PRELIMINARY OFFICIAL STATEMENT DATED ________, 2007

NEW ISSUE - BOOK-ENTRY ONLY

Ratings:
(See "Ratings" herein)

In the opinion of Quint & Thummig LLP, San Francisco, California, Special Counsel, under existing law, subject to the County's compliance with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and, under section 55 of the Code, is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Code but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$________*
CERTIFICATES OF PARTICIPATION
(2007 South Placer Justice Center Courthouse Financing 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: December 1, as shown on the inside cover**

The $__________* Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) (the "Certificates"), are being sold to: (a) finance the cost of acquiring certain capital facilities currently being constructed within the County of Placer (the "Project"), (b) [fund a reserve fund/purchase a reserve fund surety policy] 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 of Placer (the "County") to the Placer County Public Financing Authority (the "Authority") for the use and occupancy of the Property (as defined herein) under and pursuant to a Lease Agreement, dated as of December 1, 2007, between the Authority and the County (the "Lease Agreement"). The Authority will assign its right to receive Lease Payments from the County and its right to enforce payment of the Lease Payments when due 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 December 1, 2007, 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 represented by the Certificates is payable semiannually on each June 1 and December 1, commencing June 1, 2008. The Certificates may be executed and delivered in denominations of $5,000 or any integral multiple thereof. Payments of principal and interest evidenced by 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 Property or by reason of eminent domain proceedings with respect to the Property, there is substantial interference with the use and occupancy by the County of the Property 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 redemption, as described herein.

Payment of the principal and interest evidenced by the Certificates when due will be insured by a ___ policy to be issued by ____ (the "Insurer") simultaneously with the delivery of the Certificates. See "INSURANCE" herein.

[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 USE AND OCCUPANCY OF THE PROPERTY. See "RISK FACTORS" herein.

This cover page contains certain information for general reference only. It is not intended to be a summary of all the provisions of the Certificates. Investors are advised to 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.

The Certificates will be offered when, as and if delivered and received by the initial purchaser, subject to approval by Quint & Thummig LLP, San Francisco, California, Special Counsel. Certain matters will be passed upon for the County by County Counsel and by Sidley Austin LLP, San Francisco, California, as Disclosure Counsel. It is expected that the Certificates will be available for delivery through the DTC book-entry system in New York, New York, on or about December 6, 2007.

BIDS TO BE RECEIVED BY 9:00 A.M., PACIFIC TIME, NOVEMBER 15, 2007.
SEE APPENDIX H – "OFFICIAL NOTICE OF SALE."

Dated: November __, 2007

* Preliminary, subject to change.

$_________*

CERTIFICATES OF PARTICIPATION
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MATURITY SCHEDULE*

Base CUSIP† Number: ________

Maturity Date (December 1)	Principal Amount	Interest Rate	Initial Price or Yield	CUSIP† Suffix
2008	$	%	%	
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				

* Preliminary, subject to change.

† A registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & 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. The County takes no responsibility for the accuracy of such numbers.

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 or underwriters 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.

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 Certificates have not been registered or qualified under the securities law of any state. 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.

This Preliminary Official Statement is in a form deemed final as of its date by the County for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)).

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
Bruce Kranz, County and Authority Board Chair
Jim Holmes, County and Authority Board Vice Chair
Kirk Uhler, County and Authority Board Member
Robert Weygandt, County and Authority Board Member
F.C. "Rocky" Rockholm, County and Authority Board Member

County and Authority Administrative Staff
Thomas Miller, County Executive Officer and Authority Executive Director
Jenine Windeshausen, Treasurer-Tax Collector and Authority Treasurer
Katherine Martinis, 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

Quint & Thimmig LLP
San Francisco, California

Disclosure Counsel

Sidley Austin 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

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INTRODUCTION

General

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the sale and delivery of the $________* Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) (the "Certificates"), evidencing direct, undivided fractional interests of the owners thereof in lease payments (the "Lease Payments") to be made by the County of Placer (the "County") for the rental from the Placer County Public Financing Authority (the "Authority") of certain real property, and improvements thereon (the "Property"), pursuant to a Lease Agreement, dated as of December 1, 2007 (the "Lease Agreement"), by and between the Authority and the County.

The Certificates are being executed and delivered to provide funds to (a) finance the acquisition cost of certain capital facilities currently being constructed within the County (the "Project"), (b) [fund a reserve fund/purchase a reserve fund surety policy] for the Certificates and (c) fund the costs incurred in connection with the execution and delivery of the Certificates. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE" 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 encompasses 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, 2006, are attached hereto as Appendix A. These financial statements, including the auditor's report and the notes thereto, should be read in their entirety.

The Certificates

The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of December 1, 2007 (the "Trust Agreement"), by and among the County, the Authority and The Bank of New York Trust

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*Preliminary, subject to change.

Company, N.A., as trustee (the "Trustee"). The Certificates represent interests of the registered owners (the "Owners") thereof in the Lease Payments to be made by the County under the Lease Agreement. The County will lease the Property to the Authority pursuant to a Site and Facility Lease, dated as of December 1, 2007 (the "Site and Facility Lease"), by and between the County and the Authority, and the Authority will lease the Property back to the County pursuant to the Lease Agreement. See "THE PROPERTY" herein. The Lease Payments are payable by the County for the right to the use and occupancy by the County of the Property. The Lease Payments are subject to abatement during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the County of the Property or any portion thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Abatement" and "RISK FACTORS" herein. The Authority will assign its rights to receive Lease Payments from the County and substantially all of its other rights under the Lease Agreement to the Trustee pursuant to an Assignment Agreement, dated as of December 1, 2007, 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 IT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Sale of Certificates

The County has scheduled the competitive sale of the Certificates on November 15, 2007, at 9:00 a.m. Pacific Time, via the I-Deal LLC BiDCOMP/PARITY® system, as further described in the Official Notice of Sale attached hereto as Appendix H.

Bond Insurance [and Reserve Fund Surety Policy]

Payment of the principal and interest evidenced by the Certificates when due will be insured by a ___ policy (the "Policy") to be issued by ___ (the "Insurer") simultaneously with the delivery of the Certificates. See "INSURANCE" herein.

[In addition, a reserve fund surety bond, in an amount equal to the Reserve Requirement (the "Surety Policy"), will be issued by the Insurer and deposited in the Reserve Fund simultaneously with the delivery of the Certificates.]

Continuing Disclosure

The County will covenant, pursuant to the Continuing Disclosure Certificates for the benefit of the owners and Beneficial Owners of the Certificates, 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. See "CONTINUING DISCLOSURE" and Appendix G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" 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 never failed to comply, in all material respects, with any previous undertakings with regard to Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended, to provide annual reports or notices of material events. – CONFIRM]

Summaries Not Definitive

Brief descriptions of the Certificates, the County and the Property are included in this Official Statement, together with summaries of the Lease Agreement, the Site and Facility 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, the Site and Facility Lease, the Assignment 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 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. Thomas Miller
County Executive Officer
County of Placer
175 Fulweiler Avenue
Auburn, CA 95603

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 June 1, 2008 (each an "Interest Payment Date"). Interest evidenced by 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 of and interest evidenced by the Certificates will be paid by the Trustee to DTC which is obligated in turn to remit such principal 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 evidenced by 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, May 15, 2008, 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 December 1, 2015, are not subject to optional redemption prior to maturity. The Certificates maturing on and after December 1, 2016, are subject to optional redemption in whole or in part on any date on or after December 1, 2015, at a redemption price equal to the principal amount evidenced by the Certificates to be redeemed, 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, Title Insurance, Condemnation 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 evidenced by the Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption. The Certificates maturing on December 1, 20__ are subject to mandatory redemption prior to their maturity 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 (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount evidenced by the Certificates to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Mandatory Redemption Date (December 1)	Principal Amount to be Redeemed

Selection of Certificates for Redemption. Whenever provision is made in the Trust Agreement for the redemption of Certificates and less than all of the 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. 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 redeemed, 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 unpaid 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 90 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 75 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 The exercise of the purchase of Certificates in lieu of redemption will require the approval of the Insurer wherein any Certificate so purchased is not extinguished.

