBLIC FINANCING AUTHORITY

*County Board of Supervisors and Authority Board of Directors*  
Bill Santucci, *County Board Chair and Authority Board Chair*  
Robert Weygandt, *County and Authority Board Member*  
Jim Holmes, *County and Authority Board Member*  
Ted Gaines, *County and Authority Board Member*  
Bruce Kranz, *County and Authority Board Member*

*County and Authority Administrative Staff*  
Tom Miller, *County Executive Officer and Authority Executive Director*  
Jenine Windeshausen, *Treasurer-Tax Collector and Authority Treasurer*  
Katherine Martins, *Auditor-Controller*  
Ann Holman, *Clerk of the Board of Supervisors and Authority Secretary*  
Anthony La Bouff, *County Counsel and Authority Counsel*

SPECIAL SERVICES

*Special Counsel*  
Orrick Herrington & Sutcliffe LLP  
San Francisco, California

*Disclosure Counsel*  
Quint & Thimmig LLP  
San Francisco, California

*Financial Advisor*  
Capitol Public Finance Group, LLC  
Sacramento, California

*Trustee*  
The Bank of New York Trust Company, N.A.  
Los Angeles, California

*Verification Agent*  
AMTEC  
West Hartford, Connecticut

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

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Authority or the County since the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the County's forecasts in any way, regardless of the level of optimism communicated in the information. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See "CONTINUING DISCLOSURE" herein.

In connection with this offering the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

In accordance with its responsibilities under the federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

The Certificates have not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such Act. The Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such Act.

**OTHER THAN WITH RESPECT TO INFORMATION CONCERNING \_\_\_\_\_ (THE "MUNICIPAL BOND INSURER") CONTAINED UNDER THE CAPTION "MUNICIPAL BOND INSURANCE" HEREIN AND IN APPENDIX H HERETO, NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE MUNICIPAL BOND INSURER AND THE MUNICIPAL BOND INSURER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO: (i) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (ii) THE VALIDITY OF THE LEASE AGREEMENT; OR (iii) THE TAX STATUS OF THE INTEREST WITH RESPECT TO THE CERTIFICATES.**

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## OFFICIAL STATEMENT

\$\_\_\_\_\_\*

**Certificates of Participation  
(2006 Administrative and Emergency Services Building Refinancing Project)  
Evidencing Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the  
COUNTY OF PLACER, CALIFORNIA  
As the Rental for Certain Leased Facilities Pursuant to a Lease  
Agreement with the Placer County Public Financing Authority**

### INTRODUCTION

#### General

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the County of Placer (the "County") and the sale and delivery of the Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) evidencing direct, undivided fractional interests of the owners thereof in lease payments (the "Lease Payments") to be made by the County as the rental for certain property pursuant to a Lease Agreement, dated as of June 1, 2006 (the "Lease Agreement"), by and between the Placer County Public Financing Authority (the "Authority") and the County, in the aggregate principal amount of \$\_\_\_\_\_\* (the "Certificates").

The Certificates are being delivered to provide funds to (a) refinance various public infrastructure improvements on real property within the boundaries of the County including the refunding of the outstanding Certificates of Participation (Administrative and Emergency Services Building)(the "1997 Certificates"), (B) fund a reserve fund for the Certificates, (c) fund the costs of the transaction. See "ESTIMATED SOURCES AND USES OF FUNDS," "PLAN OF FINANCE" and "SOURCE OF PAYMENT FOR THE CERTIFICATES—Reserve Fund" herein.

Definitions of certain terms used in this Official Statement are set forth in APPENDIX D—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS."

#### The County

The County has an estimated area of 1,500 square miles. The County is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included in the four county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four, Auburn, Lincoln, Rocklin and Roseville, have populations of 10,000 or more, with Auburn being the County seat. For further information concerning the County see "THE COUNTY" herein and APPENDIX B—"CERTAIN INFORMATION REGARDING THE COUNTY OF PLACER."

The audited financial statements of the County for the year ended June 30, 2005, are attached hereto as Appendix A. These financial statements, including the auditor's report and the notes thereto, should be read in their entirety.

\*Preliminary, subject to change.

## **The Certificates**

The County will enter into the Lease Agreement pursuant to and in accordance with applicable laws of the State and a resolution of the County adopted on May 9, 2006. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2006 (the "Trust Agreement"), by and among the County, the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The County will lease certain real property and improvements (the "Leased Facilities") to the Authority pursuant to a Property Lease, dated as of June 1, 2006 (the "Property Lease"), by and between the County and the Authority, and lease the Leased Facilities back pursuant to the Lease Agreement. See "THE LEASED FACILITIES" herein. The Lease Payments are payable by the County from its General Fund for the right to use and possession by the County of the Leased Facilities. The Lease Payments are subject to abatement during any period in which, by reason of title defect, damage or destruction, there is substantial interference with the use and occupancy by the County of the Leased Facilities or any portion thereof. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Abatement" and "RISK FACTORS" herein. The Authority will assign its rights to receive Lease Payments and substantially all of its other rights under the Lease Agreement to the Trustee pursuant to an Assignment Agreement, dated as of June 1, 2006, by and between the Authority and the Trustee (the "Assignment Agreement").

The full faith and credit of the County is not pledged for the payment of the Lease Payments. The obligation to make Lease Payments does not constitute a debt, liability or obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation.

## **Municipal Bond Insurance**

Simultaneously with the delivery of the Certificates, a municipal bond insurance policy (the "Municipal Bond Insurance Policy") will be issued by \_\_\_\_\_ (the "Municipal Bond Insurer") which will provide for the payment of the principal and interest with respect to the Certificates when due to the extent the Trustee has not received sufficient funds from the County or otherwise to make such payments. See "MUNICIPAL BOND INSURANCE" herein.

## **Continuing Disclosure**

The County has agreed to provide certain annual financial information and operating data to each nationally recognized municipal securities information repository, and notice of certain material events to the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the disclosure agreement pursuant to which such reports are to be made.

The County has not undertaken any previous undertakings with regard to said Rule to provide annual reports or notices of material events. See APPENDIX G—"FORM OF THE CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

## **Summaries Not Definitive**

Brief descriptions of the Certificates, the County and the Leased Facilities are included in this Official Statement, together with summaries of the Lease Agreement, the Property Lease, the Assignment Agreement and the Trust Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Certificates, the Lease Agreement and the Trust Agreement are qualified in their entirety by reference to the actual

documents, copies of all of which are available for inspection at the corporate trust office of the Trustee at The Bank of New York Trust Company, N.A., 700 South Flower Street, Suite 500, Los Angeles, CA 90017-4104.

#### **Additional Information**

The County regularly prepares a variety of publicly available reports, including audits, budgets and related documents. Any Certificate owner may obtain a copy of any such report, as available, from the County. The County may charge a fee for copying, handling and postage in connection with such requests. Additional information regarding this Official Statement may be obtained by contacting the County at the following address:

Mr. Tom Miller  
County Executive Officer  
County of Placer  
175 Fulweiler Avenue  
Auburn, CA 95603

#### **PLAN OF FINANCE**

The Certificates are being delivered to provide funds to (a) refund the 1997 Certificates, (b) fund the Reserve Fund, and (c) finance the costs of the transaction.

A portion of the proceeds of the Certificates will be deposited in an escrow fund (the "Escrow Fund") held in trust by The Bank of New York Trust Company, N.A., as escrow bank (the "Escrow Bank"), under an escrow deposit and trust agreement with the County. A portion of the amounts deposited in the Escrow Fund will be invested in direct obligations of the United States (the "Federal Securities") in an amount which, together with investment earnings thereon and the uninvested cash in the Escrow Fund, will be sufficient to provide for the payment of the principal and interest with respect to the 1997 Certificates through June 1, 2007, and to redeem all outstanding 1997 Certificates maturing after June 1, 2007, in full on June 1, 2007, at the redemption price equal to 102% of the principal amount thereof, plus accrued interest.

The mathematical accuracy of the calculation as to the sufficiency of anticipated receipts from the escrow securities and cash in the escrow fund to meet the debt service and redemption requirements of the 1997 Certificates and the calculation of the yield with respect to the Certificates will be verified by AMTEC, management consultants. See "VERIFICATION REPORT" herein.

Upon the delivery of the Certificates and the deposit in the Escrow Fund of moneys sufficient to provide for the refunding of the 1997 Certificates, and assuming the accuracy of the Verification Agent's computations, the 1997 Certificates will be deemed defeased and no longer outstanding. The holders of the 1997 Certificates will be entitled to payment solely out of the moneys or securities deposited in the Escrow Fund.

#### **THE LEASED FACILITIES**

Under the Lease Agreement, the County is obligated to make Lease Payments for the occupancy and use of the Leased Facilities.

The Leased Facilities consist of the County's Administrative and Emergency Services Building financed with the proceeds of the 1997 Certificates, together with the site thereof. The

Administrative and Emergency Services Building is an 81,000 square foot, two story building, and provides offices for the County Clerk/Recorder, Sheriff/Dispatch, Emergency Services, Elections, Procurement, Administrative Services, Data Center, Treasurer/Tax Collector, Auditor and Assessor. The building includes structural design and emergency response capacities including backup air conditioning systems and an onsite backup generator, with automatic transfer switching. The building includes provisions for backup ventilation systems if the primary system fails. In addition, the electrical system is designed to provide power through the backup generator if the electrical grid becomes inoperable. These and other features are designed to allow the Administrative and Emergency Services Building to be fully operable in the event of an emergency.

