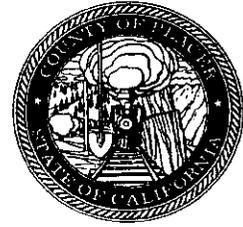


**Memorandum  
Office of Jenine Windeshausen  
Treasurer-Tax Collector**

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**To:** County of Placer Board of Supervisors  
**From:** Jenine Windeshausen, Treasurer-Tax Collector  
**Date:** March 11, 2014  
**Subject:** Refunding of all of the outstanding 2006 Certificates of Participation and all or a portion of the outstanding 2007 Certificates of Participation

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**Action Requested:**

Adopt a resolution related to the refunding of (i) all of the County's outstanding Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project), which are currently outstanding in the amount of \$8,135,000 (the "2006 Certificates") and (ii) all or a portion of the County's outstanding Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project), which are currently outstanding in the amount of \$27,035,000 ("2007 Certificates").

1. Approving:

- a. the issuance by the North Lake Tahoe Public Financing Authority (the "Authority") of refunding lease revenue bonds (the "Bonds") in an amount not to exceed \$37,350,000, the refunding of the outstanding 2006 Certificates so long as the refunding generates a minimum net present value savings to the County of 3% of the principal amount of the 2006 Certificates, and the refunding of all or a portion of the outstanding 2007 Certificates so long as the refunding generates a minimum net present value savings to the County of 3% of the principal amount of the 2007 Certificates being refunded,
- b. the form of the Site Lease,
- c. the form of the Lease Agreement,
- d. the form of Escrow Deposit and Trust Agreements relating to the 2006 Certificates and the 2007 Certificates,
- e. the form of Continuing Disclosure Certificate,
- f. the form of the Bond Purchase Agreement,
- g. the sale of the Bonds to Raymond James & Associates, Inc., as underwriter (the "Underwriter"), and authorizing and directing the Underwriter to market the Bonds and distribute the preliminary official statement and final official statement in connection with the offering and sale of the Bonds,
- h. the form of the preliminary official statement, and
- i. the form of amendments to the lease agreements and the assignment agreement relating to the unrefunded 2007 Certificates (if any) to accomplish the substitution of the County's Administrative and Emergency Services Building as the leased asset for the unrefunded 2007 Certificates so that the County's South Placer Justice Center Courthouse can be the leased asset under the Site Lease and the Lease Agreement.

2. Authorizing and directing the County Executive Officer or Treasurer-Tax Collector to execute and deliver the Bonds, the documents listed as 1.b through 1.h above and the County Executive Officer to execute the final official statement.
3. Authorizing and directing agents and officers of the County to do any and all things, and to take any and all actions and execute any and all documents they deem necessary to issue the Bonds and refund the 2006 Certificates and the 2007 Certificates, including the purchase of bond insurance that may be deemed necessary or advisable, and approving, confirming and ratifying all actions taken to date by officers and agents of the County related to the issuance of the Bonds and refunding of the 2006 Certificates and the 2007 Certificates.
4. Designating Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel and authorizing the County Executive Officer to execute the attached agreement for Jones Hall's legal services with payment contingent on the issuance of the Bonds.

**Background:**

In 2006, the County caused execution and delivery of the 2006 Certificates for the purpose of refinancing the 1997 Certificates which were issued for the acquisition and construction of the County's Administrative and Emergency Services Building.

The 2006 Certificates are scheduled to mature in 2024 and have an average interest rate of approximately 4.410164%.

In 2007, the County caused execution and delivery of the 2007 Certificates for the purpose of financing the acquisition of the South Placer Justice Center Courthouse (the "Courthouse").

The 2007 Certificates are scheduled to mature in 2027 and have an average interest rate of approximately 4.392%.

Due to the low interest rate environment, the opportunity exists to refinance the 2006 Certificates and all or a portion of the 2007 Certificates (depending upon market conditions at the time of the sale of the Bonds) in order to reduce the cost of debt service payable by the County. The 2006 Certificates and the 2007 Certificates are certificates of participation (commonly known as "COPs"); however, in today's municipal bond market, investors prefer to buy lease revenue bonds (which means they will demand a lower interest rate than if they were buying COPs). The financing structure of lease revenue bonds is identical to that of COPs and described below.