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.

SCHEDULE OF CERTIFICATE PAYMENTS

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

Year Ending (June 1)	Principal	Interest	Total
	$	$	$

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

General

Each Certificate evidences a direct, undivided fractional interest in the principal component of the Lease Payments due under the Lease Agreement, payable by the County to the Authority, as rental payments for the right of the County to use and occupy the Property. 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 STATE NOR ANY AGENCY OR DEPARTMENT THEREOF IS PLEDGED TO THE PAYMENT OF THE LEASE PAYMENTS.

The Authority, pursuant to the Assignment Agreement, will transfer, assign and set over to the Trustee, for the benefit of the Owners, all of the Authority's rights and interests under the Lease Agreement (excepting the Authority's rights under the Lease Agreement relating to advances, release and indemnification covenants and payment of attorney's fees and expenses), including, without limitation the right to (i) receive and collect all of the Lease Payments from the County, (ii) receive and collect any proceeds of any insurance maintained under the Lease Agreement and of any condemnation award rendered with respect to the Property and (iii) exercise such rights and remedies conferred on the Authority pursuant to the Lease Agreement. The County will pay Lease Payments directly to the Trustee as assignee of the Authority.

For information regarding the County, including financial information, see "THE COUNTY" herein and Appendix A - "AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2006" attached hereto. See also "RISK FACTORS" and "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Sources of Funds for Lease Payments; 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 Property 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 or self insurance fund, 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 Property. 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 Property 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 Property. 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, with prior consent of the Insurer, 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 the replacement, repair or restoration of the damaged portions of the Property or redemption of the Certificates as provided in the Lease Agreement and the Trust Agreement. The County may not satisfy the requirements for such insurance with self-insurance, except with the prior written consent of the Insurer.

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 Property 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 Reserve Requirement. 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.

Title Insurance. Under the Lease Agreement, the County is required to obtain an CLTA title insurance on the Property, in an amount of not less than the principal components of the Certificates, subject only to Permitted Encumbrances, as defined in the Trust Agreement.

Eminent Domain

Under the Lease Agreement, if all of the Property 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 Property is taken permanently, or if all of the Property 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 Property. The Net Proceeds of such eminent domain award are required to be applied to the redemption of Certificates as provided in the Lease Agreement and the Trust Agreement.

Abatement

Under the Lease Agreement, Lease Payments will be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the County of the Property or any portion thereof (other than certain portions of the Property 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, upon consultation with the Insurer, to be greater than the fair rental value of the portions of the Property not damaged or destroyed (giving due consideration to the factors identified related to fair rental value as discussed in the Lease Agreement), based upon the opinion of a MAI appraiser or other 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

The Trust Agreement requires the establishment of a Reserve Fund in an amount equal to $_________ (the "Reserve Requirement"); provided, however, that such amount shall be reduced if Certificates are refunded, to an amount equal to the maximum annual Lease Payments relating to the remaining Certificates not so refunded. Pursuant to the Trust Agreement, moneys on deposit in the Reserve Fund may be substituted by the County with a letter of credit, surety bond, bond insurance policy or other form of guaranty in an amount equal to the Reserve Requirement, as more fully described in the Trust Agreement.

[Pursuant to the Trust Agreement, the Reserve Fund will be funded with the Surety Policy to be issued by the Insurer simultaneously with the delivery of the Certificates.]

Substitution and Release of Property

Pursuant to the Lease Agreement, the County may substitute different real property and/or facilities for the real property and facilities currently comprising the Property and effect a release of any portion of the Property, provided, however, that (i) the County files with the Authority and the Trustee amended exhibits to the Site and Facility Lease and the Lease Agreement which adds thereto a description of the substituted real property and/or substituted facilities thereon and deletes therefrom the former real property and former facilities thereon; (ii) the County certifies in writing to the Authority and the Trustee that such substituted property serves the purpose of the County, constitutes property that is unencumbered or is subject to a Permitted Encumbrance and which the County is permitted to lease; (iii) the County delivers to the Trustee and the Authority evidence that the value of the Property following such substitution is equal to or greater than the outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provision pursuant to the Trust Agreement applies with respect to the substituted property; (iv) the substituted property does not cause the County to violate any of its covenants, representations and warranties made under the Lease Agreement and Trust Agreement; (v) the County obtains an amendment to the title insurance policy reflecting the addition of the substituted property and deletion of the former property, (vi) the Insurer provides prior written consent to such substitution, (vii) the County provides notice of the substitution to any rating agency then rating the Certificates, and (viii) the County furnishes the Authority and the Trustee with a written opinion of counsel that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State of California personal income taxes. See Appendix D – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT."

Substitution of Project for the Property. The County will have the option at any time prior to December 31, 2008, to substitute the Project for the original Property, provided that the County satisfies all of the following requirements which are conditions precedent to such substitution; and further provided that no action of the Board of Supervisors of the County is required to consummate such substitution: (i) the County files with the Authority and the Trustee an amended exhibit to the Site and Facility Lease which adds thereto a description of the Project and deletes therefrom the description of the original Property; (ii) the County files with the Authority and the Trustee an amended exhibit to the Lease Agreement which adds thereto a description of the Project and deletes therefrom the description of the original Property; (iii) the substitution of the Property with the Project will not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement and the Trust Agreement; (iv) the County obtains an amendment to the title insurance policy required pursuant to the Lease Agreement which adds thereto a description of the Project and deletes therefrom the description of the original Property or obtains a new title insurance policy, substantially in the form required by the Lease Agreement, relating to the Project, setting forth only such encumbrances as shall not, in the opinion of counsel to the County, impair the County's use and possession of the Project following the substitution; and (v) the County furnishes the Authority and the Trustee with a written opinion of Special Counsel stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes. See "PLAN OF FINANCE" herein.

Use of the Property

Maintenance, Utilities, Taxes and Assessments. Throughout the term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvements, repairs and maintenance of the Property will be the responsibility of the County and the County will pay for or otherwise arrange for the payment of all utility services supplied to the Property and the cost of the repair and replacement of the Property 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 agrees that it will provide only the Property, as provided in 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 Property 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.

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 Property will be materially endangered or the Property 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 Property. Under the Lease Agreement, the County will, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements will not in any way damage the Property, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Property to be used for purposes other than those authorized under the provisions of State of California and Federal law; and the Property, 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 Property 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 Property 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 Property, 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 Property. 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 Property 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 Property.

INSURANCE

The following information has been furnished by the Insurer for use in this Official Statement. No representation is made by the County as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in the condition of the Insurer subsequent to the date hereof, including but not limited to a downgrade in the credit ratings of the Insurer. A specimen of the Policy is set forth in APPENDIX I – "SPECIMEN POLICY."

[To Come]

PLAN OF FINANCE

The Certificates are being delivered to provide funds to (a) finance the cost of acquiring the Project, (b) [fund a reserve fund/purchase a reserve fund surety policy] for the Certificates and (c) finance the costs incurred in connection with the execution and delivery of the Certificates.

The Property

Under the Lease Agreement, the County is obligated to make Lease Payments for the use and occupancy of the Property. The Property consists of the site, and facilities thereon, known as the Auburn Justice Center, located at 2929 Richardson Drive in North Auburn. The Auburn Justice Center, situated on 7.6 acres of land, is a 96,200 square-foot two-story facility comprised of two separate but interconnected buildings with the larger two story portion housing offices, conference rooms, public lobby and meeting space, emergency dispatch call center, and general staff functions. The one story portion houses sheriff evidence processing and storage, training facilities including classrooms and a shooting range, and vehicle maintenance and various types of specialty storage for the Sheriff-Coroner-Marshal Department, the Probation Department and the District Attorney's office. The Auburn Justice Center features an indoor shooting range, state-of-the-art evidence processing and storage facilities, a full gym and an 80-person community room for press conferences, meetings and social events. The Auburn Justice Center cost approximately $35.5 million to construct and became operational in April 2007.