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds are as follows:

<u>Sources of Funds</u>	
Par Amount	
Less: Net Original Issue Discount	
Plus: Release Moneys from 1997 Certificates	
Total Sources	_____
	_____
<u>Uses of Funds</u>	
Deposit to Escrow Fund (1)	
Deposit to Reserve Fund (2)	
Deposit to Delivery Costs Fund (3)	
Underwriter's Discount	
Total Uses	_____
	_____

- (1) Amounts deposited in the Escrow Fund will be used to refund the 1997 Certificates. See "PLAN OF FINANCE" herein.
- (2) Amount deposited in the Reserve Fund is equal to the Reserve Requirement.
- (3) The amount deposited in the Delivery Costs Fund will be used to pay the premium for the Municipal Bond Insurance, legal fees, printing costs, rating agency fees and other miscellaneous expenses.

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## SCHEDULE OF CERTIFICATE PAYMENTS

The following table shows the annual debt service due with respect to the Certificates.

Year Ending <u>June 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			

## THE CERTIFICATES

### General Provisions

The Certificates will be dated as of their date of delivery and will be payable as to interest from such date, semiannually on each June 1 and December 1, commencing December 1, 2006 (each an "Interest Payment Date"). Interest with respect to the Certificates will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Certificates will be delivered in denominations of \$5,000 or any integral multiple thereof. The Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. Payments of principal, premium, if any, and interest with respect to the Certificates will be paid by the Trustee to DTC which is obligated in turn to remit such principal, premium, if any, and interest with respect to the Certificates to its DTC Participants for subsequent disbursement to the Beneficial Owners of the Certificates. See "DTC and the Book-Entry System" below and APPENDIX F—"BOOK-ENTRY SYSTEM" attached hereto.

Interest with respect to the Certificates is required to be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto is required to be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date (i.e., close of business on the fifteenth day of the month preceding each Interest Payment Date) and before the following Interest Payment Date, in which event interest with respect thereto is required to be payable from such Interest Payment Date; or (iii) it is executed on or before, November 15, 2006, in which event interest with respect thereto is required to be payable from the date of delivery of the Certificates; provided, however, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate is required to be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the

Outstanding Certificates. Payment of defaulted interest is required to be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than 10 days prior to such special record date.

**Redemption of the Certificates**

*Optional Redemption.* The Certificates maturing on or before June 1, 2014, are not subject to optional redemption prior to maturity. The Certificates maturing on and after June 1, 2015, are subject to optional redemption in whole or in part on any date on or after June 1, 2014, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, from the proceeds of the optional redemption of Lease Payments made by the County pursuant to the Lease Agreement.

*Redemption From Net Proceeds of Insurance or Eminent Domain Award.* The Certificates are subject to mandatory redemption in whole or in part on any date from the Net Proceeds of an insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the redemption of the Lease Payments by the County pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

*Mandatory Sinking Fund Redemption.*

The Certificates maturing on June 1, \_\_\_\_, are subject to mandatory redemption in part by lot on June 1 in each year on and after June 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (June 1)	Principal Amount of Certificates to be Redeemed
------------------	--

\_\_\_\_\_  
†Maturity.

The Certificates maturing on June 1, \_\_\_\_, are subject to mandatory redemption in part by lot on June 1 in each year on and after June 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to the Lease Agreement with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (June 1)	Principal Amount of Certificates to be Redeemed
------------------	--

\_\_\_\_\_  
†Maturity.

*Selection of Certificates for Redemption.* Whenever provision is made in the Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates are to be redeemed, the Trustee is required to select Certificates for redemption from the Outstanding Certificates not previously called for redemption in such order of maturity as is required to be designated by the County (and, in lieu of such designation, pro rata among maturities) and by lot within a maturity. The Trustee is required to select Certificates for redemption within a maturity by lot in any manner which the Trustee, in its sole discretion, deems appropriate and fair. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions and any such portion may be separately redeemed. The Trustee is required to promptly notify the County and the Authority in writing of the Certificates so selected for redemption. Selection by the Trustee of Certificates for redemption will be final and conclusive.

*Notice of Redemption.* Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption is required to be given by the Trustee on behalf and at the expense of the County, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Registration Books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; provided, however, that neither the failure to receive such notice nor any defect in any notice will affect the sufficiency of the proceedings for the redemption of the Certificates.

*Partial Redemption of Certificates.* Upon surrender of any Certificate redeemed in part only, the Trustee is required to execute and deliver to the Owner thereof a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

*Purchase of Certificates.* In lieu of redemption of Certificates as provided in the Trust Agreement, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least 75 days prior to the next scheduled Interest Payment Date of the written request of a County Representative, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the County may in its discretion direct, but not to exceed the redemption price which would be payable if such Certificates were redeemed; provided, however, that no Certificates will be purchased in lieu of redemption with a trade settlement date less than 60 days prior to the relevant redemption date. Such purchases may be affected through the investment department of the Trustee or of an affiliate of the Trustee. The aggregate principal amount of Certificates of the same maturity purchased in lieu of redemption pursuant to the Trust Agreement will not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such redemption. Remaining moneys, if any, are required to be deposited in the Lease Payment Fund.

#### **DTC and the Book-Entry System**

DTC will act as securities depository for the Certificates. The Certificates are being delivered in fully-registered form and, when issued, will be registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references herein to the owners of the Certificates shall mean Cede & Co. and shall not mean the actual purchasers of the Certificates (the "Beneficial Owners"). The information in this section and in Appendix F concerning DTC and DTC's book-entry system is based solely on information provided by DTC, and no representations can be made by the

County or the Trustee concerning the accuracy thereof. See APPENDIX F—"BOOK-ENTRY SYSTEM" attached hereto for a further description of DTC and its book-entry system.

## SOURCE OF PAYMENT FOR THE CERTIFICATES

### General

As rental for the right to use and occupy the Leased Facilities, the County covenants under the Lease Agreement to pay Lease Payments. The obligation of the County to pay Lease Payments when due is a General Fund obligation of the County. Neither the full faith and credit of the County, the County of Tulare, the State nor any agency or department thereof is pledged to the payment of the Lease Payments.

For information regarding the County, including financial information, see "THE COUNTY" herein and Appendix A attached hereto. The County's audited financial statements for the year ended June 30, 2005 attached hereto as Appendix A should be read in their entirety. See also "RISK FACTORS" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

### Covenant to Budget and Appropriate

The Lease Payments will be payable from any source of available funds of the County, subject to the provisions of the Lease Agreement. Under the Lease Agreement, the County covenants to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in each of its budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The Lease Agreement provides that the covenants on the part of the County contained in the Lease Agreement will be duties imposed by law.

### Insurance

The Lease Agreement requires the County to maintain or cause to be maintained the following policies of insurance:

*Public Liability and Leased Facilities Damage Insurance.* Under the Lease Agreement, the County is required to maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard public entity liability insurance policy or policies in protection of the County and the Authority as named insureds and the Trustee as additional insured, including their respective members, officers, agents and employees. Said policy or policies are required to provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Facilities. Said policy or policies are required to provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County. The Net Proceeds of such liability insurance are required to be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds will have been paid.

*Fire and Extended Coverage Insurance.* Under the Lease Agreement, the County is required to maintain, or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Leased Facilities constituting structures, if any, by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance is required to, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance is required to be in an amount equal to 100% of the replacement cost of the Leased Facilities. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the County and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The Net Proceeds of such insurance are required to be applied towards reconstruction of the Leased Facilities or redemption of the Certificates as provided in the Lease Agreement and the Trust Agreement.

*Rental Interruption Insurance.* Under the Lease Agreement, the County is required to maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Leased Facilities constituting structures, if any, during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by the Lease Agreement, if any, in an amount at least equal to two times the maximum annual Lease Payments. The Net Proceeds of such insurance are required to be paid to the Trustee and deposited in the Lease Payment Fund and are required to be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

*No Title Insurance.* Because of the nature of the Leased Facilities, the County will not acquire title insurance for the Certificates.

#### **Eminent Domain**

Under the Lease Agreement, if all of the Leased Facilities is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Leased Facilities is taken permanently, or if all of the Leased Facilities or any part thereof is taken temporarily under the power of eminent domain, (1) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there will be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the redemption of the Lease Payments under the Lease Agreement, in an amount to be agreed upon by the County and the Authority and communicated to the Trustee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Facilities. The Net Proceeds of such eminent domain award are required to be applied to the redemption of Certificates as provided in the Loan Agreement and the Trust Agreement.

#### **Abatement**

Under the Lease Agreement, Lease Payments will be abated during any period in which, by reason of title defect, damage or destruction, there is substantial interference with the use and occupancy by the County of the Leased Facilities or any portion thereof (other than certain portions of the Leased Facilities which have been modified by the County as described in the Lease Agreement) to the extent to be agreed upon by the County and the Authority and communicated by a certificate of a County representative to the Trustee. The parties agree that

the amounts of the Lease Payments under such circumstances will not be less than the amounts of the unpaid Lease Payments as are then set forth in an exhibit attached to the Lease Agreement, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Leased Facilities not subject to a title defect, damaged or destroyed (giving due consideration to the factors identified related to fair rental value as discussed in the Lease Agreement), based upon an appropriate method of valuation, in which event the Lease Payments will be abated such that they represent said fair rental value. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of replacement, repair or reconstruction as evidenced by a certificate of a County representative to the Trustee. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the County waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement.

