

Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Honorable Board of Supervisors

From: Jenine Windeshausen, Treasurer-Tax Collector

Date: April 7, 2009

Subject: Approval of Lease Purchase Agreement and Related Actions for Purchase of the Sheriff's American Eurocopter AS350 Helicopter and Mission Equipment

Actions Requested:

- 1) Approve a resolution authorizing and directing the preparation and execution of certain lease financing documents as to form; authorizing and directing certain other actions with respect to the Lease Purchase Agreement for the purchase of the Sheriff's American Eurocopter AS350 Helicopter and Mission Equipment (the "Sheriff's Helicopter") and authorizing and directing the Chairman and the County Executive Officer to execute the Agreement and related documents.
- 2) Approve a resolution giving express permission to the Treasurer to purchase an investment (the Lease Purchase Certificates) in excess of five years to maturity pursuant to Government Code Section 53601.

Background:

On January 23, 2007, your Board authorized the purchase of an American Eurocopter AS350 for service in the Placer County Sheriff's Air Operations program. At this time your Board also approved a budget revision, in the amount of \$1 million, from the Contribution to Infrastructure account to augment the \$1.5 million previously set aside to purchase the Sheriff's Helicopter. The budget revision consisted of a loan from the County's General Fund, in the amount of \$1 million, to be repaid with FY 2007-08 Public Safety Sales Tax Revenues.

On February 24, 2009, your Board reaffirmed its intent to purchase the Sheriff's Helicopter and requested that information be provided on financing options.

On March 24, 2009, your Board selected an option to finance the helicopter over 7 years in the amount of \$1.5 million. The Board's direction calls for \$1.5 million of the acquisition costs to be paid with proceeds from the Lease Purchase Certificate issued by the Placer County Public Financing Authority. The Lease Purchase Certificate will be purchased by the Treasurer and is facilitated by a Lease Purchase Agreement between the County and the Placer County Public Finance Authority. The balance of funding needed to acquire the Sheriff's Helicopter is available from \$2.5 million that was previously set-aside for this acquisition. This \$2.5 million will be used as a down payment. In addition to the \$2.5 million previously set aside, the County will be responsible for picking up any amount in excess of \$4 million that may be needed to consummate the purchase of the helicopter. The helicopter airframe is scheduled to be delivered to the mission equipment vendor and payment is due to both vendors in the estimated total amount of \$4,075,000.

Under Government Code Section 53601, the Treasurer cannot purchase investments with an outstanding maturity in excess of five years unless the Treasurer has the expressed authorization of the Board of Supervisors to make such an investment. Since the Lease Purchase Certificates

will mature in seven years, the Treasurer requires the authorization of the Board to purchase the certificates.

In order to execute the Lease Purchase Agreement, your Board must take certain actions. The lease purchase financing requires a third-party entity to execute the Lease Purchase Agreement with the County, to own the Sheriff's Helicopter and then to lease the Sheriff's Helicopter to the County. As such, the Board must take actions related to the Lease Purchase Agreement provisions.

Specifically, the Board is requested to approve:

- the form of the Lease Purchase Agreement between the County, as lessor and the Public Finance Authority as lessee,
- the express authorization for the Treasurer to purchase the Lease Purchase Certificate with a maturity date of seven years.

By passage of the resolution, the Board authorizes and directs the Chair of the Board, the County Executive Officer, the Treasurer-Tax Collector, the Clerk of the Board, their designees and all other appropriate officials of the County to take any and all necessary action in compliance with the resolution for the execution of the Lease Purchase Agreement.

For your reference, a flow of funds chart for Lease Purchase Agreement and Lease Purchase Certificate transactions is attached.

Environmental:

This action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

Fiscal Impact:

The \$2.5 million previously set aside for purchase of the helicopter has earned over \$278,000 since it was set aside. Since this \$2.5 million will be sent to American Eurocopter in Plano, Texas for the down payment, it will cease accruing interest for the benefit of the County.

The annual lease amount will be \$236,027.39, based on an interest rate of 2.476% determined and set on close of market April 1, 2009. The annual lease will be partially offset by an annual contribution from the United Auburn Indian Tribe in the amount of \$142,857 for a net annual lease payment amount of \$93,170.39. Total financing costs over the life of the financing are estimated to be less than \$153,000 which may be further offset by interest earnings on proceeds from the sale of the old helicopter. Proceeds from the future sale of the old helicopter can be set aside to make future lease payments or the proceeds may be applied to the outstanding balance to shorten the financing term. Financing costs would be reduced due to a shorter financing term.

Attachments: Flow of Funds Chart for Lease-Lease Purchase Agreement
Resolutions
Form of Lease Purchase Agreement

**Before the Board of Supervisors
County of Placer, State of California**

In the matter of:

Resol. No: _____

**A RESOLUTION APPROVING THE FORM OF
THE LEASE PURCHASE AGREEMENT
THE PLACER COUNTY PUBLIC FINANCING
AUTHORITY AND AUTHORIZING THE
EXECUTION AND DELIVERY THEREOF IN,
IN RELATION TO THE LEASE OF THE
SHERIFF'S HELICOPTER.**

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on April 7, 2009 .

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, the Board of Supervisors has determined that a true and very real need exists for the leasing of an American Eurocopter AS350 B3 Ecureuil Helicopter and related mission equipment for the Placer County Sheriff's Air Operations Program (the "Sheriff's Helicopter");

WHEREAS, the County of Placer (the "County") has reviewed the form of the Lease Purchase Agreement and Lease Purchase Certificates and has found the terms and conditions thereof acceptable to the County as Lessee;

WHEREAS, the Board of Supervisors has taken the necessary steps under applicable law to arrange for the leasing of the Sheriff's Helicopter under the Lease Purchase Agreement;

NOW, THEREFORE, BE IT RESOLVED, the terms of the Lease Purchase Agreement are in the best interests of the County for the leasing of the Sheriff's Helicopter.