The Property has structural design and emergency response capacities as required for an essential services building including duplicate backup heating and air conditioning systems and full sized generator with automatic transfer switching. These systems allow the building to be fully functional during emergencies and power outages. The Property is also state of the art with communications, data, security, and energy management systems.

The County may substitute other properties for the Property, subject to the terms and conditions of the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES-Substitution and Release of Property." Upon completion of the Project, anticipated to be spring 2008, the County intends to substitute the Auburn Justice Center with the Project and release the Auburn Justice Center from the Site and Facility Lease and the Lease Agreement. See "-The Project" below.

The Project

The Project consists of the acquisition of the South Placer Justice Center Courthouse to be constructed in the 44 acre master-planned justice services campus known as the Placer County Bill Santucci Justice Center, located in the city of Roseville. The South Placer Justice Center Courthouse will include a 4.6 acres parcel and a 110,700 square-foot building with two above grade levels and a basement level for secure holding areas. It will contain nine general purpose courtrooms, court administrative and clerical support areas as well as secure inmate holding areas in the basement and at each courtroom level. The structure will consist of concrete tilt-up walls with interior steel frame and concrete floor and roof sections. To ensure continued occupancy of inmate holding areas and data system integrity in the event of power failure, these areas will be supported by an emergency generator with automatic switching. Pursuant to a lease purchase agreement between the County and JB Management, L.P. (the "Developer"), the Developer agreed to construct the facility constituting the Project on 4.6 acres of land owned by JB Management. The County has the option to purchase the Project from the Developer upon completion of the construction. The total cost of the construction for the Project is estimated to be approximately $51 million. The County intends to acquire the Project upon completion of the construction, which is expected to be in spring 2008. The estimated cost for the acquisition of the Project by the County is approximately $[__] million. In addition to the Project, the Placer County Bill Santucci Justice Center will house the District Attorney's office, a Sheriff's substation, an approximately 980 inmate-capacity detention center, a vehicle shop and an archive and storage building.

The County intends to purchase the Project pursuant to an acquisition agreement, which is currently being negotiated with the Developer. Upon the acquisition of the Project, the County intends to amend the Site and Facility Lease and the Lease Agreement to provide for the release therefrom of the Auburn Justice Center and the addition thereto of the Project. See PLAN OF FINANCE- The Property" and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES-Substitution and Release of Property." Prior to the County entering into the acquisition agreement with the Developer for the purchase of the Project, the Board of Supervisors of the County (the "Board") must first approve the acquisition of the Project and the terms of the acquisition agreement. Although the Board intends to approve the acquisition of the Project and the acquisition agreement, such approval is not expected to take place until after the delivery of the Certificates.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds	
Par Amount	$
[Plus/Less:] Net Original Issue [Premium/Discount]	
Total Sources	$
Uses of Funds	
Deposit to Project Fund	$
Deposit to Delivery Costs Fund[1]	
[Deposit to Reserve Fund]	
Underwriter's Discount	
Total Uses	$

[1] The amount deposited in the Delivery Costs Fund will be used to pay the premiums for the Policy [and the Surety Policy], legal fees, printing costs, rating agency fees and other miscellaneous expenses

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 I 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 encompasses an estimated area of 1,500 square miles and 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. 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 Statements

Attached hereto as Appendix A are the financial statements of the County for the fiscal year ended June 30, 2006, as prepared by the County Auditor-Controller's Office and audited by Gilbert Associates, Inc., Sacramento, 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, 2007, are expected to be presented to, and approved by, the County Board of Supervisors in a timely manner. The fiscal year 2006-07 audited financial statements are expected to be included in the County's annual report due under the Continuing Disclosure

Certificate. See "CONTINUING DISCLOSURE" and Appendix G – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Accounting Policies and Financial Reporting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, except for property taxes, which the County considers available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The governmental funds used to liquidate compensated absences are the General Fund, Public Safety Fund, Road Fund, Capital Improvements Fund, Community Services Fund, County Library Fund, Fire Control Fund and the Redevelopment Agency Housing Fund.

Property taxes, franchise taxes, licenses, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and, as such, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash or receives the cash within the County's 180-day availability period.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the County has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), are accounting principles generally accepted in the United States of America.

In June 2004, GASB issued Statement No. 45 ("GASB 45"), Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. Collectively, these benefits are commonly referred to as other postemployment 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 does not require the County to fund its OPEB plan. 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. GASB 45 establishes 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. GASB 45 is effective for the County starting with the fiscal year ending June 30, 2008.

Budgetary Process

In accordance with provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget on or before August 30 for each fiscal year. Until the adoption of this final balanced budget, the appropriations are governed by the adopted proposed budget approved by the County Board of Supervisors (the "Board"). Consistent with the County Budget Act, the County adopted a resolution on August 19, 2003 to extend the date to adopt a final balance budget from August 30 to October 2.

Supplemental appropriations may be made during the year by the Board if revenues are received from unanticipated sources, or from anticipated sources, but in excess of estimates thereof. Management cannot amend the budget without the Board's approval. Budget amounts reported in the basic financial statements reflect the original budget and the final budget, as amended. All unencumbered budget appropriations lapse at the end of the fiscal year.

The legal level of budgetary control is exercised at the budget unit (departmental) level. Amendments and transfers of appropriations between budget units or that involves the addition or deletion of a project or piece of equipment must be approved by the Board. Management can make adjustments of appropriations, at their discretion, within or between objects within the same budget unit. For the fiscal year ended June 30, 2007, there were no expenditures in excess of the adopted appropriations.

General Fund Financial Summary

The following table sets forth the County's General Fund balance sheet for fiscal years ended June 30, 2004 through June 30, 2006 and unaudited figures for fiscal year ended June 30, 2007.

COUNTY OF PLACER
General Fund Balance Sheet*
($ in thousands)

Fiscal Year	2004	2005	2006	2007 (unaudited)
ASSETS				
Cash and investments	$ 80,422	$100,896	$124,457	$151,089
Receivables (net):				
Accounts	2,059	795	2,255	2,950
Interest	–	–	1,483	–
Notes	–	–	156	522
Due from other funds	1,407	938	7,139	–
Due from other governments	30,582	30,508	26,586	29,552
Inventories	58	60	78	98
Prepaid items	601	782	1,001	791
Advances to other funds	1,780	1,235	1,157	2,612
Total Assets	$116,909	$135,214	$164,312	$187,614
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued liabilities	$ 5,321	$ 11,407	$ 13,218	$20,325
Due to other funds	40	40	-	-
Due to other governments	2,605	2,585	2,316	3,027
Deposits from others	433	753	383	401
Deferred revenue	16,348	13,762	14,294–	15,490
Total Liabilities	$24,747	$28,547	$30,211	$39,243
Fund Balances				
Reserved for:				
Encumbrances	$3,316	$5,118	$6,042	$6,923
Notes receivable	–	–	·	522
Inventories	58	60	78	98
Prepaid items	601	782	1,001	–
Advances	1,780	1,235	1,157	2,612
Imprest cash	8	7	12	12
Unreserved, designated for:				
Capital asset acquisition and improvements	36,936	34,101	33,546	33,242
Compensated leave	1,453	1,849	1,974	1,165
Other post employment benefits	–	10,000	20,910	25,910
Contingencies and economic uncertainties	22,729	24,135	20,622	19,922
Other	494	494	1,695	1,719
Unreserved	24,787	28,886	47,064	56,246
Total Fund Balances	92,161	106,667	134,101	148,371
Total Liabilities and Fund Balance	$116,908	$135,214	$164,312	$187,614

*Figures may not add up due to independent rounding
Source: The County, Comprehensive Annual Financial Reports

The following table sets forth the County's statement of revenues, expenditures, and changes in general fund balance for fiscal years ended June 30, 2004 through June 30, 2006 and unaudited figures for fiscal year ended June 30, 2007.