#### **Reserve Fund**

Pursuant to the Trust Agreement, a Reserve Fund is required to be funded in the amount of the Reserve Requirement. Amounts in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the County. Amounts in the Reserve Fund are to be used only to make Lease Payments to the extent amounts in the Lease Payment Fund are insufficient for such purpose.

#### **Substitution of Leased Facilities and Release of Site**

Pursuant to the Lease Agreement, the County may substitute different real property for the real property currently comprising the Leased Facilities and effect a release of the Site, but only after the County has satisfied certain conditions under Lease Agreement. See APPENDIX D—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT."

#### **Use of the Leased Facilities**

*Maintenance, Utilities, Taxes and Assessments.* Under the Lease Agreement, throughout the term of the Lease Agreement, as part of the consideration for the rental of the Leased Facilities, the County covenants that all improvements, repairs and maintenance of the Leased Facilities will be the responsibility of the County and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Facilities resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Lease Payments provided in the Lease Agreement, the Authority covenants that it will provide only the Leased Facilities, as provided in the Lease Agreement.

Under the Lease Agreement, the County will also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the County affecting the Leased Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County will be obligated to pay only such installments as are required to be paid during the term of the Lease Agreement as and when the same become due.

Under the Lease Agreement, the County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain

unpaid during the period of such contest and any appeal therefrom unless the Authority notifies the County that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Authority in the Leased Facilities will be materially endangered or the Leased Facilities or any part thereof will be subject to loss or forfeiture, in which event the County will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

*Modification of Leased Facilities.* Under the Lease Agreement, the County covenants that it will, at its own expense, have the right to remodel the Leased Facilities or to make additions, modifications and improvements to the Leased Facilities. All additions, modifications and improvements to the Leased Facilities will thereafter comprise part of the Leased Facilities and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements will not in any way damage the Leased Facilities, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Leased Facilities to be used for purposes other than those authorized under the provisions of State and Federal law; and the Leased Facilities, upon completion of any additions, modifications and improvements made thereto pursuant to the Lease Agreement, will be of a value which is not substantially less than the value of the Leased Facilities immediately prior to the making of such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or remain against the Leased Facilities for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the County pursuant to the Lease Agreement; provided that if any such lien is established and the County will first notify the Authority of the County's intention to do so, the County may in good faith contest any lien filed or established against the Leased Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the County.

*Installation of County's Equipment.* Under the Lease Agreement, the County may, at any time and from time to time in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Leased Facilities. All such items will remain the sole property of the County in which neither the Authority nor the Trustee will have any interest and may be modified or removed by the County at any time provided that the County repairs and restores any and all damage to the Leased Facilities resulting from the installation, modification or removal of any such items. Nothing in the Lease Agreement will prevent the County from purchasing or leasing items to be installed under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest will attach to any part of the Leased Facilities.

## MUNICIPAL BOND INSURANCE

*The following information has been furnished by the Municipal Bond Insurer for use in this Official Statement. No representation is made by the County or the Underwriter as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in the condition the Municipal Bond Insurer subsequent to the date hereof, including but not limited to a downgrade in the credit ratings of the Municipal Bond Insurer. The full text of a specimen Municipal Bond Insurance Policy is set forth in APPENDIX H—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY."*

[TO COME]

## THE AUTHORITY

The Authority is a joint exercise of powers authority organized and existing pursuant to the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and that certain Joint Exercise of Powers Agreement, dated May 9, 2006 (the "JPA Agreement"), between the County and the Placer County Redevelopment Agency (the "Agency"). The Authority was created for the purpose of financing or refinancing public capital improvements of its member and other local agencies within the State of California (the "State") through the acquisition of bonds, notes and other obligations, as well as for any other authorized purpose permitted under the Act. The Authority has no assets and it is not expected to have any assets in the future.

## THE COUNTY

The County has an estimated area of 1,500 square miles. The County is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included in the four county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four, Auburn, Lincoln, Rocklin and Roseville, have populations of 10,000 or more, with Auburn being the County seat. See APPENDIX B—"CERTAIN INFORMATION REGARDING THE COUNTY OF PLACER" for a general description of the County as well as certain demographic and statistical information.

## COUNTY FINANCIAL INFORMATION

The following selected financial information provides a brief overview of the County's finances. This financial information has been extracted from the County's audited financial statements and, in some cases, from unaudited financial statements.

### County Financial Statements

Attached as Appendix A are the financial statements of the County as of and for the year ended June 30, 2004, as prepared by the County Auditor-Controller's Office and audited by Bartig, Basler & Ray, Roseville, California, Certified Public Accountants (the "Independent Auditor"). These audited financial statements have been included in this Official Statement in reliance upon the report of the Independent Auditor. The Independent Auditor has not undertaken to update the audited financial statements of the County or its reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement.

The County's audited financial statements for the Fiscal Year ended June 30, 2006, are expected to be presented to, and approved by, the Board in a timely manner. The Fiscal Year 2005-06 audited financial statements are expected to be included in the County's annual report due under the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE."

### Accounting Policies and Financial Reporting

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). For its business-type activities and enterprise funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to apply all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 unless they conflict with GASB pronouncements.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Government Accounting Standards Board recently created significant new accounting standards for state and local governments pursuant to Statement No. 34 ("GASB 34"). GASB 34 imposes several new requirements with respect to the financial statements prepared by local governments, including: (i) a requirement of detailed financial statements for any major fund (defined as a fund whose revenues, expenses, assets or liabilities are at least 10% of the corresponding totals for all government or enterprise funds and at least 5% of the aggregate amount for all government and enterprise funds); (ii) a budget analysis with a comparison to the original budget (as opposed to including only a comparison with the budget that has been revised throughout the course of the year); (iii) a required reporting of all capital assets; and (iv) preparation of a management discussion letter and analysis (an "MD&A") for the purpose of providing an analytic overview of the government's financial activities, including an analysis of any significant changes in capital assets or long-term debt.

The County has implemented GASB 34 and issued its financial statements for fiscal years ending June 30, 2002 and June 30, 2003 accordingly.

In June 2004, GASB issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits ("OPEB"). GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. GASB 45's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods on the income statement. GASB 45 also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. GASB 45 is likely to result in a substantial increase in the annual expense recognized by state and local governments for post-employment health care and other non-pension benefits.

#### **Budgetary Process**

It is the County's policy to adopt a budget every September, and to conduct a mid-term review in January. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Executive Officer is authorized to transfer budgeted amounts within an activity, within any fund. However, any revisions that alter total expenditures of any fund must be approved by the Board of Supervisors. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year, except for capital projects. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

## General Fund Financial Summary

The information contained in the following tables of revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity has been derived from the County's audited financial reports for fiscal years ended June 30, 2001, through June 30, 2005. A copy of the County's audited financial report for the Fiscal Year ended June 30, 2005, is attached as Appendix A.

The following table sets forth the County's General Fund balance sheet for fiscal years ended fiscal years ended June 30, 2002, through June 30, 2005.

### COUNTY OF PLACER General Fund Balance Sheet

Fiscal Year	2002	2003	2004	2005
<b>ASSETS</b>				
Cash and investments	\$ 87,748,652	\$ 81,446,388	\$ 80,421,714	\$100,895,656
Cash with fiscal agent	162,699	-	-	-
Receivables (net):				
Accounts	1,540,181	1,129,474	2,059,576	795,463
Notes	-	-	-	-
Due from other funds	4,564,969	1,945,894	1,406,731	937,895
Due from other governments	15,244,882	18,196,647	30,581,743	30,508,226
Deposits	353,990	-	-	-
Inventories	61,821	58,786	57,991	60,042
Prepaid items	588,773	612,926	600,934	782,415
Advances to other funds	1,534,440	1,676,859	1,779,824	1,234,640
Total Assets	<u>\$111,800,407</u>	<u>\$150,066,974</u>	<u>\$116,908,513</u>	<u>\$135,214,337</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 7,399,644	\$ 7,290,950	\$ 5,321,655	\$ 11,406,970
Due to other funds	315,476	78,159	39,766	39,766
Due to other governments	1,893,433	1,684,822	2,604,909	2,584,559
Deposits from others	161,873	243,167	433,420	753,052
Deferred revenue	3,831,240	7,804,826	16,347,876	13,762,300
Advances from other funds	99,496	39,381	-	-
Total Liabilities	<u>13,701,162</u>	<u>17,141,305</u>	<u>24,747,446</u>	<u>28,546,647</u>
<b>Fund Balances</b>				
<b>Reserved for:</b>				
Encumbrances	3,016,064	2,835,837	3,316,480	5,117,606
Notes receivable	-	-	-	-
Deposits	353,990	-	-	-
Inventories	61,821	58,786	57,991	60,042
Prepaid items	588,773	612,926	600,934	782,415
Advances	1,534,440	1,676,859	1,779,824	1,234,640
Imprest cash	6,873	7,153	7,788	7,030
General Reserve	8,978,089	4,282,757	4,396,618	4,511,056
Debt Service	-	-	-	-
<b>Unreserved, reported in:</b>				
General fund	83,559,195	78,451,351	82,001,432	94,954,901
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt Service Fund	-	-	-	-
Permanent fund	-	-	-	-
Total Fund Balances	<u>98,099,245</u>	<u>87,925,669</u>	<u>92,161,067</u>	<u>106,667,690</u>
Total Liabilities and Fund Balance	<u>\$111,800,407</u>	<u>\$105,066,974</u>	<u>\$116,908,503</u>	<u>\$135,214,337</u>

Source: The County, Comprehensive Annual Financial Reports.