BE IT FURTHER RESOLVED AND ORDERED, the appropriate officers and officials of the County are hereby authorized and directed to execute and deliver the Lease Purchase Agreement in substantially the form presented at this meeting and any related documents and certificates necessary to the consummation of the transactions contemplated by the Lease Purchase Agreement for, and on behalf of, the County. The officers and officials of the County may make such changes to the Lease Purchase Agreement and related documents and certificates as such officers deem necessary or desirable, and such approval will be conclusively evidenced by the execution and delivery thereof. The officers and officials of the County are also hereby authorized and directed to fulfill all obligations under the terms of the Lease Purchase Agreement.

\$1,500,000

FIXED-RATE EQUIPMENT LEASE/PURCHASE AGREEMENT
with ASSIGNMENT AND LEASE PURCHASE CERTIFICATE

Dated as of April 9, 2009

By and between

PLACER COUNTY PUBLIC FINANCING AUTHORITY, as Lessor

and

COUNTY OF PLACER, CALIFORNIA, as Lessee

and

PLACER COUNTY TREASURER-TAX COLLECTOR, as
Purchaser

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	LEASE/PURCHASE AGREEMENT

This Lease/Purchase Agreement, dated as of, by and between the PLACER COUNTY PUBLIC FINANCING AUTHORITY, as lessor (the "Authority"), and the County of Placer, California, as lessee (the "Lessee"), a public agency duly organized and existing under the Constitution and laws of the State of California (the "State");

WITNESSETH:

WHEREAS, the Lessee desires to finance the acquisition of the equipment described as the "Leased Property" in Exhibit B ("Leased Property") by entering into this Lease/Purchase Agreement (the "Lease") with the Authority ("Lessor"); and

WHEREAS, the Authority agrees to lease the Leased Property to the Lessee upon the terms and conditions set forth in this Lease, with rental to be paid by the Lessee equal to the Lease Payments hereunder; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1 Definitions and Rules of Construction

Unless the context otherwise requires, the capitalized terms used herein shall, for all purposes of this Lease, have the meanings specified in the definitions below. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Lease, refer to this Lease as a whole.

"*Authority*" shall have the meaning set forth in the Preamble hereof.

"*Business Day*" means any day except a Saturday, Sunday, or other day on which banks in Auburn, California or the State are authorized to close.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Commencement Date*" means the date this Lease is executed by the Authority and the Lessee.

"*Fiscal Year*" means the period extending from July 1 of each calendar year to June 30 of the subsequent calendar year.

"*Governing Body*" means the governing body of the Lessee.

"*Interest*" means the amount designated as such in Exhibit B hereto and is due the Purchaser as a component of the Lease Payments in consideration of the Lease Purchase Certificate.

"*Lease*" shall have the meaning set forth in the Whereas clauses hereof.

"*Lease Payment Date*" shall have the meaning set forth in Section 3.3(a) hereof.

"*Lease Payments*" means the rental payments described in Exhibit A hereto.

"*Leased Property*" shall have the meaning set forth in the Whereas clauses hereof and in Exhibit B.

"*Lease Purchase Certificate*" shall mean the certificate evidencing the financial obligations of the Authority and the Authority's assignment of the Lessee's covenants set forth in Section 3.5 hereof, the form of which is attached hereto as Exhibit F.

"*Lessee*" shall have the meaning set forth in the Preamble hereof.

"*Net Proceeds*" means insurance or eminent domain proceeds received with respect to the Leased Property, less expenses incurred in connection with the collection of such proceeds.

"*Obligation Instrument*" shall have the meaning set forth in Section 2.1(c) hereof.

"*Permitted Encumbrances*" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the Lessee may, pursuant to provisions of Section 6.3 hereof, permit to remain unpaid; (ii) this Lease; (iii) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under Section 6.4(b) hereof; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the execution date of this Lease and which the Lessee hereby certifies will not materially impair the use of the Leased Property by the Lessee; and (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of execution of this Lease and to which the Authority and the Lessee consent in writing.

"*Term*" means the term of this Lease as described in Section 3.2 hereof.

"*State*" shall have the meaning set forth in the Preamble hereof.

Section 1.2 Exhibits

The Exhibits attached to this Lease are by this reference made a part of this Lease.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Lessee.

The Lessee represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The Lessee is a public agency of the State duly organized and existing under the Constitution and laws of the State.

(b) Authorization; Enforceability. The Constitution and laws of the State authorize the Lessee to enter into this Lease and to enter into the transactions contemplated by, and to carry out its obligations under, this Lease. The Lessee has duly authorized, executed and delivered this Lease in accordance with the Constitution and laws of the State. This Lease constitutes the legal, valid and binding special obligation of the Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

(c) No Conflicts or Default; Other Liens or Encumbrances. Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby (i) conflicts with or results in a breach of the terms, conditions, provisions, or restrictions of any existing law, or court or administrative decree, order, or regulation, or agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, **including without limitation any agreement or instrument pertaining to any bond, note, lease, certificate of participation, debt instrument, or any other obligation of the Lessee** (any such bond, note, lease, certificate of participation, debt instrument, and other obligation being referred to herein as an "Obligation Instrument"), (ii) constitutes a default under any of the foregoing, or (iii) results in the creation or imposition of any pledge, lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property except for Permitted Encumbrances.

By way of example, and not to be construed as a limitation on the representations set forth in the immediately preceding paragraph:

- (A) **no portion of the Leased Property is pledged to secure any Obligation Instrument; and**
- (B) **the interests of the Authority in the Leased Property hereunder do not violate the terms, conditions or provisions of any restriction or revenue pledge in any agreement or instrument pertaining to any Obligation Instrument.**

If any Obligation Instrument existing on the date of execution of this Lease creates any pledge, lien, charge or encumbrance on any revenues, property or assets associated with the Leased Property that is higher in priority to the Authority's interests therein under this Lease, the Authority hereby subordinates its interests therein, but only to the extent required pursuant to such existing Obligation Instrument.

(d) Compliance with Open Meeting Requirements. The Governing Body has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Lessee's execution of this Lease was authorized.

(e) Compliance with Bidding Requirements. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property pursuant to this Lease, or the Governing Body and the Lessee have complied with all such procurement and public bidding laws as may be applicable hereto.