The sale of the Bonds is scheduled to occur on April 1, 2014, and the issuance of the Bonds is scheduled to close on April 15, 2014.

**Lease Financing Structure:** California counties commonly use lease financing to pay for capital improvements from their general funds without first holding a county wide election. Lease financings can be structured as COPs or lease revenue bonds issued by a joint

powers authority. Both structures are substantively identical, and the decision to use one over the other is market-driven. The issuance of lease revenue bonds involves the following steps, which happen concurrently at the closing of the lease revenue bonds:

*Step 1:* The county leases the right to use and occupy one or more of its public buildings to a third party under a site lease. When lease revenue bonds are being issued, the third party is a joint powers authority either established by the county or of which the county is a member. There is only one lease payment due under the site lease; it is paid from the proceeds of the lease revenue bonds being issued and it is used for the financing purpose, in this case to prepay the 2006 Certificates and the refunded 2007 Certificates.

*Step 2:* The third party then leases the same leased property back to the county. Under that lease, the county makes lease payments from its general fund for the right to use and occupy the leased property. The county also covenants to annually budget and appropriate from the general fund for the lease payments. The lease payments are scheduled to match the principal and interest payable on the lease revenue bonds being issued.

*Step 3:* The third party then assigns its right to receive the lease payments to a corporate bank acting as a trustee (the "Trustee").

*Step 4:* The third party issues lease revenue bonds and the Trustee uses the lease payments received from the county to pay debt service.

Proposed Lease Financing and Related Documents: The following documents are required or the proposed lease financing:

*Site Lease:* Under a site lease, the County will lease to the Authority the Courthouse. This accomplishes Step 1 above.

*Lease Agreement:* The Authority will lease the Courthouse back to the County pursuant to a lease agreement (the "Lease Agreement"). The County will covenant in the Lease Agreement to budget and appropriate for the scheduled lease payments – in an amount sufficient to pay debt service on the Bonds – on an annual basis. If the County fails to make the scheduled lease payments, the Trustee for the Bonds could sue the County to make the scheduled lease payments, or the Trustee could take possession of and re-let the leased assets. This accomplishes Step 2 above.

*Assignment Agreement:* The Authority will then assign lease payments to the Trustee. This accomplishes Step 3 above.

*Indenture of Trust:* Under an indenture of trust between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee, the Authority will issue the Bonds, and the Trustee will use the lease payments to pay debt service on the Bonds. Proceeds from the sale of the Bonds by the Authority to Raymond James &

Associates, Inc. (the "Underwriter"), will be used to (i) refinance the 2006 Certificates and the 2007 Certificates and (ii) pay the costs of issuing the Bonds. This accomplishes Step 4 above.

The following documents will effectuate the sale of the Bonds to the Underwriter:

*Bond Purchase Agreement:* On a "pricing date," the Underwriter, the County and Authority will enter into a bond purchase contract (the "Bond Purchase Agreement"). Under the Bond Purchase Agreement, the parties will agree to the principal amount and interest rate on the Bonds and the conditions under which the Underwriter will buy the Bonds. The Bond Purchase Agreement will establish a "closing date" that will be approximately two to three weeks after the pricing date.

*Official Statement:* Prior to execution of the Bond Purchase Agreement, the Underwriter will distribute to potential investors a preliminary official statement (the "Preliminary Official Statement") that is prepared by the County. After execution of the Bond Purchase Agreement, the Underwriter will provide each investor a copy of a final official statement that is identical to the Preliminary Official Statement, but includes the principal amount and interest rates reflected in the Bond Purchase Agreement.

*Continuing Disclosure Certificate:* The County will enter into the continuing disclosure certificate on the closing date that obligates the County to provide annual reports and notices of certain significant events during the life of the Bonds. This is mandated by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

*Escrow Deposit and Trust Agreements:* The County will enter into two Escrow Deposit and Trust Agreements, one with the trustee for the 2007 Certificates and one with the trustee for the 2006 Certificates. These agreements effectuate the refunding of the outstanding 2006 Certificates and the refunded 2007 Certificates using a portion of the proceeds of the Bonds.