COUNTY OF PLACER
Statement of Revenues, Expenditures and Changes in General Fund Balance*
($ in thousands)

Fiscal Year	2004	2005	2006	2007 (unaudited)
REVENUES				
Taxes	$ 91,591	$101,850	$143,906	$158,091
Licenses and permits	6,807	8,365	8,011	7,369
Fines, forfeitures and penalties	11,148	10,539	9,671	10,636
Use of money and property	3,263	3,727	6,032	12,383
Intergovernmental	103,549	124,936	114,985	119,322
Charges for services	22,713	28,091	34,071	37,706
Tobacco settlement	–	54	–	–
Contributions and donations	11	–	193	144
Miscellaneous	1,474	1,227	1,132	769
Total Revenue	$240,556	$278,789	$318,001	$346,420
EXPENDITURES				
Current:				
General government	$48,989	$49,500	$50,848	$55,319
Public protection	31,923	33,001	37,987	41,644
Public assistance	47,988	46,000	50,029	53,280
Health and sanitation	48,789	60,080	74,392	81,911
Public ways and facilities	–	–	–	–
Recreation and cultural services	193	338	3,503	3,934
Education	231	248	265	282
Debt Service				
Principal	210	1,151	15	–
Interest	68	74	–	–
Capital outlay	632	210	428	1,417
Total Expenditures	179,023	190,602	$217,467	$237,787
Excess (deficiency) of revenues over expenditures	$61,533	$88,187	$100,534	$108,683
OTHER FINANCING SOURCES (USES)				
Capital lease financing	–	–	–	–
Proceeds from sale of capital assets	–	–	–	1
Transfers In	978	150	1,135	505
Transfers Out	(58,276)	(73,830)	(88,181)	(94.817)
Total other financing sources (uses)	(57,298)	(73,680)	(87,046)	(94,311)
Net change in fund balances	4,235	14,507	13,488	14,322
Fund balances, beginning of year, as restated	87,926	92,161	120,613	134,049
Fund balances, end of year	$ 92,161	$106,668	$134,101	$148,371

* Figures may not add up due to independent rounding
Source: The County, Comprehensive Annual Financial Reports

Tax Revenues

Property taxes and sales taxes form the majority of the County's annual tax revenues. The amount of taxes by type received on an accrual basis by the County in the fiscal year ended June 30, 2006 are as follows:

COUNTY OF PLACER
Tax Revenue--Governmental Funds
Fiscal Year ended June 30, 2006
($ in thousands)

Type of Tax	Total Amount
Property Taxes	$131,931
Sales Taxes	16,788
Other Taxes	13,706
Total	$162,425

Source: The County, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2006.

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 "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" for a description of the limitations on property tax revenues.

General. Property taxes have been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13 more than 20 years ago, property tax revenues have been curtailed. Proposition 13, as promulgated by Article XIIIA of the California Constitution, limits the taxes imposed on real property to not more than 1 percent of the "full cash value" of the property. Generally, a property's valuation for purposes of determining property taxes is assessed at the time of a change in ownership or completion of new construction, based on market valuation of the property. The assessed valuation of property that has not incurred a change of ownership or new construction are adjusted annually to reflect inflation at a rate not to exceed 2%, a reduction in the consumer price index or declining property value caused by damage, destruction or economic factors.

Ad Valorem Property Taxation. Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the County 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 property having a tax lien on secured property which is 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 November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate 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 Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer, and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Alternative Method of Tax Apportionment - "Teeter Plan." The Board of Supervisors of the County (the "Board") has approved the implementation of 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 California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions for which the County acts as the tax-levying or tax-collecting agency. The Teeter Plan was effective in the County beginning the fiscal year commencing July 1, 1993. The Teeter Plan is applicable to secured and supplemental property tax levies.

The Teeter Plan is to remain in effect unless the Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board is to order discontinuance of the Teeter Plan, effective at the commencement of the subsequent fiscal year. The Board may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions for which the County acts as the tax-levying or tax-collecting agency. See *"Ad Valorem Property Taxation"* above.

Assessed Valuations. The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Assessed Valuation History. The following table shows historic assessed valuations for fiscal years 2001-02 through 2005-06.

COUNTY OF PLACER
Assessed Value of Taxable Property
2001-02 through 2005-06
($ in thousands)

Fiscal Year	Secured	Unsecured	Less Exemptions	Net Assessed Value
2001-02	$26,967,156	$1,017,556	$1,038,170	$26,946,542
2002-03	30,474,535	1,175,442	1,170,476	30,479,501
2003-04	34,694,421	1,227,020	1,288,794	34,632,647
2004-05	39,142,411	1,294,475	1,390,049	39,046,837
2005-06	45,081,931	1,333,306	1,507,798	44,907,439

Source: The County, Comprehensive Annual Financial Reports, Fiscal Year Ended June 30, 2006

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

COUNTY OF PLACER
Assessed Valuations and Tax Collection Record
Fiscal Years 2001-02 through 2005-06
($ in thousands)

Fiscal Year	Tax Levy	Tax Levy Collections*	Percent Collected
2001-02	$258,852	$258,724	99.95%
2002-03	293,011	292,784	99.92
2003-04	332,070	331,627	99.87
2004-05	370,122	369,157	99.74
2005-06	433,880	427,219	98.46

* Includes collections in subsequent years of prior year delinquent amounts.
Source: The 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, 2006
($ in thousands)

Taxpayer	Industry	Valuation	Percent of Total
NEC Electronics USA, Inc.	Electronics	$ 682,243	4.03%
Pacific Gas and Electric Co.	Utility	417,559	2.46
Hewlett Packard Co.	Electronics	221,668	1.31
Kaiser Foundation Hospitals	Healthcare	156,510	0.92
Roseville Telephone Company	Telecommunication	128,230	0.76
Pacific Bell	Telecommunication	118,740	0.70
Squaw Creek Associates	Property Management; Hospitality	53,911	0.32
Del Webb California Corp	Real Estate Development	42,757	0.25
Albertsons Inc.	Retail Groceries	37,854	0.22
Roseville Prop Inv Part Ltd.	Real Estate	35,319	0.21
Total		$1,894,609	11.18%

Source: The County, Comprehensive Annual Financial Report, Fiscal Year ended June 30, 2006.

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%.

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 of the 7.25% tax collected by the State. The State collects and administers the tax, and makes distributions on taxes collected within the County, as follows:

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
Local (City and County Transportation/Operations Funds)	1.00
Total State-wide Tax	7.25%

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.

Investments

The County Treasurer manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited in the Treasury by the County, all County school and community college districts, and various special districts within the County. State law requires that all moneys of the County, school and community college districts and certain special districts be held in the County Treasury by the Treasurer. The County Treasurer accepts funds only from agencies located within the County. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, state and federal funding and other fees and charges.

Moneys deposited in the County Treasury by the participants represent an undivided interest in all assets and investments in the County Treasury based upon the amount deposited and the average daily balances. All investments in the County Treasurer's investment pool are amortized and accrued monthly and are priced on a monthly basis for informational purposes. Gains and losses are recorded when they are actually realized upon sale or other disposition of the investment and adjusting entries for market value are made at year-end if necessary as required by GASB 31. Investment earnings, less actual treasury administrative costs, are distributed monthly to all pool participants on a pro-rata basis based on average daily balance.

The County Treasurer's investment policy states that preservation of capital and maintenance of liquidity shall be of primary concern with earnings to be at market rates of return commensurate with minimum levels of risk. The County Treasurer maintains a reserve of cash and cash equivalents projected to be more than sufficient to meet foreseeable liquidity needs. The policy allows for the purchase of a variety of securities as specified by California Government Code Sections 53601 and 53635 with further limitations and specifications regarding market risk, maturity, credit ratings, and diversification. The County Board of Supervisors adopts the Treasurer's investment policy annually. The County Treasury Oversight Committee monitor's the Treasurer's conformance to the investment policy. Copies of the County Treasurer's investment policy can be obtained from the County Treasurer-Tax Collector, 2976 Richardson Drive, Auburn, California 95603.