(f) No Adverse Litigation. There are no legal or governmental proceedings or litigation pending, or to the best knowledge of the Lessee threatened or contemplated (on any basis therefore) wherein an unfavorable decision, ruling, or finding might adversely affect the transaction contemplated in or the validity of this Lease.

(g) Opinion of Lessee's Counsel. The letter attached to this Lease as Exhibit D is a true copy of the opinion of Lessee's Counsel.

(h) Governmental Use of Leased Property. During the Term of this Lease, the Leased Property will be used solely by the Lessee, and only for the purpose of performing one or more governmental or proprietary functions of the Lessee consistent with the permissible scope of the Lessee's authority, and the Leased Property will not be subject to any direct or indirect private business use.

(i) Other Representations and Covenants. The representations, covenants, warranties, and obligations set forth in this Article are in addition to and are not intended to limit any other representations, covenants, warranties, and obligations set forth in this Lease.

(j) No Defaults. The Lessee has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any municipal lease of the same general nature as this Lease, or under any of its bonds, notes, or other obligations of indebtedness for which its revenues or general credit are pledged.

(k) No Legal Violation. The Leased Property is not, and at all times during the Term of this Lease will not be in violation of any federal, state or local law, statute, ordinance or regulation.

Section 2.2 Representations, Covenants and Warranties of the Authority.

The Authority is a joint exercise of powers authority organized and existing pursuant to the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and that certain Joint Exercise of Powers Agreement, dated May 9, 2006 (the "JPA Agreement"), between the County of Placer, California 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 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 Authority, has the power to enter into this Lease, is possessed of full power to own and hold real and personal property, and to lease and sell the same, and has duly authorized the execution and delivery of this Lease. This Lease constitutes the legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

ARTICLE III

AGREEMENT TO LEASE; TERM OF LEASE; LEASE PAYMENTS

Section 3.1 Lease.

The Authority hereby leases the Leased Property to the Lessee, and the Lessee hereby leases the Leased Property from the Authority, upon the terms and conditions set forth herein.

Concurrently with its execution of this Lease, the Lessee shall deliver to the Authority fully completed documents substantially in the forms attached hereto as Exhibits.

Section 3.2 Term.

The Term of this Lease shall commence on the date of execution hereof and shall end on (the "Maturity Date"), or unless terminated prior thereto upon the earliest of any of the following events:

(a) *Default and Termination.* A default by the Lessee and the Authority's election to terminate this Lease under Section 8.2 hereof;

(b) *Payment of All Lease Payments.* The payment by the Lessee of all Lease Payments required under 3.3 hereof;

(c) *Prepayment.* The prepayment of Lease Payments pursuant to Article IX hereof.

Section 3.3 Lease Payments.

(a) *Time and Amount.* Subject to the provisions of Article IX (regarding prepayment of Lease Payments), the Lessee agrees to pay to the Authority, or its successors, as annual rental for the use and possession of the Leased Property, the Lease Payments (denominated into components of principal and interest) in the amounts specified in Exhibit A, to be due and payable in arrears on each payment date identified in Exhibit A (or if such day is not a Business Day, the next succeeding Business Day) specified in Exhibit A (the "Lease Payment Date").

In the event that the Lessee does not pay a Lease Payment due on the respective Lease Payment Date, the Authority shall provide prompt written notice to the Lessee of such failure to pay; provided, however, that failure to give such notice shall not excuse any event of default under such Section 8.1 hereof.

(b) *Rate on Overdue Payments.* In the event the Lessee should fail to make any of the Lease Payments required in this Section, the Lease Payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable at the rate equal to the original interest rate payable with respect to such Lease Payments.

Section 3.4 Fair Rental Value.

The Lease Payments shall be paid by the Lessee in consideration of the right of possession of, and the continued quiet use and enjoyment of, the Leased Property during each such period for which said Lease Payments are to be paid. The parties hereto have agreed and determined that such total rental represents the fair rental value of the Leased Property. In making such determination, consideration has been given to the value of the Leased Property, other obligation of the parties under this Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the Lessee and the general public, and the transfer of the Authority's leasehold interest in the Leased Property at the end of the Term.

Section 3.5 Budget and Appropriation.

Subject to the provisions of Section 3.8, the Lessee covenants to take such action as may be necessary to include all Lease Payments due hereunder in its annual budget and to make the necessary annual appropriations therefore, and to maintain such items to the extent unpaid for that Fiscal Year in its budget throughout such Fiscal Year. The covenants on the part of the Lessee herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the ministerial duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Lessee to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the Lessee.

Section 3.6 Use and Possession.

The total Lease Payments due in any Fiscal Year shall be for the Lessee's right to use and possession of the Leased Property for such Fiscal Year.

Section 3.7 Lease Payments in Event of Loss of Use.

(a) The obligation of the Lessee to pay Lease Payments shall continue during any period in which by reason of damage, destruction or taking by eminent domain or condemnation with respect to any portion of the Leased Property there is substantial interference with the Lessee's right to use and possession of such portion of the Leased Property.

(b) From the occurrence of any such damage, destruction or taking and until the substantial completion of the replacement or work or repair, any sources of money, including without limitation proceeds of rental interruption insurance, shall be applied to pay the Lease Payments so that in no event shall the Lease Payment be less than specified in the final Schedule of Lease Payments as specified in Exhibit.

(c) *Repair or Replacement.* In the event of such, damage, destruction or taking by eminent domain or condemnation with respect to any portion of the Leased Property, the Lessee will use its best efforts to repair or replace the damaged or destroyed or taken portion of the Leased Property, as the case may be, from Net Proceeds, subject to the requirements of Section 5.1 hereof, or special funds of the Lessee or other moneys the application of which would not result in the obligations of the Lessee hereunder constituting indebtedness of the Lessee in contravention of the Constitution and laws of the State.

Section 3.8 Possession of Leased Property Upon Termination.

Upon termination of this Lease pursuant to Section 3.2(a), the Lessee shall transfer the Leased Property to the Authority in such manner as may be specified by the Authority, and the Authority shall have the right to take possession of the Leased Property by virtue of the Authority's ownership interest as Lessor of the Leased Property.

Section 3.9 No Withholding.