Amendments of the Documents Relating to the 2007 Certificates: It is proposed that the 2007 Certificates will be refunded to the extent the refunding can generate a minimum net present value savings to the County of 3% of the principal amount of the 2007 Certificates being refunded. This may result in a partial refunding of the 2007 Certificates, depending upon the market conditions on the date of the sale of the Bonds. In the event only a portion of the 2007 Certificates is refunded, then the County will substitute the Administrative and Emergency Services Building as the leased asset for the 2007 Certificates, which will allow the South Placer Justice Center Courthouse to be the leased asset for the Bonds. This substitution requires amendments of the site lease, the lease agreement and the assignment agreement for the 2007 Certificates.

Important Information About Securities Disclosure: The Preliminary Official Statement has been reviewed and approved for transmittal to the Authority's Board of Directors and County's Board of Supervisors by County staff and the financing team. The Preliminary

Official Statement must include all facts that would be material to an investor in the Bonds. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Bonds. Members of the Board of Supervisors may review the Preliminary Official Statement and/or question staff and consultants to make sure they feel comfortable that it includes all material facts.

As described above, the Bonds will be payable from lease payments made from the County's General Fund for use and occupancy of the Courthouse. The security for the Bonds is described in the section of the Preliminary Official Statement entitled "SECURITY FOR THE BONDS"; information about the County and its General Fund is set forth in "APPENDIX A –Information about the County of Placer." The key risk factors associated with the Bonds are described in the section of the Preliminary Official Statement entitled "BOND OWNERS' RISKS." Relevant statutory and constitutional matters are described in the section of the Preliminary Official Statement entitled "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

**Fiscal Impact:**

The purpose of this transaction is to reduce the cost of debt service by refunding the 2006 Certificates and the 2007 Certificates and issuing the Bonds. The County will pay the costs of issuing the Bonds from the proceeds of the Bonds, and the minimum savings threshold of 3% will include the payment of the costs of issuance.

**Attachments:**

- Resolution
- Form of Bond Purchase Agreement
- Form of Preliminary Official Statement
- Bond Counsel and Disclosure Counsel Agreement

**On file with the Clerk of the Board:**

1. Form of Site Lease
2. Form of Lease Agreement
3. Form of Indenture of Trust
4. Form of Assignment Agreement
5. Form of Bond Purchase Agreement
6. Form of Preliminary Official Statement
7. Form of Escrow Deposit and Trust Agreements
8. Form of Continuing Disclosure Certificate
9. Bond Counsel and Disclosure Counsel Agreement
10. Second Amendment to Site and Facility Lease
11. Second Amendment to Lease Agreement
12. Second Amendment to Assignment Agreement

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

In the matter of:

Resol. No: \_\_\_\_\_

Approving Documents and Actions Relating to  
the Refinancing of 2006 Certificates of  
Participation and the 2007 Certificates of  
Participation

*Related to Ord. No:* \_\_\_\_\_

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on March 11, 2014.

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

\_\_\_\_\_

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**WHEREAS**, the County of Placer (the "County") previously entered into a Trust Agreement dated as of June 1, 2006, with the Placer County Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, under which \$11,770,000 aggregate principal amount of Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) (the "2006 Certificates") were executed and delivered for the purpose of financing the acquisition and construction of the County's Administrative and Emergency Services Building; and

**WHEREAS**, the County previously entered into a Trust Agreement dated as of December 1, 2007, with the Placer County Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, under which \$34,850,000 aggregate principal

amount of Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) (the "2007 Certificates") were executed and delivered for the purpose of financing the acquisition and construction of the South Placer Justice Center Courthouse; and

**WHEREAS**, in order to take advantage of prevailing bond market conditions, the County wishes to authorize the refinancing of the 2006 Certificates and the County wishes to refinance all or a portion of the 2007 Certificates, depending upon market conditions and the savings parameters set forth in this Resolution; and

**WHEREAS**, to that end, (i) the County has proposed to lease in connection with the 2007 Certificates that will not be refinanced, if any (the "Unrefunded 2007 Certificates") the land and improvements that were previously leased in connection with the 2006 Certificates, which land and improvements constitute the County's Administrative and Emergency Services Building and (ii) the County has proposed to lease the real property which was previously leased in connection with the 2007 Certificates, consisting of the South Placer Justice Center Courthouse (the "Leased Property") to the North Lake Tahoe Public Financing Authority (the "Authority") in consideration of the payment by the Authority of an upfront rental payment which is sufficient to provide funds to refinance the 2006 Certificates and the 2007 Certificates; and