Note - All amounts rounded to nearest thousand dollars, may not add due to this rounding.

The following table sets forth the County's statement of revenues, expenditures, and changes in fund balance for fiscal years ended fiscal years ended June 30, 2002, through June 30, 2005.

**COUNTY OF PLACER**  
**Statement of Revenues, Expenditures and Changes in General Fund Balance**

Fiscal Year	2002	2003	2004	2005	2006
<b>REVENUES</b>					
Taxes	\$ 76,562,833	\$ 82,258,216	\$ 91,590,724	\$101,849,721	
Licenses and permits	5,275,062	5,599,425	6,806,851	8,364,760	
Fines, forfeitures and penalties	9,346,206	9,789,337	11,148,443	10,539,178	
Use of money and property	4,668,570	4,861,794	3,263,131	3,727,072	
Intergovernmental	107,895,359	108,869,697	103,548,899	124,936,387	
Charges for services	13,053,958	18,440,808	22,712,656	28,090,944	
Tobacco settlement	3,001,591	-	-	53,694	
Contributions and donations	460,208	90,607	11,000	-	
Miscellaneous	1,190,512	1,558,294	1,474,069	1,227,074	
Total Revenue	<u>\$221,454,299</u>	<u>\$231,468,178</u>	<u>\$240,555,773</u>	<u>\$278,788,830</u>	
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	39,979,856	41,410,506	48,988,771	49,500,086	
Public protection	53,568,360	31,430,830	31,922,768	33,000,674	
Public assistance	62,039,256	48,405,361	47,988,216	46,000,471	
Health and sanitation	26,970,489	50,540,961	48,788,693	60,079,965	
Public ways and facilities	5,309,246	118,783	-	-	
Recreation and cultural services	329,940	321,696	192,892	338,254	
Education	474,573	85,956	231,158	247,710	
<b>Debt Service:</b>					
Principal	15,402	201,802	209,784	1,151,028	
Interest	77,880	73,033	67,663	74,073	
Capital outlay	2,073,327	2,796,665	632,110	209,888	
Total Expenditures	<u>190,838,329</u>	<u>175,385,593</u>	<u>179,022,055</u>	<u>190,602,149</u>	
Excess (deficiency) of revenues over expenditures	<u>30,615,970</u>	<u>56,082,585</u>	<u>61,533,718</u>	<u>88,186,681</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease financing	1,592,634	-	-	-	
Proceeds from sale of capital assets	-	-	-	-	
Transfers In	1,626,291	159,407	978,070	150,367	
Transfers Out	(13,514,548)	(66,415,568)	(58,276,390)	(73,830,425)	
Total other financing sources (uses)	<u>(10,295,623)</u>	<u>(66,256,161)</u>	<u>(57,298,320)</u>	<u>(73,680,058)</u>	
Net change in fund balances	20,320,347	(10,173,576)	4,235,398	14,506,623	
Fund balances, beginning of year, as restated	77,778,898	98,099,245	87,925,669	92,161,067	
Fund balances, end of year	<u>\$ 98,099,245</u>	<u>\$ 87,925,669</u>	<u>\$ 92,161,067</u>	<u>\$106,667,690</u>	

Source: The County, Comprehensive Annual Financial Reports, except 2006 which are budgeted amounts.  
 Note - All amounts rounded to nearest thousand dollars, may not add due to this rounding.

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## Intergovernmental Revenue

Intergovernmental Revenue is the County's largest revenue source. Intergovernmental Revenue for the Fiscal Year ended June 30, 2005, totaled \$164,351,000. The majority of this revenue source represents "pass through" funds from the State and Federal governments for the County's use in administering and/or operating specific programs. The following table sets forth on a budgetary basis the allocation of the Intergovernmental Revenue for the Fiscal Year ended June 30, 2005.

**COUNTY OF PLACER**  
**Intergovernmental Revenue Allocations**  
**Fiscal Year ended June 30, 2005**

<u>Program Allocation</u>	<u>Total Amount</u>
Prop 172 Public Safety	\$ 33,038,721
State Public Assistance	20,643,765
Federal Public Assistance	18,492,607
Total All Other Sources	<u>92,175,907</u>
Total	<u>\$164,351,000</u>

Source: County of Placer

## Tax Revenues

Property taxes and sales taxes form the majority of the County's annual tax revenues. The amounts of taxes by type received on an accrual basis by the County in the Fiscal Year ended June 30, 2005, are as follows:

**COUNTY OF PLACER**  
**Tax Revenue**  
**Fiscal Year ended June 30, 2005**

<u>Type of Tax</u>	<u>Total Amount</u>
Property Taxes	\$101,902,741
Sales Taxes	15,816,489
Other Taxes	<u>14,851,249</u>
Total	<u>\$132,570,479</u>

Source: County of Placer

## Property Taxes

This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property tax payers in the County. See "LIMITATIONS ON TAX REVENUES" for a description of the limitations on the growth of property tax revenues.

*General.* Property taxes have been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were first curtailed over 20 years ago when they were reduced by two-thirds. Growth was thereafter limited to 2% annual increases or the CPI, whichever was less.

*Levy and Collection.* Property taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing

State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on March 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

*Teeter Plan.* Beginning in 1978-79, Article XIII A of the State Constitution and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior voted debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county.

In 1993, the Board of Supervisors of the County adopted the alternative method of distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Generally, the Teeter Plan provides for tax distribution procedure in which secured roll taxes and assessments are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments and assessments, penalties and interest; therefore, a complex tax redemption distribution system for all taxing agencies is avoided. Pursuant to the Teeter Plan, the County establishes a tax losses reserve fund and tax resources account and each entity levying property taxes and assessments in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected.

The County is responsible for determining the amount of the tax levy on each parcel which is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the County Auditor-Controller determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such moneys may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected. The County determines which moneys in the County treasury (including those credited to the tax losses reserve fund) shall be available to be drawn on to the extent of

the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources accounts.

Upon implementation of the Teeter Plan, the County used its portion of the first year buyout to fund the Tax Losses Reserve Fund and future capital outlay reserves. For fiscal year 2004-05, the County's General Fund benefited by approximately \$\_\_\_\_\_ in revenues generated from penalties collected from delinquent taxpayers. It is estimated that this level of revenues will continue on an annual basis, although the County has budgeted only \$\_\_\_\_ in fiscal year 2005-06.

*Assessed Valuation.* All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "LIMITATIONS ON TAX REVENUES."

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

*Assessed Valuation History.* The following table shows historic assessed valuations for fiscal years 2000-01 through 2004-05.

**COUNTY OF PLACER**  
**Assessed Value of Taxable Property**  
**2000-01 through 2004-05**

Fiscal Year	Secured	Unsecured	Total
2000-01	\$23,393,385,894	\$ 837,935,848	\$24,231,321,742
2001-02	26,721,559,694	1,006,725,857	27,728,285,551
2002-03	30,175,825,266	1,167,423,734	31,343,249,000
2003-04	34,159,616,345	1,209,794,444	35,369,410,789
2004-05	38,548,881,408	1,272,193,017	39,821,074,425

Source: County Comprehensive Annual Financial Reports

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The assessed valuation of property within the County, excluding exempt property, for the last five years is shown in the following table.

**COUNTY OF PLACER**  
**Assessed Valuations and Tax Collection Record**  
**Fiscal Years 2000-01 through 2004-05**  
**(in Thousands)**

Fiscal Year	Tax Levy	Tax Levy Collections	Percent Collected
2000-01	\$225,588	\$222,178	98.49%
2001-02	258,852	255,004	98.51
2002-03	293,011	289,142	98.68
2003-04	332,070	328,348	98.88
2004-05	370,122	366,021	98.89

Source: County Comprehensive Annual Financial Reports

*Major Property Taxpayers.* A summary of the County's top ten principal taxpayers is set forth below:

**COUNTY OF PLACER**  
**Principal Taxpayers**  
**As of June 30, 2005**  
**(in thousands)**

Taxpayer	Industry	Valuation	Percent of Total
Hewlett Packard Co.	Electronics	\$ 357,168	0.93%
Pacific Gas and Electric Co.	Utility	332,207	0.86
NEC Electronics USA, Inc.	Electronics	275,342	0.71
Roseville Shoppingtown LLC	Retail	201,548	0.52
Surewest Telephone	Utility	160,437	0.42
NNN Parkway Corporate PL	Real Estate, Development	63,650	0.17
Creekside Center LLC	Real Estate, Development	60,931	0.16
Del Webb California Corp	Real Estate, Development	60,898	0.16
Squaw Valley Ski Corporation	Entertainment/Recreation	56,378	0.15
SI VII LLC	Real Estate	55,256	0.14
Total		\$1,623,815	4.21%

Source: County of Placer, Treasurer/Tax Collector's Office

**Sales Taxes**

This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State.

A sales tax is imposed on retail sales or consumption of personal property. The tax rate is established by the State Legislature. Effective January 1, 2002, the aggregate tax rate in the State is 7.25%.

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Currently, taxable transactions in the County are subject to the following sales and use tax, of which the County's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the County, as follows:

**COUNTY OF PLACER**  
**Sales Tax Rates for Fiscal Year 2003-04**

State (General Fund)	4.75%
State (Fiscal Recovery Fund)	0.25
State (Local Revenue Fund)	0.50
State (General Fund)	0.25
State (Local Public Safety Fund)	0.50
State (City and County Transportation/Operations Funds)	<u>1.00</u>
Total State-wide Tax	<u>7.25%</u>

Source: California Board of Equalization

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State where the use will occur within the State. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's publication entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at <http://www.boe.ca.gov/>.