Notwithstanding any dispute between the Authority and the Lessee, including a dispute as to the failure of any portion of the Leased Property in use by or possession of the Lessee to perform the task for which it is leased, the Lessee shall make all Lease Payments when due and shall not withhold any Lease Payments pending the final resolution of such dispute.

Section 3.10 Net-Net-Net Lease.

This Lease shall be deemed and construed to be a "net-net-net lease" and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever, except as expressly provided herein.

Section 3.10 Offset.

Subject to the provisions of Section 3.9, Lease Payments or other sums payable by the Lessee pursuant to this Lease shall not be subject to offset or counterclaim and the Lessee shall not be entitled to any credit against such Lease Payments or other sums by reason of any dispute between the Lessee and the Authority, any vendor or manufacturer of any part of the Leased Property, or any other person.

ARTICLE IV

INSURANCE

Section 4.1 Casualty and Theft Insurance.

(a) *Casualty and Theft Insurance: Coverage.* The Lessee shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease, insurance against loss or damage to any portion of the Leased Property caused by fire and lightning, with extended coverage and theft, vandalism and malicious mischief insurance. Said extended coverage insurance shall, 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.

(b) *Amount.* Such insurance shall be in an amount (except that such insurance may be subject to deductible clauses of not to exceed \$50,000 for any one loss) not less than the replacement cost of the Leased Property.

(c) *Joint or Self-Insurance.* Such insurance may be maintained as part of or in conjunction with any other insurance carried or required to be carried by the Lessee and, subject to Authority's consent and compliance with Section 4.3 hereof, may be maintained in the form of self-insurance by the Lessee.

(d) *Payment of Net Proceeds.* The Net Proceeds of such insurance shall be applied as provided in Section 5.1.

Section 4.2 Rental Interruption Insurance.

(a) *Coverage and Amount.* The Lessee shall maintain or cause to be maintained, rental income or use and occupancy insurance in an amount not less than the maximum Lease Payments payable in any one year period (calculated based upon the maximum principal component hereunder as provided in Exhibit A and an interest rate as provided in Exhibit A hereto), to insure against abatement of Lease Payments caused by perils covered by the insurance required to be maintained as provided in Section 4.1 hereof.

(b) *Joint Insurance.* Such insurance may be maintained as part of or in conjunction with any other rental income insurance carried by the Lessee.

(c) *Payment of Net Proceeds.* The Net Proceeds of such rental interruption insurance shall be paid to the Authority to be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable.

Section 4.3 Aircraft Liability Insurance.

(a) *Aircraft Liability Insurance: Coverage.* The Lessee agrees to maintain at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Authority (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(1) (a) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises damage, public liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$25,000,000 for each single occurrence, and (b) personal injury liability in an amount not less than \$10,000,000;

(2) "all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft; provided that such insurance shall at all times be in an amount not less than the greater of (a) the full replacement value of the Aircraft (as determined by Authority), or (b) the unpaid principal amount of the Lease/Purchase Agreement (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of the Lease/Purchase Agreement); and

(3) war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in clauses (1) and (2) above, as applicable.

Section 4.4 General Provisions.

(a) *Payment of Premiums.* The Lessee shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease.

(b) *Coverage.* Any policies of insurance carried in accordance with the Lease/Purchase Agreement and any policies taken out in substitution or replacement of any such policies shall (i) be

endorsed to name the Authority, and when assigned, the Purchaser, as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with clause (a) or (b) above, that any amount payable thereunder shall be paid directly to the Authority as loss payees, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Authority, and any rights of subrogation against Authority, (vi) provide that in respect of the interests of Authority in such policies, that the insurance shall not be invalidated by any action or inaction of Lessee or any other person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Lessee or any other person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

(c) *Evidence of Insurance.* Annually on or before the anniversary of the policy expiration date, Lessee shall furnish to Authority evidence of insurance coverage in form and substance satisfactory to Authority evidencing that Lessee has obtained the insurance coverages required herein for a twelve (12) month or greater period commencing from and after such anniversary date. In the event Lessee shall fail to maintain insurance as herein provided, Authority may, at its option, provide such insurance, and Lessee shall, upon demand, reimburse Authority for the cost thereof, together with interest at the rate of interest provided in the Lease/Purchase Agreement, and which is enforceable as specified in Section 8.2 herein.

(d) *Self Insurance.* The Lessee may only self insure against the risks described in Section 4.1 hereof if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Authority in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by other public agencies in the State other than the Lessee. Insurance provided through a California joint powers authority of which the Lessee is a member or with which the Lessee contracts for insurance shall be deemed to be self-insurance for purposes hereof. Any self-insurance maintained by the Lessee pursuant to this Article IV shall comply with the following terms:

- (1) The self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an independent insurance consultant; and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of such independent insurance consultant;
- (2) In the event that the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an independent insurance consultant, shall be maintained.

ARTICLE V

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 5.1 Application of Net Proceeds.

If Net Proceeds received by the Lessee are expected to equal at least 110% of the projected costs of replacement or repair, as demonstrated in an attached reconstruction budget provided at the time, and, in the event that damage, destruction or taking results or is expected to result in loss of use, such replacement or repair can be fully completed within a period not in excess of the period in which rental interruption insurance proceeds, as described in Section 4.2 together with other identified available moneys, will be available to pay in full all Lease Payments coming due during such period as demonstrated in an attached reconstruction schedule provided at the time, then such Net Proceeds shall be used by the Lessee to replace or repair the damaged or taken facilities.

If the Lessee cannot make the representations regarding repair or reconstruction in the paragraph above or replacement or repair of any portion of the Leased Property is not economically feasible or in the best interest of the Lessee, then the Net Proceeds shall be applied to prepayment of Lease Payments as provided in Article IX hereof; provided that in the event of damage or destruction in whole of the Leased Property and in the event such Net Proceeds, together with any other funds then on hand are not sufficient to prepay all the Lease Payments then outstanding, then the Lessee shall not be permitted to certify that repair, replacement or improvement of all of the Leased Property is not economically feasible or in the best interest of the Lessee. In such event, the Lessee shall proceed to repair, replace or improve the Leased Property as described herein from legally available funds in the then current Fiscal Year.