**WHEREAS**, in order to raise funds for such purpose, the Authority proposes to issue and sell its North Lake Tahoe Public Financing Authority 2014 Refunding Lease Revenue Bonds (2006 and 2007 Lease Refinancing) in the aggregate principal amount of not to exceed \$37,350,000 (the "Refunding Bonds") under Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6584 of said Code (the "Bond Law"); and

**WHEREAS**, in order to secure the payments of principal of and interest on the Refunding Bonds, the Authority proposes to lease the Leased Property back to the County under a Lease Agreement (the "Lease Agreement"), under which the County is obligated to pay semiannual lease payments as rental for the Leased Property, and the Authority will assign substantially all of its rights under the Lease Agreement to The Bank of New York Mellon Trust Company, N.A., as trustee for the Refunding Bonds; and

**WHEREAS**, the Board of Supervisors wishes at this time to approve all proceedings to which it is a party relating to the issuance and sale of the Refunding Bonds and the refinancing of the 2006 Certificates and the 2007 Certificates;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Supervisors of the County of Placer as follows:

**Section 1. Issuance of Refunding Bonds.** The Board of Supervisors hereby approves the issuance of the Refunding Bonds by the Authority under the Bond Law in the maximum principal amount of \$37,350,000, for the purpose of providing funds to refinance the 2006 Certificates and the 2007 Certificates.

**Section 2. Approval of Related Financing Agreements.** The Board of Supervisors hereby approves each of the following agreements required for the issuance and sale of the Refunding Bonds and the refinancing of the 2006 Certificates and the 2007 Certificates, in substantially the respective forms on file with the Clerk of the Board together with any changes therein or additions thereto deemed advisable by the County Executive Officer or the Treasurer-Tax Collector (each, an "Authorized Officer"), whose execution thereof shall be conclusive

evidence of the approval of any such changes or additions. An Authorized Officer is hereby authorized and directed for and on behalf of the County to execute, and the Clerk of the Board is hereby authorized and directed to attest, the final form of each such agreement, as follows:

- Site Lease, between the County as lessor and the Authority as lessee, under which the County leases the Leased Property to the Authority in consideration of the payment of an amount which will be applied by the County to refinance the 2007 Certificates.
- Lease Agreement, between the Authority as lessor and the County as lessee, under which the Authority leases the Leased Property back to the County and the County agrees to pay semiannual lease payments which are sufficient to provide revenues with which to pay principal of and interest on the Refunding Bonds when due; and
- Escrow Deposit and Trust Agreement, between the County and the trustee for the 2007 Certificates, providing the deposit, investment and application of funds to refinance the 2007 Certificates.
- Escrow Deposit and Trust Agreement, between the County and the trustee for the 2006 Certificates, providing the deposit, investment and application of funds to refinance the 2006 Certificates.
- Continuing Disclosure Certificate, pursuant to which the County will agree to provide certain information about the Refunding Bonds and the County on a continuing basis.
- Second Amendment to Lease Agreement related to the Unrefunded 2007 Certificates, pursuant to which the County would substitute the land and improvements constituting the County's Administrative and Emergency Services Building as the leased asset thereunder.
- Second Amendment to Site and Facility Lease related to the Unrefunded 2007 Certificates, pursuant to which the County would substitute the land and improvements constituting the County's Administrative and Emergency Services Building as the leased asset thereunder.
- Second Amendment to Assignment Agreement, pursuant to which the County would reflect the substitution of the land and improvements constituting the County's Administrative and Emergency Services Building as the leased asset related to the Unrefunded 2007 Certificates.