**Outstanding General Fund Lease Obligations**

The information in this subsection has been derived from the County's audited financial results for Fiscal Year 2004-05.

*Certificates of Participation.* As of June 30, 2006, the combined total outstanding long-term debt of the County's General Long-Term Debt Account Group was approximately \$\_\_\_\_\_. This consists of two issues of outstanding certificates of participation: (a) the County's 1997 Certificates of Participation (Administrative and Energy Services Building), delivered in the original principal amount of \$15,000,000 (of which \$\_\_\_\_\_ is currently outstanding), all of which will be refunded by the Certificates of this issue, and (b) the County's 1998 Certificates of Participation (Juvenile Detention Facility), delivered in the original principal amount of \$13,200,000 (of which \$\_\_\_\_\_ is currently outstanding). The County's 2005-06 aggregate budgeted debt service obligation is \$2,003,375.

*Capital Leases.* \_\_\_\_\_

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## Investments

The Treasurer-Tax Collector maintains an investment pool for County funds and funds of other local agencies in the County. The County's funds are identified below by the label "internal pool," and the funds of other agencies are labeled "external pool." Because the County is the sponsoring government of an external investment pool, it reports all investments at fair value. The following tables set forth the investments and cash holdings in the investment pool as of March 31, 2006.

**PLACER COUNTY**  
**Investment Pool Investments**  
**as of March 31, 2006**

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Source: County of Placer

**PLACER COUNTY**  
**Investment Pool Balances of Cash Available as of March 31, 2006**

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Source: County of Placer

The County Board of Supervisors exercises primary oversight responsibility for the The County Investment Pool. The County Treasurer manages the portfolio and reports results to the Board. The County Treasury Oversight Committee consisting of the County Treasurer and Auditor-Controller and a third member representing the County schools (the primary external pool participant) also monitors the Treasury's investments on a regular basis. No regulatory agency outside the County exercises any regulatory responsibilities over the County's investments. The County's pool is not registered with the SEC as an investment company.

School districts and special districts within the County are required to deposit funds with the County Treasurer and participate in the pool. The schools and special districts are not component units of the County and therefore are participants in the County's external investment pool.

The pool values participants' shares on an amortized cost basis. Specifically, the pool distributes income to participants on a quarterly basis based on their relative participation during the quarter that is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to

distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the equity section of the statement of net assets as undistributed and unrealized gains. The pool has no legally binding guarantees to support the participants' share values.

The Treasurer's current Investment Policy is attached hereto as Appendix C.

### **County Retirement System**

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

*Funding Policy.* Miscellaneous members are required to contribute 8% and safety members 9% of their annual covered salary. The County makes the contributions required of County employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 8.077% for miscellaneous employees and 28.001% for safety employees of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by PERS.

*Annual Pension Cost.* For 2004-05, the County's annual pension cost of \$27,522,908 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 8.25% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.2% for miscellaneous members (from 4.27% to 11.59% for safety members); and (c) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.5% and an annual production growth of 0.25%. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 3-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2004, for miscellaneous was 30 years using a fresh start date of June 30, 2002; for safety, 17-19 years using a fresh start and change dates of June 30, 1999 through June 30, 2001.

The table below sets forth the County's annual PERS pension cost (other than the employee contributions discussed above) for fiscal years 2000-01 through 2004-05.

**COUNTY OF PLACER**  
**Annual PERS Contributions for Fiscal Years 2000-01 through 2004-05**

<u>Fiscal Year</u>	<u>Annual Pension Cost Safety</u>	<u>Annual Pension Cost Miscellaneous</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
2000-01				
2001-02				
2002-03				
2003-04				
2004-05				

Source: County of Placer

**Other Postretirement Benefits**

In addition to the pension benefits, the County provides postretirement healthcare benefits under two plans. All employees electing a PERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits. As of June 30, 2005, there were 840 retirees receiving healthcare benefits. In accordance with County negotiated employee benefits, retired employees may elect to apply up to eight hours of accrued sick leave toward one month's healthcare coverage. The County's contribution is equal to current employee rates. As of June 30, 2005, 192 employees have made this election. Expenditures for postretirement health care benefits relating to both of these plans are recognized as monthly premium are paid and are financed as pay-as-you go basis. During the fiscal year, expenditures of \$4,799,522 were recognized for postretirement health care benefits.

**Direct and Overlapping Debt**

Contained within the County are overlapping local agencies providing public services which have issued general obligation bond and other types of indebtedness. Direct and overlapping bonded indebtedness is shown in the following table compiled by California Municipal Statistics, Inc., as of May 1, 2006:

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COUNTY OF PLACER  
Direct and Overlapping Debt

2005-06 Assessed Valuation: \$46,201,203,876 (includes unitary utility valuation)  
 Redevelopment Incremental Valuation: 1,898,586,259  
 Adjusted Assessed Valuation: \$44,302,617,617

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/06</u>
Los Rios Community College District	0.041%	\$ 36,914
Sierra Joint Community College District School Facilities Improvement District No. 1	62.383	12,476,600
Rocklin Unified School District	100.	89,220,692
Other Unified School Districts	Various	77,172,149
Placer Union High School District	100.	40,559,040
Roseville Joint Union High School District	92.326	55,625,732
Roseville City School District	100.	39,203,085
Other High School and School Districts	100.	30,294,157
Cities of Auburn and Colfax	100.	1,206,000
County Water Districts	100.	669,000
Nevada Irrigation District	27.801	1,031,417
Community Facilities Districts	100.	644,825,705
1915 Act Bonds (Estimate)	100.	<u>74,243,003</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$1,066,563,494</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations	100.0%	\$ 23,690,000
Placer County Office of Education Certificates of Participation	100.	2,885,000
Sierra and Yuba Joint Community College District Certificates of Participation	72.617 & 0.094	8,034,316
Western Placer Unified School District Certificates of Participation	99.994	88,017,827
Placer Union High School District Certificates of Participation	100.	11,615,000
Auburn Union School District Certificates of Participation	100.	36,763,580
Eureka Union School District Certificates of Participation	100.	7,105,000
Roseville City School District Certificates of Participation	100.	18,825,000
Other School District Certificates of Participation	Various	20,281,375
City of Roseville Certificates of Participation	100.	24,735,000
Other City General Fund Obligations	100.	18,145,000
Public Utility District Certificates of Participation	3.926- 78.499	<u>923,555</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$261,020,653</b>

COMBINED TOTAL DEBT \$1,327,584,147 (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2005-06 Assessed Valuation:  
 Total Overlapping Tax and Assessment Debt 2.31%

Ratios to Adjusted Assessed Valuation:  
 Combined Direct Debt (\$23,690,000) 0.05%  
 Combined Total Debt 3.00%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: \$0

Source: California Municipal Statistics

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## LIMITATIONS ON TAX REVENUES

There are a number of provisions in the State Constitution that limit the ability of the County to raise and expend tax revenues.

### Property Tax Rate Limitations—Article XIII A

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-third of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value, which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

### Appropriation Limitation—Article XIII B

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the State Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIII B in certain respects. Under Article XIII B,

as amended, state and local government entities each have an annual "appropriations limit," which limits the ability to spend certain monies that are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of monies that are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two thirds of the voters.

In general terms, an agency's "appropriations limit" is based on its prior year's appropriations limit adjusted for changes in the cost of living and in population, for transfers in the financial responsibility for providing services, and certain declared emergencies. If over a two-year period an entity receives proceeds of taxes in excess of its appropriations limit, the excess must be returned by revising tax rates or fee schedules over the subsequent two years.

#### **California Constitution Article XIII C and Article XIII D (Proposition 218)**

On November 5, 1996, California voters approved Proposition 218-Voter Approval for Local Government Taxes-Limitation on Fees, Assessments, and Charges-Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Article XIII C also removes limitations on the initiative power to repeal or reduce local taxes, assessments, fees and charges. The County imposes some taxes, assessments, fees and charges that could be affected by these provisions. The provisions of Proposition 218 may also have an indirect effect on the County, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the County thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the County. To date, Proposition 218 has not impacted the revenues that are available to it to make the Lease Payments required pursuant to the Lease Agreement.

#### **Proposition 62**

On November 4, 1986, California voters adopted Proposition 62, which requires that (i) any local tax for general governmental purposes (a "general tax") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "special tax") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. The County does not believe any of the taxes constituting County revenues are levied in violation of Proposition 62.

#### **Future Initiatives**

From time to time other initiative measures could be adopted, further affecting the County's finances or the County's ability to raise or expend revenues.

## State Budgets

*The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the County nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.*

*The Budget Process.* The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

*Recent State Budgets.* Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the County and is not incorporated herein by reference.

The California State Treasurer's Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading "Bond Information," posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on local governments in the State.

The California Department of Finance's Internet home page at [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget," includes the text of proposed and adopted State Budgets.

The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading "Products."

*2005-06 State Budget.* The 2005-06 Budget Act (the "State 2005 Budget Act") was adopted by the Legislature on July 7, 2005, along with a number of implementing measures, and signed

by Governor Schwarzenegger on July 11, 2005 after using his line item veto authority to reduce appropriations by \$190 million.