ARTICLE VI

COVENANTS WITH RESPECT TO THE LEASED PROPERTY

Section 6.1 Use of the Leased Property.

The Lessee represents and warrants that it has an immediate need for, and expects to make immediate use of, all of the Leased Property to carry out and give effect to the public purposes of the Lessee, which need is not temporary or expected to diminish in the foreseeable future.

Section 6.2 Interest in the Leased Property and the Lease.

(a) *Authority Holds Leasehold Interest During Term.* During the Term of this Lease, the Authority does and shall hold a security interest in the Leased Property as lessor thereof. The Lessee shall take any and all actions reasonably required, including but not limited to executing and filing any and all documents reasonably required, to maintain and evidence such title and interest at all times during the Term of this Lease.

(b) *Title Transferred to Lessee at End of Term.* Upon expiration of the Term as provided in Section 3.2(b) or 3.2(c) hereof, all right, title and interest of the Authority in and to all of the Leased

Property shall be transferred to and vest in the Lessee, without the necessity of any additional document of transfer.

Section 6.3 Maintenance, Utilities, Taxes and Assessments.

(a) *Maintenance; Repair and Replacement.* Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all repair and maintenance of the Leased Property shall be the responsibility of the Lessee, and the Lessee shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the Lessee. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Leased Property, as hereinbefore more specifically set forth. The Lessee waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the Lessee under the terms of this Lease.

(b) *Tax and Assessments; Utility Charges.* The Lessee shall also pay or cause to be paid all taxes and assessments, including but not limited to utility charges, of any type or nature charged to the Lessee or levied, assessed or charged against any portion of the Leased 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 Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

(c) *Contests.* The Lessee may, at its 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; provided that prior to such nonpayment it shall furnish the Authority with the opinion of an independent counsel acceptable to the Authority to the effect that, by nonpayment of any such items, the interest of the Authority in such portion of the Leased Property will not be materially endangered and that the Leased Property will not be subject to loss or forfeiture. Otherwise, the Lessee shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof in form satisfactory to the Authority.

Section 6.4 Modification of the Leased Property.

(a) *Additions, Modifications and Improvements.* The Lessee shall, at its own expense, have the right to make additions, modifications, and improvements to any portion of the Leased Property if such improvements are necessary or beneficial for the use of such portion of the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage any portion of the Leased Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest components of the Lease Payments; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

(b) *No Liens.* Except for Permitted Encumbrances, the Lessee will not permit (i) any liens or encumbrances to be established or remain against the Leased Property or (ii) any mechanic's or other lien

to be established or remain against the Leased Property for labor or materials furnished in connection with any additions, modifications or improvements made by the Lessee pursuant to this Section: provided that if any such mechanic's lien is established and the Lessee shall first notify or cause to be notified the Authority of the Lessee's intention to do so, the Lessee may in good faith contest any lien filed or established against the Leased 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 shall 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.

Section 6.5 Permits.

The Lessee will provide all permits and licenses necessary for the ownership, possession, operation, and use of the Leased Property, and will comply with all treaties, laws, rules, regulations, and ordinances applicable to such ownership, possession, operation, and use. If compliance with any treaty, law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Leased Property, such changes or additions will be made by the Lessee at its own expense.

Section 6.6 Authority's Right to Perform for Lessee.

If the Lessee fails to make any payment or to satisfy any representation, covenant, warranty, or obligation contained herein or imposed hereby, the Authority may (but need not) make such payment or satisfy such representation, covenant, warranty, or obligation, and the amount of such payment and the expense of any such action incurred by the Authority, as the case may be, will be deemed to be additional rent payable by the Lessee on the Authority's demand.

Section 6.7 Authority's Disclaimer of Warranties.

The Authority has played no part in the selection of the Leased Property, the Lessee having selected the Leased Property independently from the Authority. The Authority, at the Lessee's request, has acquired or arranged for the acquisition of the Leased Property and shall lease the same to the Lessee as herein provided, the Authority's only role being the facilitation of the financing of the Leased Property for the Lessee. **THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE LESSEE OF THE LEASED PROPERTY, OR ANY PORTION THEREOF. THE LESSEE ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OR VENDOR OF ALL OR ANY PORTION OF THE LEASED PROPERTY, AND THAT THE LESSEE IS LEASING THE LEASED PROPERTY AS IS.** In no event shall the Authority be liable for incidental, direct, indirect, special or consequential damages, in connection with or arising out of this Lease, for the existence, furnishing, functioning or Lessee's use and possession of the Leased Property.

Section 6.8 Indemnification.

To the extent permitted by applicable law, the Lessee hereby agrees to indemnify and hold harmless the Authority, its directors, officers, shareholders, employees, agents, and successors and the

Purchaser from and against any loss, claim, damage, expense, and liability resulting from or attributable to the acquisition, construction, or use of the Leased Property. Notwithstanding the foregoing, the Authority shall not be indemnified for any liability resulting from the gross negligence or willful misconduct of the Authority.

Section 6.9 Annual Financial Information.

During the term of this Lease, the Lessee covenants and agrees to provide the Authority as soon as practicable when they are available; (i) a copy of the Lessee's final annual budget for each fiscal year; (ii) a copy of the Lessee's most recent financial statements; and (iii) any other financial reports the Authority may request from time to time.

ARTICLE VII

ASSIGNMENT AND LEASE PURCHASE CERTIFICATE

Section 7.1 Assignment and Lease Purchase Certificate

Concurrently with the execution of this Lease/Purchase Agreement the Authority and the Lessee hereto agree that all rights and interests of the Authority hereunder shall be assigned to the Purchaser excepting only the Authority's right under Sections 6.8 and 8.4., as evidenced by a Lease Purchase Certificate (the form of which as shown in Exhibit F). In exchange for the execution of this Lease/Purchase Agreement and the assignment of all rights and interests herein, the Purchaser shall purchase the Lease Purchase Certificate and shall deliver one million five hundred thousand dollars (\$1,500,000) to the Authority to provide for the acquisition of the Leased Property as described in Exhibit B. The Authority shall further deliver the proceeds of the Lease Purchase Certificate to the Lessee in exchange, without limitation, for the Lessee's obligation to make all Lease Payments. The Authority hereby assigns to the Purchaser the Lease Payments. Pursuant to Section 3.3(a) the Lease Payments are denominated into components of principal and interest; the interest for which is consideration to the Purchaser for her acquisition of the Lease Purchase Certificate.