**Section 3. Negotiated Sale of Refunding Bonds.** The Board of Supervisors hereby approves the negotiated sale of the Refunding Bonds by the Authority to Raymond James & Associates, Inc. (the "Underwriter"). The Refunding Bonds shall be sold pursuant to the terms and provisions of a Bond Purchase Agreement among the Authority, the County and the Underwriter in substantially the form on file with the Clerk of the Board together with any changes therein or additions thereto deemed advisable by an Authorized Officer. The Refunding Bonds shall be sold at such price and shall bear interest at such rates as shall produce a minimum net present value savings to the County of at least 3% of the principal

amount of the outstanding 2006 Certificates and 3% of the principal amount of the 2007 Certificates to be refinanced.

**Section 4. Official Statement.** The Board of Supervisors hereby approves the preliminary Official Statement describing the Refunding Bonds in substantially the form on file with the Clerk of the Board. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to said preliminary Official Statement and to execute an appropriate certificate stating the Authorized Officer's determination that the preliminary Official Statement (together with any changes therein or additions thereto) has been deemed nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934. Distribution of the preliminary Official Statement by the Underwriter is hereby approved. The Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by the Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Supervisors hereby authorizes the distribution of the final Official Statement by the Underwriter. The final Official Statement shall be executed on behalf of the County by the County Executive Officer.

**Section 5. Approval of Bond Counsel/Disclosure Counsel.** The Board of Supervisors hereby approves the appointment of Jones Hall, A Professional Law Corporation, as the County's bond counsel and disclosure counsel with respect to the Refunding Bonds, and authorizes and directs an Authorized Officer to execute an agreement with Jones Hall on behalf of the County.

**Section 6. Official Actions.** The Chair of the Board, the County Executive Officer, the Treasurer-Tax Collector, the Clerk of the Board and all other officers of the County are each authorized and directed on behalf of the County to make any and all leases, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance or termination, warrants and other documents, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution (including the purchase of bond insurance if an Authorized Officer concludes it would be beneficial to the County). Whenever in this Resolution any officer of the County is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 7. Effective Date.** This Resolution shall take effect immediately upon its passage and adoption.

\$ \_\_\_\_\_  
NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY  
2014 REFUNDING LEASE REVENUE BONDS  
(2006 and 2007 LEASE REFINANCING)

BOND PURCHASE AGREEMENT

\_\_\_\_\_, 2014

North Lake Tahoe Public Financing Authority  
County Government Center  
1055 Monterey Street, Room D220  
Placer, California 93408

County of Placer  
County Government Center  
1055 Monterey Street, Room D220  
Placer, California 93408

Ladies and Gentlemen:

On the basis of the representations, warranties, and covenants contained in this Bond Purchase Agreement (the "*Purchase Agreement*"), and upon the terms and conditions contained herein, the undersigned, Raymond James & Associates, Inc. (the "*Underwriter*") offers to enter into this Purchase Agreement with the North Lake Tahoe Public Financing Authority, a joint exercise of powers authority (the "*Authority*"), and the County of Placer, a political subdivision, organized and existing under the Constitution and laws of the State of California (the "*County*") for the purchase by the Underwriter from the Authority of \$\_\_\_\_\_ principal amount of North Lake Tahoe Public Financing Authority 2014 Refunding Lease Revenue Bonds (2006 and 2007 Lease Refinancing) (the "*2014 Bonds*"), which upon acceptance will be binding upon the Authority, the County and the Underwriter.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings given to such terms as set forth in the Indenture of Trust dated as of April 1, 2014 (the "*Indenture*"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (the "*Trustee*") and if not otherwise defined therein, shall have the meanings given to such terms as set forth in the Official Statement (defined below).

This offer is made subject to the acceptance by the Authority and the County on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to such acceptance.

**Section 1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriter agrees to purchase from the

Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ principal amount of the 2014 Bonds. The 2014 Bonds shall be dated their date of original delivery, shall have the maturities and bear interest at the rates per annum, and have the yields and shall be subject to redemption all as set forth on Schedule I attached hereto.

The purchase price for the 2014 Bonds shall be \$ \_\_\_\_\_ which is equal to the principal amount of the 2014 Bonds, [plus a net original issue premium] / [less an original issue discount] in the amount of \$ \_\_\_\_\_ and less an Underwriter's discount in the amount of \$ \_\_\_\_\_.