The 2005 State Budget Act reflects an improving State fiscal picture brought about by better-than-expected growth in General Fund revenues. The 2005 State Budget Act funds the Proposition 42 transfer of general fund sales taxes to transportation special funds, and includes significant increases in both K-12 and higher education. The 2005 State Budget Act does not use any of the remaining \$3.7 billion in deficit-financing bonds authorized by Proposition 57 in March 2004, and it prepays the \$1.2 billion VLF "gap" loan that was due to local governments in Fiscal Year 2006-07.

At the same time, the 2005 State Budget Act includes approximately \$6 billion in savings and related budget solutions in order to maintain budgetary balance. About one-half of the savings result from holding Fiscal Year 2004-05 Proposition 98 funding at the level anticipated in the 2004 State Budget Act. Another \$450 million is from reductions in social services programs, mostly from the suspension of cost-of-living adjustments for California Work Opportunity and Responsibility to Kids and Supplemental Security Income/State Supplementary Program grants. The 2005 State Budget Act also includes \$525 million in one-time revenues from the refinancing of a previous tobacco-settlement backed bond. It counts on a \$428 million loan from Merrill Lynch to fund a lawsuit settlement (relating to flood-related damage that occurred in 1986). Finally, it retains \$380 million in transportation-related sales tax proceeds (Public Transportation Account "spillover" funds) in the General Fund.

After taking into account the higher revenues and other offsetting factors (including higher Proposition 98 funding requirements under current law) the resulting operating shortfall for Fiscal Year 2005-06 is estimated at \$4.9 billion.

The County cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the County has no control. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budget.

## **RISK FACTORS**

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates.

### **Lease Payments Not County Debt**

Neither the full faith and credit of the County, the County of Tulare, the State nor any agency or department thereof is pledged to the payment of the Lease Payments or any other payments due under the Lease. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other municipal services before making Lease Payments and other payments due under the Lease Agreement.

### **No Limit on Additional Debt**

The Lease Agreement does not prohibit the County from incurring additional obligations payable from general revenues. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. See "COUNTY FINANCIAL INFORMATION—Outstanding General Fund Lease Obligations" herein.

### **No Pledge of Taxes**

The obligation of the County to pay the Lease Payments and Additional Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the Authority, the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease Agreement to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the County has covenanted in the Lease Agreement that, for as long as the Leased Facilities is available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Payments. The County is currently liable on other lease obligations payable from general revenues, described above under "COUNTY FINANCIAL INFORMATION—Outstanding General Fund Lease Obligations".

Certain taxes, assessments, fees and charges presently imposed by the County could be subject to the voter approval requirements or initiative repeal provisions of Article XIII C and Article XIII D of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The County has assessed the potential impact on its financial condition of the provisions of Article XIII C and Article XIII D of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to the provisions of Article XIII C and Article XIII D of the State Constitution are eliminated or substantially reduced, the financial condition of the County, including its General Fund, could be materially adversely affected. Although the County does not currently anticipate that the provisions of Article XIII C and Article XIII D of the State Constitution would adversely affect its ability to pay the principal of and interest with respect to the Certificates as and when due and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIII C and Article XIII D of the State Constitution on the County's finances.

### **Additional Obligations of the County**

Under the Lease Agreement the County is permitted to enter into other obligations that constitute additional charges against its revenues without the consent of Owners of the Certificates. To the extent that additional obligations are incurred by the County, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Facilities, taxes and other governmental charges levied against the Leased Facilities) are payable from funds lawfully available to the County. If the amounts that the County is obligated to pay in a fiscal year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Lease Payments and Additional Payments, based on the perceived needs of the County. The same result could occur if, because of California

Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

#### **Default**

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Authority, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. There is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Authority nor the Trustee has any right to reenter or re-let the Leased Facilities except following the occurrence and during the continuation of an event of default under the Lease Agreement. Following an event of default, at the direction of the Insurer, the Authority may elect either to terminate the Lease Agreement and seek to collect damages from the County or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Authority, or its assignee, may re-enter the Leased Facilities for the purpose of taking possession of any portion of the Leased Facilities and to re-let the Leased Facilities and, in addition, at its option, with or without such entry to terminate the Lease Agreement as described therein. See APPENDIX B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE."

No assurance can be given that the Trustee will be able to re-let the Leased Facilities so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Facilities.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Facilities and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The County will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

#### **Abatement**

Under certain circumstances related to damage, destruction, condemnation or title defects that cause a substantial interference with the use and occupancy of the Leased Facilities, the County's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates as and when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Abatement" and APPENDIX B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE."

#### **Limitations on Remedies; Bankruptcy**

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments

against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the County's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the County, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See "RISK FACTORS—Default."

### **Effect of Bankruptcy**

In addition to the limitations on remedies contained in the Trust Agreement, the rights and remedies provided therein may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights.

### **Changes in Law**

There can be no assurance that the State Legislature will not at some future time enact legislation that will amend or create laws resulting in a reduction of moneys securing or available to pay the Certificates. Similarly, the California electorate has from time to time adopted initiatives amending the State Constitution and the laws of the State which have had the effect of reducing moneys available to pay the Certificates. There can be no assurance that future initiatives having a similar effect will not be approved by the electorate. See "LIMITATIONS ON TAXES REVENUES" herein.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of Certificates for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

### **Earthquakes and Natural Disasters**

The County is not obligated under the Lease Agreement to maintain earthquake or flood insurance on the Leased Facilities. In the event of damage or destruction to the Leased Facilities

caused by perils for which the County is not required to provide insurance under the Facility Lease, the County will not be obligated to repair, replace or reconstruct the Leased Facilities. See APPENDIX D—"SUMMARY PRINCIPAL LEGAL DOCUMENTS" attached hereto.

#### **Hazardous Substances**

The County knows of no existing hazardous substances which require remedial action on or near the Leased Facilities. However, it is possible that such substances do currently or potentially exist and that the County is not aware of them. The County does not currently carry insurance covering the risks of hazardous substances. Owners and operators of real property may be required by law to remedy conditions of the Leased Facilities relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the County and/or the value of the Leased Facilities.

#### **Investment of Funds**

The Reserve Fund and all other funds held under the Trust Agreement are required to be invested in Permitted Investments as provided under the Trust Agreement. See Appendix D attached hereto for a summary of the definition of Permitted Investments. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement or the funds and accounts held by the County could have a material adverse affect on the Source of Payment for the Certificates and/or the financial condition of the County.

### **CONTINUING DISCLOSURE**

The County has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the County by not later than nine months after the end of the County's fiscal year (which is currently June 30) in each year commencing with the report for the 2004-05 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by the County with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of material events by the County is set forth in APPENDIX G—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." The County has never defaulted on any obligation to provide an annual report in accordance with the Rule.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Lease Payment designated as and representing interest and received by the Owners of the Certificates ("interest evidenced by the Certificates") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Special Counsel is of the further opinion that interest evidenced by the Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest evidenced by the Certificates is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Certificates is less than the amount to be paid at maturity of such Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Certificates), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest evidenced by the Certificates which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Certificates is the first price at which a substantial amount of such maturity of the Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Certificates accrues daily over the term to maturity of such Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Certificates to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Certificates. Owners of the Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of Owners who do not purchase such Certificates in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Certificates") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Certificates, like the Premium Certificates, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Owner. Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest evidenced by obligations such as the Certificates. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest evidenced by the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest evidenced by the Certificates being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with

these covenants. Special Counsel has not undertaken to determine (or to inform any person), whether any actions taken (or not taken) or events occurring (or not occurring) after the date of execution and delivery of the Certificates may adversely affect the value of, or the tax status of interest evidenced by, the Certificates.

The interest rate and certain requirements and procedures contained or referred to in the Trust Agreement relating to the Certificates and other relevant documents may be changed and certain actions (including, without limitation, prepayment of the Certificates) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Special Counsel expresses no opinion as to any Certificate or the interest evidenced thereby if any such change occurs or action is taken or omitted upon the advice or approval of special counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Special Counsel is of the opinion that interest evidenced by the Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest evidenced by, the Certificates may otherwise affect a Certificate holder's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest evidenced by the Certificates to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Special Counsel expresses no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the Certificates ends with the execution and delivery of the Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the Owners regarding the tax-exempt status of the Certificates in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Certificates for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Certificates, and may cause the County or the Owners to incur significant expense.

## APPROVAL OF LEGALITY

Legal matters incident to the execution and delivery of the Certificates are subject to the approving the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Special Counsel. A form of such opinion is attached hereto as Appendix E and copies of such opinion with respect to the Certificates will be available at the time of delivery of the Certificates. Certain legal matters will be passed upon by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel. Certain legal matters will be passed upon for the County by the County Counsel. The compensation of Special Counsel and Disclosure Counsel is contingent upon the sale and delivery of the Certificates.

## LITIGATION

There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of the County, threatened against or affecting the County, (i) which would materially and adversely impact the County's ability to complete the transactions described in or contemplated by this Official Statement, (ii) to restrain or enjoin the delivery of the Certificates or the payments to be made by the County pursuant to the Lease Agreement, (iii) in any way contesting or affecting the validity of the Trust Agreement or the Lease Agreement or the Certificates or the transactions relating to the Leased Facilities as described in "PLAN OF FINANCE" and "THE LEASED FACILITIES" herein, or contesting in any way the completeness or accuracy of this Official Statement, or (iv) wherein an unfavorable decision, ruling or finding would materially and adversely affect the County or the validity or enforceability of the Trust Agreement or the Lease Agreement or the Certificates.

## RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned the Certificates the ratings of "Aaa" and "AAA," respectively, based on the issuance of the Municipal Bond Insurance Policy by the Municipal Bond Insurer. See "MUNICIPAL BOND INSURANCE" herein. Such ratings express only the views of Moody's and S&P and are not a recommendation to buy, sell or hold the Certificates. There is no assurance that such ratings will continue for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely by Moody's and/or S&P, if in their judgment, circumstances so warrant. The County and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the Certificates.

## UNDERWRITING

The Certificates have been purchased by \_\_\_\_\_, as the Underwriter, pursuant to competitive bidding. The Underwriter has agreed to purchase the Certificates at a purchase price of \$\_\_\_\_\_ (equal to the principal amount of the Certificates, less a net original issue discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_). The Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by counsel and certain other conditions.

**EXECUTION AND DELIVERY**

The preparation, execution and distribution of this Official Statement have been authorized by the County.

COUNTY OF PLACER

By \_\_\_\_\_  
County Executive Officer

**APPENDIX A**  
**AUDITED FINANCIAL STATEMENTS OF THE COUNTY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

## APPENDIX B

### CERTAIN INFORMATION REGARDING THE COUNTY OF PLACER

*The Certificates do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provisions or limitations and the County is not obligated to levy any ad valorem taxes therefor or to use any other funds of the County to pay the Certificates or the interest with respect thereto. The following information has been supplied by the County and . The Undertwriter makes no representation as to the accuracy of such information or any changes is presented for information purposes only.*

#### **General and Location**

The County of Placer (the "County") has encompasses 1,506 square miles (including 82 square miles of water) and is located approximately 80 miles northeast of San Francisco. The County is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included in the four county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four, Auburn, Lincoln, Rocklin and Roseville, have populations of 10,000 or more, with Auburn being the County seat.

#### **History**

The County's 150 year history began with the discovery of gold in 1848. Gold was discovered on the American River in 1848 in the nearby mill in Coloma. The discovery warranted the establishment of a new mining settlement with was given the name of Auburn in 1849. By 1851, the County was formed, and Auburn designated as the County seat.

The railroad has also been a major part of the County's history. Between 1864 and 1865, the Central Pacific Railroad laid track from Sacramento to reach various parts of the County, including Roseville, Rocklin, Newcastle, Auburn, and Colfax. The track in Roseville crossed with an existing rail line that connected Folsom with Lincoln. This spot became known as Junction and the site where Roseville was established. In 1906, the Southern Pacific Railroad moved its facilities to Roseville establishing the city as a major railroad center. In 1913, the Pacific Fruit Express completed construction of its ice manufacturing plant, which would become the largest plant of its kind. The railroad set the stage for future development of the County as a commercial hub, which was enhanced in 1956 with the construction of Interstate 80, which linked County towns and cities to points east and west. Interstate 80 was built in preparation for the Olympic Games held in the County at Squaw Valley. Today, the County is home to the largest commercial rail facility on the West Coast: The Union Pacific Railroad's Roseville Yard, which provides commercial and passenger rail to California and the western region of the United States.

In recent years, the County's strong growth and development can be attributed to the relocation of Hewlett-Packard from the Bay Area to Roseville in the early 80s. The relocation of Hewlett-Packard to the County was due in part due to the fact that the County and the Sacramento Region ranks among the lowest in the state for the probability of a major earthquakes. This has been an important factor in the relocation and creation of high technology firms in the County.

Today's County represents a rapidly growing and prospering community characterized by a healthy and mature economy, attractive business environment, and residents who benefit from a developed infrastructure and abundant recreational opportunities.

## Organization

The California Legislature approved the formation of the County in 1851 from portions of what were then Sutter and Yuba Counties. The County is a charter county divided into five districts on the basis of registered voters and population. The County is governed by a five member, non-partisan Board of Supervisors who serve alternate four year terms. The Supervisors elect one of the members as chairman annually and make program and policy decisions for the County. The County Administration includes appointed and elected officials, boards, commissions, and committees that assist the Board of Supervisors in making decisions.

A wide range of services is provided by the County to its residents, including police and fire protection, medical and health services, education, library services, judicial institutions, a variety of public assistance programs and other programs. Additional services are provided to residents in specific areas by special districts and service or improvement areas. Some municipal services are provided to incorporated cities within the County boundaries on a contract basis. This permits cities to contract for services without incurring the cost of creating numerous city departments and facilities.

## Topography and Climate

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County's northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climes. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 58 degrees Fahrenheit and 90 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

## Population

The following table shows population estimates for the County and the State as of January 1 for the past five calendar years.

COUNTY OF PLACER AND STATE OF CALIFORNIA  
Population Data

Calendar Year	County of Placer	State of California
2001	258,892	34,441,561
2002	271,224	35,088,671
2003	284,039	35,691,442
2004	296,579	36,271,091
2005	305,675	36,810,358

Source: California Department of Finance.

### Effective Buying Income

The following chart sets forth the yearly total effective buying income and the median household effective buying income for the County, the State of California and the United States from 2000 through 2004:

**COUNTY OF PLACER, STATE OF CALIFORNIA  
AND UNITED STATES  
Effective Buying Income 2000-2004**

Calendar Year	Area	Total Effective Buying Income (in thousands)	Median Household Effective Buying Income
2000	County of Placer	6,030,354	54,389
	State of California	652,190,282	44,464
	United States	5,230,824,904	39,129
2001	County of Placer	5,883,619	49,427
	State of California	650,521,407	43,532
	United States	5,303,481,498	38,365
2002	County of Placer	6,352,855	50,350
	State of California	647,879,427	42,484
	United States	5,340,682,818	38,035
2003	County of Placer	6,834,353	50,504
	State of California	674,721,020	42,924
	United States	5,466,880,008	38,201
2004	County of Placer	7,318,021	51,455
	State of California	705,108,410	43,915
	United States	5,692,909,567	39,324

Source: Sales & Marketing; Survey of Buyer Power and Media Markets.

(1) The information reported by Sales & Marketing Management Magazine, "Survey of Buying Power," for each year is published the following fall.

## Employment

The following table sets forth labor force, employment and unemployment for the period from 2001 to 2005, in the County, the State and the United States:

### COUNTY OF PLACER LABOR MARKET Labor Force, Employment and Unemployment Annual Average

Calendar Year	Area	Civilian Labor Force	Civilian Employment	Unemployment	Unemployment Rate (%)
2001	County of Placer				*
	California	17,152,100	16,220,000	932,100	5.4
	United States	141,815,000	135,073,000	6,742,000	4.8
2002	County of Placer				*
	California	17,330,700	16,168,200	1,162,500	6.7
	United States	144,863,000	136,485,000	8,378,000	5.8
2003	County of Placer				*
	California	17,403,900	16,212,600	1,191,300	6.8
	United States	146,570,000	137,736,000	8,774,000	6.0
2004	County of Placer				*
	California	17,499,600	16,407,900	1,091,700	6.2
	United States	147,401,000	139,252,000	8,149,000	5.5
2005	County of Placer	162,000	155,600	6,400	4.0
	California	17,695,600	16,746,900	948,700	5.4
	United States	149,320,000	141,730,000	7,591,000	5.1

Source: California Employment Development Department.

\* The State is continuing the process of the 2005 Benchmark. As of March 24, 2006, the 2005 industry employment for selected areas and 2005 labor force data were updated. The revised labor force data for January 2003 through December 2004 will be released on April 21, 2006. The remaining data for January 2000 through December 2002 will be released as it becomes available.

NOTICE: Previously released data for 2000 through 2004 are not comparable to the revised 2005 data.

## Major Employers

The major private sector employers in the County displayed in the table below represent a wide spectrum of industry sectors such as manufacturing, financial services, health, and recreation.

### COUNTY OF PLACER Major Employers As of December, 2005

Employer	Industry	Number of Employees
Hewlett-Packard Co.	Computer Hardware Manufacturing	4,000
Thunder Valley Casino	Casinos	2,200
Kaiser Permanente	Healthcare	1,847
Squaw Valley Ski Corp.	Misc. Amusement, Recreation Services	1,500
Sutter Health	Healthcare	1,319
Raley's Inc.	Retail Groceries	1,135
Union Pacific Railroad Co. Inc.	Transportation, Railroad	1,062
PRIDE Industries Inc.	Mail and Fulfillment Services	1,060
SureWest Communications	Telecommunication Services	760
NEC Electronics America Inc.	Electronic Components & Accessories	710
Resort at Squaw Creek	Misc. Amusement, Recreation Services	700
Pacific Gas and Electric Co.	Utility Distributor	630
Wells Fargo	Financial Services	570
Target Corp.	Retail	554
Agilent Technologies Inc.	High Tech Manufacturing	450
United Natural Foods Inc.	Wholesale Groceries	440
Coherent Inc.	Electronic Components & Accessories	350
Sierra Pacific Industries	Sawmills & Planing Mills	330

Source: Placer County Office of Economic Development.

## Commercial Activity

The following table shows total taxable transactions within the County during calendar years 2000 through 2004.