The balance on deposit in the County Treasury was $983,992,175.02 as of August 31, 2007. Of this amount, $967,361,514.71 was invested with a market value of $967,432,098.38 or 99.99% of amortized cost. The market value and liquidity of the pool depends upon, among other factors, cash position and the maturity of various investments. The weighted average maturity of the pool was 808 days. The pool includes approximately $142,272,403.37 of investments maturing in 90 days or less. Approximately [__]% of the assets in the investment pool come from public agencies which can make discretionary withdrawals for the purpose of making alternative investments.

The following is a summary of the Treasurer's Investment Pool as of August 31, 2007.

Type of Investment	Market Value	Book Value	% of Portfolio[1]
U.S. Treasury Securities	$ 39,835,100.00	$ 39,951,070.13	4.13%
Federal Agency Coupons	516,723,439.70	516,378,468.39	53.38
Medium Term Notes	221,400,450.15	221,558,871.48	22.90
Negotiable Certificates of Deposit	49,834,773.47	49,634,769.65	5.15
Collateralized Certificates of Deposits	41,000,000.00	41,000,000.00	4.24
Commercial Paper Disc – Amortizing	74,629,784.73	74,629,784.73	7.71
Middle Fork JPA	13,996,592.00	13,996,592.00	1.45
Rolling Repurchase Agreements	10,011,958.33	10,011,958.33	1.03
Total Investments	$967,432,098.38	$967,361,514.71	100.00%
Passbook/Checking	16,630,660.31	16,630,660.31	
Total Cash and Investments	$984,062,758.59	$983,992,175.02	

[1] Excluding cash

Source: County of Placer Treasurer-Tax Collector's Office.

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 ("CalPERS"), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating entities within the State of California. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing to CalPERS, Central Supply, P.O. Box 942715, Sacramento, California 94229-2715.

Funding Policy. Employees under the Miscellaneous Plan are required to contribute 8% and employees under the Safety Plan are required to contribute 9% of covered salary to CalPERS. The County is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2007, the employer contribution rate was 13.447% for the Miscellaneous Plan and 23.801% for the Safety Plan. The County, as part of its compensation to employees, pays all of the employees' contributions, except 1% for the Miscellaneous Plan, in addition to its own.

Funded Status. The County's pension funded status, as of the most recent annual valuation report as of June 30, 2005, was 83.9% for the Miscellaneous Plan and 76.2% for the Safety Plan.

Annual Pension Cost. For the fiscal year ended June 30, 2006, the County's annual pension cost of approximately $31.795 million for CalPERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included the following for both the Miscellaneous and Safety Plan, (a) a rate of return on investments (net of administrative expenses) of 7.75%, (b) inflation of 3.0%, and (c) projected salary increases of 3.25% to 14.45% for the Miscellaneous Plan and 3.25% to 13.15% for the Safety Plan, with a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the County's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The difference between the Actuarial Value of Assets and the Actuarial Accrued Liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period for the Miscellaneous Plan and the Safety Plan at June 30, 2003 was 18 years and 16 years, respectively.

Three-Year Trend Information
($ in thousands)

	Miscellaneous Plan		Safety Plan	
Fiscal Year-End	Annual Pension Cost (APC)	Percentage of APC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed
2004	$10,246	100%	$5,982	100%
2005	19,013	100	8,510	100
2006	22,944	100	8,851	100

Source: The County, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2006

Other Postretirement Benefits

In addition to the pension benefits, the County provides postretirement healthcare benefits under two plans. All employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits. As of June 30, 2007, there were 1084 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, 2007, 247 employees have made this election. For employees retiring on or before December 31, 2006, the County's contribution is equal to the 2007 employee rates. For employees retiring on or after January 1, 2007, the County's contribution is equal to current employee rates. The County's contribution for safety employees is equal to current employees rates. 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 2006-07 fiscal year, expenditures of approximately $7.8 million were recognized for postretirement health care benefits.

The County has engaged Bartel Associates, LLC to prepare an actuarial report on its actuarial accrued liability ("AAL"). The County's estimated AAL is $232 million, based on a 7.75% assumed investment rate, and a 30 year amortization. The annual contribution is estimated to be $25.9 million. The County has already set aside $33.4 million of its liability, with an additional $12 million to be funded in the 2007-08 fiscal year. On November 7, 2006 the Board of Supervisors adopted the Placer County Other Post Employment Benefit ("OPEB") Policy to address the remaining AAL. Implementation of the OPEB Policy allows the County to meets its annual required contribution funding needs each year. The County continues to explore other strategies to address OPEB, including establishing an irrevocable trust in order to maximize the investment's long-term rate of return.

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, as of June 30, 2007:

COUNTY OF PLACER
Direct and Overlapping Debt
As of June 30, 2007

2006-07 Assessed Valuation	$53,643,812,174
Redevelopment Incremental Valuation:	2,259,148,637
Adjusted Assessed Valuation	$51,384,663,537

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/07	% Applicable [1]	District's Share of Debt 6/30/07
Sierra Joint Community College District School Facilities Improvement District No. 1	$ 34,245,973	61.480%	$ 21,054,424
Los Rios and Yuba Joint Community College Districts	252,711,325	0.041 & 40.894	153,960
Rocklin Unified School District	86,622,312	100.	86,622,312
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 2	50,300,084	89.132	44,833,471
Other Unified School Districts	94,669,418	Various	31,877,564
Placer Union High School District	39,889,040	100.	39,889,040
Roseville Joint Union High School District	109,170,343	92.579	101,068,812
Roseville City School District	37,917,378	100.	37,917,378
Other High School and School Districts	110,294,572	100.	28,895,491
Cities of Auburn and Colfax	1,070,000	100.	1,070,000
County Water Districts	548,000	100.	548,000
Nevada Irrigation District	3,245,000	30.333	984,306
Community Facilities Districts	810,630,706	100.	810,630,706
1915 Act Bonds (Estimate)	65,836,417	100	65,836,417
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$1,271,381,881

DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Placer County General Fund Obligations	**$ 22,000,000**	**100. %**	**$ 22,000,000**
Placer County Office of Education Certificates of Participation	2,770,000	100	2,770,000
Los Rios and Sierra Community College District Certificates of Participation	17,105,000	0041 & 73.447	7,384,317
Western Placer Unified School District Certificates of Participation	128,650,000	99.818	128,415,857
Other Unified School District Certificates of Participation	33,425,779	Various	26,280,246
Union High School District Certificates of Participation	149,540,000	Various	16,421,632
Auburn Union School District Certificates of Participation	36,633,580	100.	36,633,580
Roseville City School District Certificates of Participation	18,000,000	100.	18,000,000
Other School District Certificates of Participation	12,931,967	100.	12,931,967
City of Lincoln General Fund Obligations	24,280,000	100.	12,500,000
City of Roseville Certificates of Participation	23,800,000	100.	815,000
Other City General Fund and Pension Obligations	12,500,000	100.	12,500,000
Auburn Area Recreation and Park District Certificates of Participation	815,000	100.	815,000
Public Utility District Certificates of Participation	2,015,000	3.697-78.136	729,558
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			$332,962,157
COMBINED TOTAL DEBT			$1,604,344,038[2]

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the County.

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

Ratios to 2006-07 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.37%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt ($22,000,000) **0.04%**

Combined Total Debt 3.12%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: $0

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Section 1(a) of Article XIIIA of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by counties and apportioned according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to (1) ad valorem taxes to pay interest or redemption charges on indebtedness approved by the voters prior to July 1, 1978, or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition, or (3) any bonded indebtedness incurred by a school district, community college district or county office of education for the construction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities approved after November 8, 2000 by 55% of the voters of the district or county, as appropriate, voting on the proposition. Section 2 of Article XIIIA 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 has occurred after the 1975 assessment" ("Full Cash Value"). The Full Cash Value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors.

Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reappraisal under Article XIIIA. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Other amendments permit the State Legislature to allow persons who are either 55 years of age or older, or who are "severely disabled," to transfer the old residence's assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In the November 1990 election, the voters approved an amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended 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.

Section 4 of Article XIIIA provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which has been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Article XIIIB of the California Constitution

State and local government agencies in California are each subject to annual "appropriations limits" imposed by Article XIIIB of the State Constitution ("Article XIIIB"). Article XIIIB prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed.

"Appropriations subject to limitation" are generally authorizations to spend "proceeds of taxes," which include all, but are not limited to, tax revenues, and the proceeds from (i) regulatory licenses, user charges or other user fees to the extent that such proceeds exceed "the cost reasonably borne by that entity in providing the regulation, product, or service" (ii) the investment of tax revenues, and (iii) certain subventions received from the State. No limit is imposed on appropriations of funds which are not "proceeds of taxes," appropriated for debt service on indebtedness existing prior to the passage of Article XIIIB or authorized by the voters or appropriations required to comply with certain mandates of courts or the federal government.

As amended at the June 5, 1990 election by Proposition 111, Article XIIIB provides that, in general terms, a county's appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIIIB. If county revenues during any two consecutive fiscal years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rates or fee schedules within the two subsequent fiscal years.

Section 7900, *et seq.* of the California Government Code defines certain terms used in Article XIIIB and sets forth the methods for determining the appropriations limits for local jurisdictions. The County's appropriation limit for fiscal year 2007-08 is $663,912,731. It has been determined that $177,493,675 of the County's fiscal year 2007-08 budgeted appropriations and provision for reserves totaling $792,210,179 is subject to the limitation, and the County is therefore $486,419,056 under the appropriations limit for fiscal year 2007-08.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the general fund, require a two-thirds vote. The voter approval requirements of Article XIIIC reduce the County's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the County will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIIID contains several new provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. This definition applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks.

Article XIIID also contains several new provisions affecting a "fee" or "charge," defined for purposes of Article XIIID to mean "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIIID), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Article XIIIC removes prohibitions and limitations on the initiative power in matters of any "local tax, assessment, fee or charge." Consequently, the voters of the County could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. "Assessment," "fee" and "charge," are not defined in Article XIIIC and it is not clear whether the definitions of these terms in Article XIIID (which are generally property-related as described above) would limit the scope of the initiative power set forth in Article XIIIC. If the Article XIIID definitions are not held to limit the scope of Article XIIIC initiative powers, then the Article XIIIC initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination. The County imposes some taxes, assessments, fees and charges that could be affected by Proposition 218. To date, Proposition 218 has not impacted the revenues that are available to the County to make the Lease Payments required pursuant to the Lease Agreement.

Proposition 1A

As part of Governor Schwarzenegger's agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A ("Proposition 1A") at the November 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with fiscal year 2008–09, the State will be able to borrow up to 8 percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship and two-thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than 2 fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

Proposition 1A also prohibits the State from mandating activities on cities, counties or special districts without providing for the funding needed to comply with the mandates. Beginning in fiscal year 2005–06, if the State does not provide funding for the mandated activity, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expanded the definition of what constitutes a mandate on local governments to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A do not apply to schools or community colleges or to mandates relating to employee rights.

Proposition 62

A statutory initiative ("Proposition 62") was adopted by State voters at the November 4, 1986 General Election, which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity voting in such election, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction voting in such election, (3) restricts the use of revenues from a special tax to the purpose or for the service for which the special tax was imposed, (4) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate voting in such election within two years of the adoption of the initiative or be terminated by November 15, 1988. Proposition 62 requirements are generally not applicable to general taxes and special taxes levied prior to its November 4, 1986 effective date.

On September 28, 1995, the California Supreme Court filed its decision in *Santa Clara County Local Transportation Authority v. Carl Guardino*, 11 Cal. 4th 220 (1995) (the "*Santa Clara* decision"), which upheld a Court of Appeal decision invalidating a 1/2-cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote of the electorate for the levy of a "special tax," as required by Proposition 62. The Santa Clara decision did not address the question of whether or not it should be applied retroactively.

In deciding the Santa Clara case on Proposition 62 grounds, the Court disapproved the decision in *City of Woodlake v. Logan*, 230 Cal. App. 3d 1058 (1991) ("*Woodlake*"), where the Court of Appeal had held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. The California Supreme Court determined that the voter approval requirement of Proposition 62 is a condition precedent to the enactment of each tax statute to which it applies, while referendum refers to a process invoked only after a statute has been enacted. Numerous taxes to which Proposition 62 would apply were imposed or increased without voter approval in reliance on *Woodlake*. The Court notes as apparently distinguishable, but did not confirm, the decision in *City of Westminster v. County of Orange*, 204 Cal. App. 3d 623 (1988), which held unconstitutional the provision of Proposition 62 requiring voter approval of taxes imposed during the "window period" of August 1, 1985 until November 5, 1986. Proposition 62 as an initiative statute does not have the same level of authority as a constitutional initiative, but is analogous to legislation adopted by the State Legislature. After the passage of Proposition 218, certain provisions of Proposition 62 (e.g. voter approval of taxes) are governed by the State Constitution.

Following the *Guardino* decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("*La Habra*"). In this case, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The County does not believe any of the taxes constituting County revenues are levied in violation of Proposition 62.

Future Initiatives

Article XIIIA, Article XIIIB and Propositions 62, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County's revenues or its ability to expend its revenues.

STATE OF CALIFORNIA BUDGET INFORMATION

The following information concerning the State of California (the "State") has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst (the "LAO") at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County and the County takes no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Economic Conditions in California

Since early 2001, the State has faced a series of financial challenges, challenges that may continue for several years. The major forces involved in the State's economic downturn were sharp declines in the high technology, internet and telecommunications sectors, lower demand for exports, the effects of the events of September 11, rising unemployment levels and large stock market declines. The downturn resulted in a serious erosion of the State's tax revenues. A substantial portion of the tax revenue shortfall was attributable to a decline in personal income tax revenues, principally from reduced capital gains realizations and stock option income and increased unemployment

2008 Budget Act

On August 24, 2007 the Governor signed the State Budget Act for Fiscal Year 2007-08 (the "2008 Budget Act"). The 2008 Budget Act assumes a carryover balance from fiscal year 2006-07 of $4.8 billion. The 2008 Budget Act projects $102.3 billion in revenues for fiscal year 2007-08 and authorizes the expenditure of an equal amount, leaving the State General Fund with a year-end reserve of $4.1 billion. Even though the expenditures authorized under the 2008 Budget Act do not exceed the projected revenues for fiscal year 2007-08, the State will still face operating shortfalls in both fiscal years 2008-09 and 2009-10. According to the LAO, the shortfall in future years is due to the fact that many of the State's solutions enacted in the 2008 Budget Act are one-time in nature. For example, the State assumes $1 billion in one-time revenues from the sale of EdFund, the State's nonprofit student loan guaranty agency, $293 million in General Fund revenues from amended tribal gaming compacts and $600 million in General Fund revenues due to the transfer from the State's tobacco securitization fund, which transfer was originally scheduled for fiscal years 2008-09 and 2009-10 In addition, due to the fluctuation in estimates of State revenues in fiscal year 2006-07, the 2008 Budget Act assumes no additional Proposition 98 funding for fiscal year 2006-07. If, however, the finalized revenue figures for fiscal year 2006-07 are higher than expected, the State will automatically owe a settle-up payment of approximately $411 million for fiscal year 2006-07 Proposition 98 funding, which will be paid out of the State's reserve. The 2008 Budget Act also uses $567 million of one-time and special fund monies to support fiscal year 2007-08 K-12 costs, which results in the State entering fiscal year 2008-09 with a large ongoing shortfall for K-12 education.