The Authority, Lessee and the Purchaser shall make no further assignment of rights and interests hereunder to any party other than the Authority, Lessee and the Purchaser for the term of the Agreement.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined.

The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) *Payment Default.* Failure by the Lessee to pay any Lease Payment required to be paid hereunder by the corresponding Lease Payment Date.

(b) *Covenant Default.* Failure by the Lessee to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto other than as referred to in clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Authority; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(c) *Bankruptcy or Insolvency.* The filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under this Lease to any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

Section 8.2 Remedies on Default.

(a) Whenever any event of default referred to in Section 8.1 hereof shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Notwithstanding anything herein to the contrary, THERE SHALL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE.

- (b) Upon the occurrence of default the Purchaser may:
- i. Attach the General Fund of the Lessee held in the County Treasury, and direct the Auditor and/or the Treasurer to make such distributions to the Purchaser as may be required to satisfy any defaulted amounts.
 - ii. By mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Lessee or any member of the Governing Board, officer or employee, in their official capacity with the Lessee, thereof, and to compel the Lessee or any such member of the Governing Board, officer or employee to perform and carry out its duties under agreements and covenants required to be performed by it or him or her contained herein;
 - iii. By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Note Holder.

Section 8.3 No Remedy Exclusive.

No remedy conferred herein upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses.

In the event either party to this Lease should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 8.5 Waiver of Certain Damages.

With respect to all of the remedies provided for in this Article VIII, the Lessee hereby waives any damages occasioned by the Authority's repossession of the Leased Property upon an event of default.

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1 Extraordinary Prepayment From Net Proceeds.

The Lessee shall be obligated to prepay the Lease Payments in whole or in part on any Lease Payment Date, from and to the extent of any Net Proceeds or other moneys pursuant to Section 5.1 hereof. The Lessee and the Authority hereby agree that such Net Proceeds or other moneys shall be credited towards the Lessee's obligations hereunder (except in the case of such prepayment of the Lease Payments in whole) pro rata among Lease Payments so that following prepayment, the remaining annual Lease Payments will be proportional to the initial annual Lease Payments.

Section 9.2 Prepayment.

Subject to the terms and conditions of this Section, the Authority hereby grants an option to the Lessee to prepay in whole or in part on any date at a prepayment price equal to the outstanding principal component of the Lease Payments, without premium, plus the accrued interest component of the Lease Payments to such prepayment date. To exercise this option, the Lessee must deliver to the Authority written notice specifying the date on which the prepayment is to be made (the "Closing Date"), which notice must be delivered to the Authority at least three (3) Business Days prior to the Closing Date specified therein. Any prepayment shall be applied to the last lease payment and then to each successive payment that remains the last payment so as to shorten the term of the lease.

ARTICLE X
MISCELLANEOUS

Section 10.1 Notices.

Unless otherwise specifically provided herein, all notices shall be in writing addressed to the respective party as set forth below (or to such other address as the party to whom such notice is intended shall have previously designated by written notice to the serving party), and may be personally served, telecopied, or sent by overnight courier service or United States mail:

If to Authority:

Placer County Public Financing Authority
175 Fulweiler Avenue
Auburn, CA 95603
Attention: Thomas Miller, Executive Director
Facsimile: (530) 889-4025

If to the Lessee:

County of Placer County
175 Fulweiler Avenue
Auburn, CA 95603
Attention: Thomas Miller, County Executive Officer
Facsimile: (530) 889-4025

If to Purchaser:

Placer County Treasurer Tax Collector
2976 Richardson Drive
Auburn, CA 95603
Attention: Jenne Windeshausen, Treasurer-Tax Collector
Facsimile: (530) 889-4100

Such notices shall be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted by 4:00 p.m. (Pacific Standard time) on a Business Day or, if not, on the next succeeding Business Day; (c) if delivered by an overnight courier service, two Business Days after delivery to such courier properly addressed; or (d) if by United States mail, four Business Days after depositing in the United States mail, postage prepaid and properly addressed.

Section 10.2 Registration.

The Authority shall be the initial Registered Owner of rights to receive payments hereunder.

Section 10.3 Instruments of Further Assurance.

To the extent, if any, that the Authority's interest in the Leased Property as lessor under this Lease is deemed to be a security interest in the Leased Property, then the Lessee shall be deemed to have granted, and in such event the Lessee does hereby grant, a security interest in the Leased Property to the Authority, which security interest includes proceeds, and this Lease shall constitute a security agreement under applicable law. Concurrently with the execution of this Lease, the Lessee has executed, delivered, and filed and/or recorded all financing statements, UCC forms, mortgages, deeds of trust, notices, filings, and/or other instruments, in form required for filing and/or recording thereof, as are required under applicable law to fully perfect such security interest of the Authority in the Leased Property (collectively, "Security Documents"). Attached hereto as Exhibit E are copies of all such Security Documents. The Lessee will do, execute, acknowledge, deliver and record, or cause to be done, executed, acknowledged, delivered and recorded, such additional acts, notices, filings and instruments as the Authority may require in its sole discretion to evidence, reflect and perfect the title, ownership, leasehold interest, security interest and/or other interest of the Authority in and to any part or all of the Leased Property, including without limitation the filing and/or recording of this Lease, to the extent necessary, promptly upon the request of the Authority.

Section 10.4 Binding Effect.

This Lease shall inure to the benefit of and shall be binding upon the Authority and the Lessee and their respective successors in office.

Section 10.5 Amendments.

This Lease may be amended or modified only upon the written agreement of the Authority, the Purchaser and the Lessee.

Section 10.6 Section Headings.

Section headings are for reference only, and shall not be used to interpret this Lease.

Section 10.7 Severability.

In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, to the extent permitted by law, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.8 Entire Agreement.