**Section 2. The 2014 Bonds.** The 2014 Bonds are being issued pursuant to the terms of and shall be substantially in the form described in the Indenture of Trust dated as of April 1, 2014 (the "*Indenture*"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (the "*Trustee*"). The proceeds of the 2014 Bonds, together with other available funds, will be used to: (i) prepay all of the \$8,135,000 outstanding principal amount of County of Placer Certificates of Participation (2006 Administrative and Emergency Services building Refinancing Project) (the "*2006 Certificates*") pursuant to the terms and conditions of an Escrow Deposit and Trust Agreement, dated as of \_\_\_\_\_, 2014 (the "*2006 Escrow Agreement*") by and between the County and The Bank of New York Mellon Trust Company, N.A. as trustee for the 2006 Certificates (the "*2006 Escrow Agent*") (ii) prepay \$ \_\_\_\_\_ outstanding principal amount of County of Placer Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) (the "*Refunded 2007 Certificates*") and together with the 2006 Certificates, the "*Refunded Certificates*") pursuant to the terms and conditions of an Escrow Deposit and Trust Agreement, dated as of \_\_\_\_\_, 2014 (the "*Refunded 2007 Escrow Agreement*" and together with the 2006 Escrow Agreement, the "*Escrow Agreements*") by and between the County and The Bank of New York Mellon Trust Company, N.A. as trustee for the Refunded 2007 Certificates (the "*2007 Escrow Agent*" and together with the 2006 Escrow Agent, the "*Escrow Agent*"); and (iii) pay certain costs associated with the issuance of the 2014 Bonds. [The County of Placer Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) that will remain outstanding following the issuance of the 2014 Bonds and the prepayment of the Refunded 2007 Certificates are referred to as the "*Unrefunded 2007 Certificates.*"]

In connection with the execution and delivery of the 2006 Certificates, the Authority entered into a Lease Agreement related to the County's Administrative and Emergency Services Building, dated as of June 1, 2006 (the "*2006 Lease Agreement*"), a Property Lease related to the County's Administrative and Emergency Services Building, dated as of June 1 2006 (the "*2006 Property Lease*") and an Assignment Agreement related to the County's Administrative and Emergency Services Building, dated as of June 1, 2006 (the "*2006 Assignment Agreement*"); and in connection with the execution and delivery of the Refunded 2007 Certificates, the Authority entered into a Lease Agreement related to the South Placer Justice Center Courthouse, dated as of December 1, 2007, as amended by a First Amendment to Lease Agreement, dated as of March 1, 2010 (as amended, the "*2007 Lease Agreement*"), a Site and Facility Lease related to the South Placer Justice Center Courthouse, dated as of December 1, 2007, as amended by a First Amendment to Site and Facility Lease, dated as of March 1, 2010 (as amended, the "*2007 Site Lease*") and an Assignment Agreement related to the South Placer Justice Center Courthouse, dated as of December 1, 2007 (the "*2007 Assignment Agreement*").

The 2014 Bonds are payable solely from Revenues (as defined in the Indenture), consisting principally of lease payments (the "*Lease Payments*") made by the County to the Authority pursuant to the 2007 Lease Agreement, as further amended by the Second Amendment to Lease Agreement, dated as of April 1, 2014 (the "*Second Amendment to Lease Agreement*") between the Authority, as lessor, and the County, as lessee, for the use and possession of the South Placer Justice Center courthouse, including improvements thereon (the "*Leased Property*"). The County, as lessor, will let the Leased Property to

the Authority pursuant to the terms and conditions of the 2007 Site Lease, as further amended by the Second Amendment to Site and Facility Lease, dated as of April 1, 2014 (the "*Second Amendment to Site Lease*") covering the real property including certain buildings located thereon. The 2007 Lease, as previously amended and as further amended by the Second Amendment is referred to as the "*Lease Agreement*." The 2007 Site Lease as amended by the Second Amendment to Site Lease is referred to as the "*Site Lease*."