Certain of the features of the 2008 Budget Act affecting counties include the following:

1. The 2008 Budget Act enacts a change in the juvenile justice program, under which nonviolent juvenile offenders will be shifted from State facilities to county facilities beginning September 1, 2007. The 2008 Budget Act provides counties with block grants to assist with the transition of such juvenile offenders to county facilities, which is currently estimated to be $24 million for fiscal year 2007-08, increasing to $92 million within the next two years. The 2008 Budget Act also provides for $100 million in bond funding to be used toward the construction or renovation of county juvenile facilities.

2. The 2008 Budget Act suspends funding for California Work Opportunity Responsibility to Kids cost-of-living adjustments for one year and permanently delays for five months the annual State Supplemental Security Income/State Supplementary Program cost-of-living adjustments. The 2008 Budget Act also provides $35.7 million for county-operated housing assistance programs for emancipated foster youth, of which $10.5 million is available for reimbursement to counties for costs incurred in fiscal year 2006-07.

3. The 2008 Budget Act provides approximately $14.3 billion from the General Fund for Medi-Cal expenditures. Approximately $50.8 million ($25.4 million from the General Fund) will be provided to county administrations to fund the costs incurred in connection with the implementation of new federal regulations under the Deficit Reduction Act of 2005.

4. Pursuant to Proposition 1A, the State is required to repay local agencies for previously unreimbursed State mandates. The 2008 Budget Act includes only reimbursements for mandates performed in fiscal year 2006-07 and delays the reimbursements for mandates to be performed in fiscal year 2007-08 until fiscal year 2008-09.

5. The 2008 Budget Act appropriates approximately $4.2 billion for transportation programs, $950 million of which will be allocated to cities and counties for local streets and roads.

Future State Budgets

The County cannot predict what actions will be taken in future years by the State Legislature and the Governor to address future State 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. However, this section does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

Lease Payments Not County Debt

The obligation of the County to make the Lease Payments does not constitute a debt of the County or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

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 the Lease Payments from any source of legally available funds and the County has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Lease Payments in its annual budgets and to make necessary annual appropriations therefor. The County is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease payments.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Lease Payments and other payments due under the Lease Agreement.

Limited Recourse on 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 Property 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. See Appendix D – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT."

No assurance can be given that the Trustee will be able to re-let the Property 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 Property.

No Acceleration Upon Default

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 Property 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 are due and against funds needed to serve the public welfare and interest.

Limitation on Sources of Revenues

There are limitations on the ability of the County to increase revenues payable to the General Fund. The ability of the County to increase the *ad valorem* property taxes (which has historically been a primary source of revenues for counties in California) is limited pursuant to Article XIIIA of the State Constitution, which was enacted in 1978. In addition, California voters in 1986 approved an initiative statute that limits the imposition of new or higher taxes by local agencies, including the County. In 1996, voters approved Proposition 218, which adds Articles XIIIC and XIIID to the State Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." These same legal limitations generally restrict the ability of counties to increase fees in excess of the amount needed to provide the service or facilities with respect to which such fees are charged. Additional limitations may also be imposed through legislation or initiatives.

At the same time that limitations have been imposed on the ability of the County to raise revenues, State and federally mandated expenditures for justice, health and welfare have increased. In recent years, the annual increase in mandated expenditures has exceeded the annual increase in County revenues. 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.

The County receives a significant portion of its revenue from State sources. Decreases in revenues received by the State can affect subventions made to the County and other counties in the State. The potential impact of State budget actions for future fiscal years on the County in particular, and other counties in the State generally, is uncertain at this time. See "STATE OF CALIFORNIA BUDGET INFORMATION." See also, Appendix A -- "FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED JUNE 30, 2006."

Absence of Earthquake Insurance

The County is not required under the Lease Agreement to maintain earthquake insurance on the Property. Earthquakes or other natural disasters could damage or destroy portions or all of the Property and thereby result in an abatement of the County's obligation to pay the Lease Payments. Natural disasters could also adversely affect economic activities in the County thereby negatively impacting the County's finances. Since the County lies between two seismically active regions in the western United States, the area at and surrounding the Property may be subject to unpredictable seismic activity. These geological faults have the potential to cause serious earthquakes which could result in damages to buildings, roads, bridges and other properties within the County.

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 municipalities 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.

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 limiting the County's ability to increase *ad valorem* taxes, which could result in a reduction of moneys available to the County to pay the Certificates. There can be no assurance that future initiatives having a similar effect will not be approved by the electorate. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Hazardous Substances

The County knows of no existing hazardous substances which require remedial action on or near the Property. 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 Property 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. Should hazardous substances exist near or on the Property, all of these possibilities could significantly and adversely affect the operations and finances of the County and/or the value of the Property.

Investment of Funds

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 will covenant for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the County (the "Annual Report") by not later than nine months after the end of the County's fiscal year (which is currently June 30) in each year, commencing March 31, 2008 with the

Annual Report for the 2006-07 fiscal year, 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. 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."

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest with respect to the Certificates to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates.

Subject to the County's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Special Counsel, interest with respect to the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest with respect to the Certificates is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest with respect to the Certificates.

In rendering its opinion, Special Counsel will rely upon certifications of the County with respect to certain material facts within the County's knowledge. Special Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for the Certificates is the price at which a substantial amount of the Certificates is first sold to the public. The Issue Price of a maturity of the Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Certificates issued prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Special Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Certificates. If an audit is commenced, under current procedures the Service will treat the County as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of the ultimate outcome.

In the further opinion of Special Counsel, interest with respect to the Certificates is exempt from California personal income taxes.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Certificates may have federal or state tax consequences other than as described above. Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates other than as expressly described above.

APPROVAL OF LEGALITY

Legal matters incident to the execution and delivery of the Certificates are subject to the approving the opinion of Quint & Thimmig 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 for the County by the County Counsel and by Sidley Austin LLP, San Francisco, California, as Disclosure Counsel.

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 Property as described in "PLAN OF FINANCE" 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

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's) are expected to assign the Certificates the ratings of "___" and "___," respectively, based on the understanding that upon delivery of the Certificates the Policy insuring the payment of principal and interest evidenced by the Certificates will be issued by the Insurer. In addition, S&P and Moody's have assigned the Certificates the underlying ratings of "___" and "___," respectively, [and the underlying issuer ratings of "___" and "____," respectively to the County]. Such ratings express only the views of the rating agencies 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 the rating agencies, if in their judgment, circumstances so warrant. An explanation of the significance of such ratings may be obtained from such rating agencies as follows: Standard & Poor's Ratings Services, 55 Water Street, 38th Floor, New York, New York 10041; and Moody's, 99 Church Street, New York, New York 10007. 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.

EXECUTION AND DELIVERY

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

COUNTY OF PLACER

By______________________________
Thomas Miller
County Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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 such information is presented for informational purposes only.

General and Location

The County of Placer (the "County") encompasses approximately 1,500 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 which was given the name of Auburn in 1849. By 1851, the County was formed and Auburn was 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 various parts of the County, including the cities of Roseville, Rocklin, Newcastle, Auburn, and Colfax. In 1906, the Southern Pacific Railroad moved its facilities to the city of 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. 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. The railroad set the stage for future development of the County as a commercial hub, which was further enhanced in 1956 with the construction of Interstate 80, linking the County to points east and west. Interstate 80 was built in preparation for the 1960 winter Olympic Games held in the County at Squaw Valley.

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 1980's. The relocation of Hewlett-Packard to the County was due in part 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.

Currently, the 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 (the "Board") who serve alternate four-year terms. The Board annually elects from among one of its members to serve as chairman of the Board. The County Administration includes appointed and elected officials, boards, commissions, and committees that assist the Board 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 allows cities located within the County to contract for services without the cost that might be incurred through the creation of 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 regions with the lower elevations is generally characterized by warm summers and mild winters. The regions with higher elevations usually experience mild summers and extreme winters. The monthly averages of daily 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 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 years.

COUNTY OF PLACER AND STATE OF CALIFORNIA
Population Data
2003-2007 (as of January 1)

Year (as of January 1)	County of Placer	State of California
2003	283,847	35,691,442
2004	296,455	36,271,091
2005	307,653	36,810,358
2006	317,498	37,195,240
2007	324,495	37,662,518

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 2002 through 2006.