This Lease and the attached Exhibits constitute the entire agreement between the Authority and the Lessee and supersedes any prior agreement between the Authority and the Lessee with respect to the Leased Property, except as is set forth in an Addendum, if any, which is made a part of this Lease and which is signed by both the Authority and the Lessee.

Section 10.9 Execution in Counterparts.

This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.11 Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Authority has caused this Lease to be executed in its name by its duly authorized officer, and the Lessee has caused this Lease to be executed in its name by its duly authorized officer, as of the date first above written.

Lessor: PLACER COUNTY PUBLIC FINANCING AUTHORITY, as

By _____
Chairman of the Board

Lessee: COUNTY OF PLACER, as

By _____
Chairman of the Board

IN FURTHER WITNESS WHEREOF, the Purchaser has accepted the assignments made herein for the purposes of executing this Lease/Purchase Agreement.

Purchaser: PLACER COUNTY TREASURER-TAX COLLECTOR, as

By _____
Treasurer Tax-Collector

Exhibit A

Leased Property Payment Schedule

Amount: \$ 1,500,000.00
Term: 7 years
Rate: 2.476%
Annual Payment: \$236,027.39

Pmt #	Payment Date	Payment	Interest	Principal	Balance
1	Friday, April 09, 2010	236,027.39	37,140.00	198,887.39	1,301,112.61
2	Monday, April 11, 2011	236,027.39	32,215.55	203,811.84	1,097,300.77
3	Monday, April 09, 2012	236,027.39	27,169.17	208,858.22	888,442.55
4	Tuesday, April 09, 2013	236,027.39	21,997.84	214,029.55	674,412.99
5	Wednesday, April 09, 2014	236,027.39	16,698.47	219,328.92	455,084.07
6	Thursday, April 09, 2015	236,027.39	11,267.88	224,759.51	230,324.56
7	Monday, April 11, 2016	236,027.40	5,702.84	230,324.56	(0.00)

EXHIBIT B

DESCRIPTION OF LEASED PROPERTY

To be added.

EXHIBIT C

FORM OF OPINION OF COUNSEL TO LESSEE

To: Placer County Public Financing Authority
175 Fulweiler Avenue
Auburn, CA 95603

Gentlemen:

As counsel for **Error! Reference source not found.** ("Lessee"), I have examined duly executed originals of the Lease/Purchase Agreement (the "Lease") dated this **Error! Reference source not found.** day of **Error! Reference source not found.**, between the Lessee and Placer County Public Financing Authority, Auburn, California ("Authority"), and the proceedings taken by Lessee to authorize and execute the Lease (the "Proceedings"). Based upon such examination as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a body corporate and politic, legally existing under the laws of the State of **Error! Reference source not found.** (the "State").

2. The Lease and the Proceedings have been duly adopted, authorized, executed, and delivered by Lessee, and do not require the seal of Lessee to be effective, valid, legal, or binding.

3. The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Proceedings were adopted and the Lessee's execution of the Lease was authorized.

4. The Lease is a legal, valid, and binding obligation of Lessee, enforceable against the Lessee in accordance with its terms except as limited by the state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application affecting the enforcement of creditor's rights generally.

5. Either there are no usury laws of the State applicable to the Lease, or the Lease is in accordance with and does not violate all such usury laws as may be applicable.

6. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property (as defined in the Lease) from the Authority under the Lease, or the acquisition and leasing of the Leased Property from the Authority under the Lease comply with all such procurement and public bidding laws as may be applicable.

7. There are no legal or governmental proceedings or litigation pending or, to the best of my knowledge, threatened or contemplated (or any basis therefore) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Lease.

8. The adoption, execution and/or delivery of the Lease and the Proceedings, and the compliance by the Lessee with their provisions, will not conflict with or constitute a breach of or default under any court decree or order or any agreement, indenture, lease or other instrument or any existing law or administrative regulation, decree or order to which the Lessee is subject or by which the Lessee is or may be bound.

9. Although we are not opining as to the ownership of the Leased Property or the priority of liens thereon, it is also our opinion that the Security Documents attached as Exhibit D to the Lease are sufficient in substance, form, and description, and indicated place, address, and method of filing and/or recording, to completely and fully perfect the security interest in every portion of the Leased Property granted under the Lease, and no other filings and/or recordings are necessary to fully perfect said security interest in the Leased Property.

County Counsel _____

EXHIBIT D

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

SECURITY DOCUMENTS

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR SP) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION (if applicable)	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILO	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (if applicable) (ADDITIONAL FEE)		8. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (if desired)		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2
B. OPTIONAL FILER REFERENCE DATA						

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX
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10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only org name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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11c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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11d. TAX ID #: SSN OR EIN

ADDITIONAL INFO RE ORGANIZATION DEBTOR

11e. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only org name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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12c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral, or is filed as a future filing

14. Description of real estate:

16. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

17. Check only if applicable and check only one box.

Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY

Filed in connection with a Manufactured-Home Transaction — effective 30 years

Filed in connection with a Public-Finance Transaction — effective 30 years

EXHIBIT E
Form of Preliminary and Final
DELIVERY AND ACCEPTANCE CERTIFICATE

To: Placer County Public Financing Authority

Reference is made to the fixed rate Lease Purchase Agreement between the undersigned ("Lessee"), and Placer County Public Financing Authority ("Authority"), dated April 7, 2009, ("the Lease") and to the Leased Property as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the Leased Property has been ordered and is expected to be delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof will be completed; said Leased Property will be examined and/or tested and will be in good operating order and condition and will be in all respects satisfactory to the undersigned and as represented, and that said Leased Property will be accepted by the undersigned and will comply with all terms of the Lease and will execute this certificate in preliminary acceptance.
2. Upon delivery and receipt of all of the Leased Property, including all installation or other work necessary prior to the use thereof has been completed; and after said Leased Property has been examined and/or tested and is in good operating order and condition in all respects satisfactory to the undersigned and as represented, and that said Leased Property has been accepted by the undersigned and complies with the terms of the Lease, the undersigned shall execute this certificate in final acceptance not more than 180 days after execution of the Lease.
3. In the future, in the event the Leased Property fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
4. We acknowledge that Authority is neither the vendor nor manufacturer or distributor of the Leased Property and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Leased Property.
5. The serial number for each item of Leased Property which is set forth on Exhibit "B" to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Date: _____