### COUNTY OF PLACER Taxable Transactions (in Thousands of dollars)

Type of Business	2000	2001	2002	2003	2004*
Apparel Stores group	\$ 86,874	\$ 130,369	\$ 140,273	\$ 151,425	\$ 182,781
General Merchandise group	461,057	546,461	604,767	654,898	692,463
Specialty Stores group	449,925	493,508	557,955	585,236	630,218
Food Stores	215,609	227,640	246,260	256,357	256,228
Eating and Drinking group	321,954	360,756	389,389	418,410	464,769
Household group	105,599	130,254	151,768	168,596	205,139
Building Material group	253,900	301,831	357,094	403,768	467,430
Automotive group	1,327,042	1,418,317	1,521,879	1,691,680	1,888,201
All Other Retail Stores group	162,387	183,830	191,819	208,976	236,924
Retail Stores Totals	3,384,347	3,793,236	4,161,204	4,539,346	5,024,153
All Other Outlets	1,153,452	1,203,325	1,180,347	1,220,471	1,358,832
Total All Outlets	\$4,741,567	\$5,201,929	\$5,549,881	\$5,973,818	\$6,595,566

Source: California Board of Equalization, "Taxable Sales in California."

\* Most recent available full-year data.

## Construction

The following table shows the number and value of building permits issued in the County for the calendar years 2000 through 2004 are set forth below:

### COUNTY OF PLACER Building Permit Valuations

Type of Permit	2000	2001	2002	2003	2004*
<b>Residential</b>					
New Single Dwelling	943,358.1	947,283.1	112,422.7	1,037,441.2	1,128,674.4
New Multi Dwelling	119,207.0	101,162.3	141,165.7	51,983.3	14,777.9
Additions/Alterations	323,390.0	38,811.9	45,294.0	46,182.9	72,624.7
<b>Total Residential</b>	<b>1,094,955.0</b>	<b>1,087,257.3</b>	<b>1,310,682.4</b>	<b>1,135,607.5</b>	<b>1,216,077.0</b>
<b>Non-Residential</b>					
New Commercial	74,512.4	105,418.9	136,904.0	104,946.5	148,943.1
New Industrial	25,143.5	9,917.4	3,858.0	9,213.6	13,600.2
Other	48098.6	38,521.1	57,145.6	61,638.8	74,011.4
Additions/Alterations	87,117.0	65,854.6	57,145.7	80,503.9	94,818.0
<b>Total Non-Residential</b>	<b>234,871.5</b>	<b>21,912.0</b>	<b>255,053.3</b>	<b>256,302.9</b>	<b>331,372.8</b>
<b>Total Valuation</b>	<b>1,329,826.6</b>	<b>1,306,969.3</b>	<b>1,565,735.7</b>	<b>1,391,910.4</b>	<b>1,547,449.7</b>

Source: Construction Industry Research Board.

\* Most recent available data.

## Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles.

Southern Pacific Transportation Company, located in Roseville, operates one of five major classification yards in the United States. Southern Pacific provides freight transportation north to Seattle and east to Chicago. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento Metro Airport is located 17 miles west of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air freight carriers, Metro handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length. Lincoln Municipal Airport is located nine miles north of Roseville and offers fueling and maintenance services to private air craft. Lincoln Municipal has an elevation of 119 feet and a 6,000 foot runway. Corporate aviation and fixed based operations from Lincoln Municipal provide daily service to the San Francisco Bay area.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

The Port of Sacramento is located approximately 38 miles from the City of Roseville. The Port handles ocean-going freighters via San Francisco Bay. Warehouses and conveyor systems are equipped with vacuum dust collectors, permitting rapid loading of ordinary dusty commodities without environmental pollution.

**Education**

The County has had consistently higher graduation rates than the Sacramento Region, the Bay Area, and California over the past 10 years. In the most recent school year where data is available (2003-2004), the County's graduation rate was 91%, a percentage point over the Bay Area, and about six percentage points higher than the Sacramento Region and California. The County also enjoys a higher total average Scholastic Aptitude Test (SAT) than the Sacramento Region, Bay Area, and California.

The County graduates have a wide array of public and private colleges from which to choose. Public higher education institutions in the Sacramento region include the University of California at Davis, California State University, Sacramento, California State University, Chico, the Los Rios Community College District, Sierra Community College District, Yuba Community College District, and the Lake Tahoe Community College. California State University, Sacramento is planning a new campus to be located in South Placer County.

Selected private higher education institutions include McGeorge School of Law, University of Southern California (State Capital Center), Lincoln Law School, National University, ITT Technical Institute, High Tech Institute, William Jessup University, and Chapman University. There are other postsecondary institutions that serve the Sacramento region.

Enrollment in the educational system serving the County and its residents for the past four years is set forth below:

**COUNTY OF PLACER  
Educational Enrollment  
Academic Years 2001-02 through 2004-05**

	2001-02	2002-03	2003-04	2004-05
Elementary Schools	26,316	27,187	27,696	27,274
Unified School Districts	33,872	33,829	34,437	35,858
Community Colleges	20,234	20,500	18,797	19,323
<b>Total Enrollment</b>	<b>80,422</b>	<b>81,516</b>	<b>80,930</b>	<b>82,455</b>

Source: Placer County Office of Education.

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**APPENDIX C**  
**COUNTY OF PLACER INVESTMENT POLICY**

**APPENDIX D**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

[TO BE ATTACHED]

**APPENDIX E**  
**PROPOSED FORM OF OPINION OF SPECIAL COUNSEL**

[TO COME]

## APPENDIX F

### BOOK-ENTRY SYSTEM

The information in this Appendix F has been provided by The Depository Trust Company ("DTC"), New York, NY, for use in securities offering documents, and the County takes no responsibility for the accuracy or completeness thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Certificates or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Certificates, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. DTC will act as securities depository for the Certificates (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the COUNTY OF PLACER (the "County") in connection with the execution and delivery of \$\_\_\_\_\_ \* Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2006, by and among The Bank of New York Trust Company, N.A., as trustee, the County and the Placer County Public Financing Authority (the "Trust Agreement"). The County covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" shall mean The Bank of New York Trust Company, N.A. or any successor Dissemination Agent designated in writing by the County and which has filed with the County and the Trustee a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"*Participating Underwriter*" shall mean the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"*Repository*" shall mean each National Repository and each State Repository.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

#### Section 3. Provision of Annual Reports.

(a) The County shall, or shall direct the Dissemination Agent to, not later than nine months (March 31) after the end of the County's Fiscal Year (currently June 30), commencing with the report for the 2005-2006 Fiscal Year (first report due no later than March 31, 2006), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Trustee. Not later than fifteen (15) Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that

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\* Preliminary, subject to change.

date. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the County does not provide, or cause the Dissemination Agent to provide, an Annual Report to the Repositories by the Annual Report date as required in subsection (a) above, the Dissemination Agent shall send a notice to (i) either the National Repositories or the Municipal Securities Rulemaking Board and (ii) the appropriate State Repository, if any, in substantially the form attached as Exhibit A, with a copy to the Trustee.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the County, and if, and to the extent, the County has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the County certifying that the Annual Report has been provided to the Repositories pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

**Section 4. Content of Annual Reports.** The County's Annual Report shall be in a format suitable for filing with each Repository and shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the County for preceding Fiscal Year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Certificates:

[TO BE DETERMINED]

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

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the County shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

**Section 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events (the "Listed Events") with respect to the Certificates, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or uncheduled bond calls.
- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable Federal securities law. The Trustee or the Dissemination Agent shall have no role nor any responsibility for such determination.

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the County shall promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the appropriate State Repository, if any, with a copy to the Trustee. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Trust Agreement.

Section 6. Termination of Reporting Obligation. The County's, the Trustee's and the Dissemination Agent's (if different) obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the County pursuant to this Disclosure Certificate. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any papers or any further act. The initial Dissemination Agent shall be THE BANK OF NEW YORK TRUST COMPANY, N.A.. The Dissemination Agent may resign, with or without appointment of a successor Dissemination Agent, upon thirty days' prior notice to the County. The Dissemination Agent shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out-of-pocket expenses including, but not limited to, attorneys' fees.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate the Trustee may (and, subject to payment of its fees and expenses and receipt of satisfactory indemnity as set forth in Section 9.02(n) of the Trust Agreement, at the request of the holders of at least 25% aggregate principal amount of Outstanding Certificates, shall), or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including, but not limited to, the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Trust Agreement. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent, payment of the Certificates and termination of this Disclosure Certificate pursuant to Section 6. The Dissemination Agent shall have no liability for failure to report any event or item of financial information as to which the County has not provided it in an information report in format suitable for filing with the Repositories. The Dissemination Agent shall have no obligation or liability for the accuracy or completeness of any Annual Report or report of materiality under Section 5(b) hereof and shall not be deemed to be acting in any fiduciary capacity hereunder for the County or for any Certificate owner.

Section 12. Fees. The County shall compensate and reimburse the Dissemination Agent within thirty (30) days of receipt of an invoice for such compensation and reimbursement.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Trustee, the Dissemination Agent and holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Alternative Filing Location. Any filing under this Disclosure Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org>, unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC, dated September 4, 2004.

Date: [Closing Date]

COUNTY OF PLACER

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

ACKNOWLEDGED:

THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD AND EACH STATE REPOSITORY  
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: COUNTY OF PLACER  
Name of Issue: Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the County of Placer, as the Rental for Certain Project Pursuant to a Lease Agreement with the Placer County Public Financing Authority  
Date of Issuance: {Closing Date}

NOTICE IS HEREBY GIVEN to [(i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository] [and the Municipal Securities Rulemaking Board] that the County of Placer (the "Issuer") has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate, dated June 1, 2006, executed by the Issuer and countersigned by The Bank of New York Trust Company, N.A., as dissemination agent. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Dissemination Agent

By \_\_\_\_\_  
Title \_\_\_\_\_

cc: Trustee

**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**