COUNTY OF PLACER, STATE OF CALIFORNIA AND UNITED STATES Effective Buying Income 2002-2006

Calendar Year	Area	Total Effective Buying Income (in thousands)	Median Household Effective Buying Income
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
2005	County of Placer	$ 7,979,745	$52,702
	State of California	720,798,106	44,681
	United States	5,692,909,567	40,529
2006	County of Placer	$ 8,516,663	$53,746
	State of California	764,120,963	46,275
	United States	6,107,092,244	41,255

Source: Sales & Marketing; Survey of Buyer Power and Media Markets for 2001 through 2004.
Claritas Demographics for 2005 and 2006

Employment

The following table sets forth labor force, employment and unemployment for the period from 2002 to 2006, in the County, the State and the United States:

COUNTY OF PLACER LABOR MARKET
Labor Force, Employment and Unemployment
Annual Average
2002-2006

Calendar Year	Area	Civilian Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2002	County of Placer	147,000	139,700	7,300	4.9%
	California	17,343,600	16,180,800	1,162,800	6.7
	United States	144,863,000	136,485,000	8,378,000	5.8
2003	County of Placer	154,100	146,200	7,900	5.1
	California	17,418,700	16,227,000	1,191,700	6.8
	United States	146,510,000	137,736,000	8,774,000	6.0
2004	County of Placer	160,000	152,300	7,700	4.8
	California	17,538,800	16,444,500	1,094,300	6.2
	United States	147,401,000	139,252,000	8,149,000	5.5
2005	County of Placer	166,300	159,100	7,200	4.3
	California	17,740,400	16,782,300	958,100	5.4
	United States	149,320,000	141,730,000	7,591,000	5.1
2006	County of Placer	169,000	161,900	7,100	4.2
	California	17,901,900	17,029,300	872,600	4.9
	United States	151,428,000	144,427,000	7,001,000	4.6

Source: California Employment Development Department

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, 2006

Employer	Industry	Number of Employees
Hewlett-Packard Co.	Computer Hardware Manufacturing	4,000
Thunder Valley Casino	Casinos	2,020
Kaiser Permanente	Healthcare	1,980
Raley's Inc.	Retail Groceries	1,251
Squaw Valley Ski Corp.	Misc. Amusement, Recreation Services	1,200(1)
Union Pacific Railroad Co. Inc.	Transportation, Railroad	1,100
Wal-Mart Stores Inc.	Retail Merchandise	1,053
PRIDE Industries Inc.	Mail and Fulfillment Services	1,050
NEC Electronics America Inc.	Electronic Components & Accessories	1,000
Sutter Health	Healthcare	985
Wells Fargo	Financial Services	632
Pacific Gas and Electric Co.	Utility Distributor	624
Target Corp.	Retail	604
SureWest Communications	Telecommunication Services	574
Resort at Squaw Creek	Misc. Amusement, Recreation Services	560(2)
United Natural Foods Inc.	Wholesale Groceries	478
United Parcel Service	Shipping	356
Sierra Pacific Industries	Sawmills & Planing Mills	320
Coherent Inc.	Electronic Components & Accessories	219

(1) Includes 1,000 seasonal employees.
(2) Peak seasonal employment; 400 year-round employees.
Source: Sacramento Regional Research Institute, December 2006, Sacramento Business Journal *Top 25 Book of Lists 2006*, ReferenceUSA, D&B Million Dollar Database.

Commercial Activity

The following table shows total taxable transactions within the County during calendar years 2002 through 2006.

COUNTY OF PLACER
Taxable Transactions
2002-2006
($ in thousands)

Type of Business	2002	2003	2004	2005	2006*
Apparel Stores group	$ 140,273	$ 151,425	$ 182,781	$ 194,547	$ 46,281
General Merchandise group	604,767	654,898	692,463	738,097	182,826
Specialty Stores group	557,955	585,236	630,218	696,905	166,524
Food Stores	246,260	256,357	256,228	276,490	70,069
Eating and Drinking group	389,389	418,410	464,769	504,728	129,110
Household group	151,768	168,596	205,139	228,056	58,492
Building Material group	357,094	403,768	467,430	480,570	124,274
Automotive group	1,521,879	1,691,680	1,888,201	2,157,160	582,490
All Other Retail Stores group	191,819	208,976	236,924	262,784	85,776
Retail Stores Totals	4,161,204	4,539,346	5,024,153	5,539,337	1,445,842
All Other Outlets	1,180,347	1,220,471	1,358,832	1,480,191	402,565
Total All Outlets	$5,549,881	$5,973,818	$6,595,566	$7,232,568	$1,906,413

* Information is as of second quarter of 2006, which is the most recent data available.
Source: California Board of Equalization, "Taxable Sales in California."

Construction

The following table shows the number and value of building permits issued in the County for the calendar years 2002 through 2006 are set forth below:

COUNTY OF PLACER
Building Permit Valuations
2002-2006
($ in thousands)

Type of Permit	2002	2003	2004	2005	2006
Residential					
New Single Dwelling	$1,124,222.7	$1,037,441.2	$1,128,674.4	$1,160,684.7	$645,610.6
New Multi Dwelling	141,165.7	51,983.3	14,777.9	47,179.2	55,306.1
Additions/Alterations	45,294.0	46,182.9	72,624.7	75,000.4	77,853.3
Total Residential	$1,310,682.4	$1,135,607.5	$1,216,077.0	$1,282,864.2	$778,769.9
Non-Residential					
New Commercial	$136,904.0	$104,946.5	$148,943.1	$134,966.4	$190,451.3
New Industrial	3,858.0	9,213.6	13,600.2	6,870.8	6,896.0
Other	57,145.6	61,638.8	74,011.4	112,453.9	106,872.6
Additions/Alterations	57,145.7	80,503.9	94,818.0	115,465.6	113,038.4
Total Non-Residential	$255,053.3	$256,302.9	$331,372.8	$369,756.7	$417,258.4
Total Valuation	$1,565,735.7	$1,391,910.4	$1,547,449.7	$1,652,620.9	$1,196,028.3

Source: Construction Industry Research Board

Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the County 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 the city of 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 the city of 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 the city of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air freight carriers, Sacramento Metro Airport handles passenger flights to over 140 cities, with more than 130 scheduled departures per day and servicing approximately 4 3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Lincoln Municipal Airport is located nine miles north of the city of Roseville and offers fueling and maintenance services to private aircrafts and provides 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 the San Francisco Bay.

Education

The students residing in the County has had consistently higher graduation rates as compared to the students residing in the Sacramento Region, the Bay Area, and the State over the past 10 years. In the most recent school year where data is available (2004-2005), the County's student graduation rate was just over 90%, a percentage point over the student graduation rate in the Bay Area, and about six percentage points higher than that of the Sacramento Region and the State. The students in the County also earn a higher total average Scholastic Aptitude Test (SAT) than students in the Sacramento Region, Bay Area and the State.

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.

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.

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 2002-03 through 2005-06

	2002-03	2003-04	2004-05	2005-06	2006-07
Elementary Schools	26,316	27,187	27,696	27,589	27,542
Unified School Districts	21,450	21,069	21,307	22,157	22,787
High School	12,422	12,760	13,130	13,391	13,615
County Office	715	696	531	577	531
Community Colleges	19,919	19,005	18,787	19,323	19,771
Total Enrollment	80,822	80,717	81,451	83,037	84,246

Source: Placer County Office of Education.

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APPENDIX C

COUNTY OF PLACER INVESTMENT POLICY

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX F

BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Certificates, payment of principal and interest evidenced by the Certificates to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates, and other Certificates-related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the County believes to be reliable, but the County takes no responsibility for the completeness or accuracy thereof

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between. Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, 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 and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Certificates 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 the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates 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 County or the Trustee on payable date in accordance with their respective holdings shown on. DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the County, 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 County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX H

OFFICIAL NOTICE OF SALE

APPENDIX I

SPECIMEN POLICY