Lessee: COUNTY OF PLACER

By: _____
Chairman of the Board

EXHIBIT F

FORM OF LEASE PURCHASE CERTIFICATE

Number: H 09-1

\$1,500,000

Lease Purchase Certificate
(2009 American Eurocopter AS350 B3 Ecureuil Helicopter and Related Mission Equipment)
Evidencing a Direct Interest of the Owner Hereof in Lease Payments to be Made by the
COUNTY OF PLACER, CALIFORNIA
As the Rental for Certain Property Pursuant to a Lease Purchase Agreement
With the Placer County Public Financing Authority

Rate of Interest	Maturity Date	Dated Date
2.476%	April 11, 2016	April 9, 2009

REGISTERED OWNER: PLACER COUNTY TREASURER

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Lease Purchase Certificate (the "Certificate"), is the owner of a direct, undivided, interest of the lease payments (the "Lease Payments") to be paid by the County of Placer, California a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "County"), pursuant to that certain Lease Purchase Agreement dated as of April 9, 2009, by and between the Placer County Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority") and the County, (the "Lease"), which Lease Payments, prepayments and certain other rights and interests under the Lease have been assigned to The Placer County Treasurer (the "Purchaser").

The Owner is entitled to receive, subject to the terms of the Lease, on the Dates identified in the Schedule of Lease Payments of the Lease, the Principal Amount and the Interest Amount identified in the Schedule of Lease Payments, representing a direct, undivided interest in the Lease Payments designated as principal coming due on such dates, and to receive on April 9th of each year, commencing June 1, 2009 (each, a "Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided interest in the Lease Payments designated as interest coming due during the twelve months immediately preceding each of the Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on a Payment Date, in which event interest shall be payable from such Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificate.

Said direct, undivided interest in the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above. Principal and interest represented hereby is payable to the Owner on each Payment Date by an internal accounting document in favor of the Owner, as of the close of business on the Payment Date.

This Certificate has been executed and delivered by the Authority pursuant to the terms of the lease by and among the Authority, the County and the County Treasurer dated as of April 9, 2009 (the "Lease Purchase Agreement"). The county is authorized to enter into the Lease Purchase Agreement under the laws of the State of California. Reference is hereby made to the Lease Purchase Agreement and copies of which are on file with the Clerk of the Board of the County of Placer for a description of the terms on which the Certificate is delivered, the rights thereunder of the Owner of the Certificate, the rights and obligations of the County under the Lease, all of the provisions of which the Owner of this Certificate, by acceptance hereof, assents and agrees.

The County is obligated under the Lease Purchase Agreement to pay Lease Payments from any source of legally available moneys and the County has covenanted in the Lease Purchase Agreement to make the necessary annual appropriations therefore. The obligation of the County to pay the 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. The obligation of the County to pay Lease Payments does not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

To the extent and in the manner permitted by the terms of the Lease Purchase Agreement, the provisions of the Lease Purchase Agreement may be amended by the parties thereto with the written consent of the Owner of the Certificate then outstanding and may be amended without such consent under certain circumstances; provided that no such amendment shall impair the right of the Owner to receive, in any case, such Owner's share of any Lease Payment or prepayment thereof in accordance with such Owner's Certificate, without the consent of the Owner.

This Certificate is not transferable or exchangeable by the Owner. The County and the Authority may treat the Owner as the absolute owner hereof for all purposes, whether or not the payments represented by this Certificate shall be overdue and the County, the Authority and the Owner shall not be affected by any notice to the contrary.

This Certificate or any portion hereof may be redeemed pursuant to Sections 9.1 and 9.2 of the Lease Purchase Agreement.

The County has certified, recited and declared that all conditions, things and acts required by the constitution and statutes of the State of California, the Lease Purchase Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

Unless this certificate is presented by an authorized representative of the Owner, ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Owner hereof, has an interest herein.

IN WITNESS WHEREOF, this Certificate has been executed by THE PLACER COUNTY PUBLIC FINANCING AUTHORITY, acting pursuant to the Lease Purchase Agreement.

Date of Execution:

THE PLACER COUNTY PUBLIC FINANCING AUTHORITY
as Issuer:

By _____
Chairman of the Board

Before the Board of Supervisors
County of Placer, State of California

In the matter of:

Resol. No: _____

Approving the Treasurer's purchase of Lease Purchase Certificates issued by the Placer County Public Financing Authority in the amount of \$1,500,000, maturing in April of 2016, for the Lease Purchase Financing of an American Eurocopter AS350 B3 Ecureuil Helicopter and related mission equipment for the Placer County Sheriff's Air Operations Program, pursuant to Government Code Section 53601.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on April 7, 2009.

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, the Board of Supervisors has authorized the purchase of an American Eurocopter AS350 B3 Ecureuil Helicopter and related mission equipment for the Placer County Sheriff's Air Operations Program (the "Sheriff's Helicopter");

WHEREAS, the County of Placer (the "County") has set aside \$2,500,000 million for the purchase of the Sheriff's Helicopter; and

WHEREAS, the Sheriff's Helicopter is estimated to cost \$4,075,000; and

WHEREAS, the County is in need of obtaining financing for \$1,500,000 of the total acquisition cost of the Sheriff's Helicopter; and

WHEREAS, the County and the Placer County Public Financing Authority (the "Authority") propose to enter into a Lease Purchase Agreement to facilitate the purchase and financing of the Sheriff's Helicopter;

WHEREAS, the Authority proposes to issue Lease Purchase Certificates in the amount of \$1,500,000, maturing in April of 2016, to finance the purchase of the Sheriff's Helicopter;

WHEREAS, the County Treasurer proposes to purchase the Lease Purchase Certificates pursuant to Government Code Section 53601(e); and

WHEREAS, Government Code Section 53601 requires the Board of Supervisors grant express permission for the County Treasurer to purchase an investment maturing in excess of five years at the time of purchase,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors hereby grants express authorization for the County Treasurer to purchase a Lease Purchase Certificate to be issued by the Placer County Public Financing Authority which matures in April of 2016, in an amount not to exceed \$1,500,000.