**Section 3. Delivery of the Official Statement and Other Documents.** The Authority has delivered to the Underwriter a Preliminary Official Statement dated \_\_\_\_\_, 2014, including the cover page, inside cover page and appendices thereto, in printed form and in electronic form in all material respects consistent with such printed form related to the 2014 Bonds (the "*Preliminary Official Statement*") as it may be amended, and will deliver to the Underwriter as promptly as possible, but in no event later than seven business days after the Authority has accepted this Purchase Agreement, such number of copies of the final Official Statement dated the date hereof relating to the 2014 Bonds, as it may be amended and supplemented from time to time pursuant to Section 5(e) (the "*Official Statement*"), as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board (the "*MSRB*") and paragraph (b)(4) of 17.CFR.240 15c2-12 ("*Rule 15c2-12*"). Prior to the date hereof, the Authority and the County delivered to the Underwriter certificates pursuant to Securities and Exchange Commission Rule 15c2-12(b)(1), relating to the Preliminary Official Statement, in substantially the form attached hereto as Exhibit A-1 and Exhibit A-2, respectively.

The Authority hereby authorizes the use of the Official Statement by the Underwriter in connection with the public offering and the sale of the 2014 Bonds. The Underwriter hereby agrees that it will not send any confirmation requesting payment for the purchase of any 2014 Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Underwriter agrees that from the time the Official Statement becomes available until the earlier of: (i) 90 days from the "*end of the underwriting period*," as defined in Rule 15c2-12, or (ii) the time when the Official Statement is available to any person from the MSRB through its Electronic Municipal Market Access site ("*EMMA*"), but in no case less than 25 days following the "*end of the underwriting period*" (as defined below), the Underwriter shall send, no later than the next business day following a request for a copy thereof, by first class mail or other equally prompt means, to any Potential Customer, as defined in the Rule, on request, a single copy of the Official Statement. The Underwriter agrees to: (A) provide the Authority with final pricing information on the 2014 Bonds, (B) promptly file a copy of the Official Statement, including any supplements prepared by the Authority, with EMMA, (C) promptly notify the Authority of the end of the underwriting period, and (D) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the 2014 Bonds to ultimate purchasers.

**Section 4. Public Offering.** It shall be a condition to the obligation of the Underwriter to purchase, accept delivery of, and pay for the 2014 Bonds that the entire \$\_\_\_\_\_ principal amount of the 2014 Bonds authorized by the Indenture shall be delivered by the Authority to the Underwriter on the Closing Date, as defined below. The Underwriter agrees to make a *bona fide* public offering of all of the 2014 Bonds, not in excess of the initial public offering yields or prices set forth on Schedule I attached hereto; however, the 2014 Bonds may be offered and sold to certain dealers (including dealers depositing the 2014 Bonds into investment trusts) at prices lower than such initial public offering prices or yields. The Underwriter reserves the right to make concessions to dealers and to change such initial public offering prices or yields as the Underwriter reasonably deems necessary in connection with the marketing of the 2014 Bonds. The Underwriter also reserves the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the 2014 Bonds at a level above that which might otherwise

prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time. Following the initial public offering of the 2014 Bonds, the offering prices may be changed from time to time by the Underwriter.

**Section 5. Representations, Warranties and Agreements of the Authority.** The Authority represents and warrants to the Underwriter that:

(a) By Resolution No. \_\_\_\_\_ (the "*Resolution*") adopted by a majority of the members of the governing board of the Authority at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on \_\_\_\_\_, 2014, the Authority has taken all action necessary to be taken by it for the execution and delivery of the 2014 Bonds, and the execution, delivery and due performance of the Indenture, the Second Amendment to Lease Agreement, the Second Amendment to Site Lease, the Termination Agreement dated for convenience as of \_\_\_\_\_, 2014 (the "*2006 Termination Agreement*"), among the County, the Authority and the Trustee, terminating the 2006 Lease Agreement, the 2006 Property Lease and the 2006 Assignment Agreement; the Assignment Agreement dated as of April 1, 2014 (the "*Assignment Agreement*"), between the Authority and the Trustee, assigning to the Trustee, certain rights of the Authority under the Second Amendment to Lease Agreement; and this Purchase Agreement and the taking of any and all actions as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby has been taken, and the Resolution has not been modified or amended and is in full force and effect. The Indenture, the Second Amendment to Lease Agreement, the Second Amendment to Site Lease, the 2006 Termination Agreement and the Assignment Agreement are referred to collectively, the "*Authority Agreements*;"

(b) The Authority is a joint exercise of powers authority established pursuant to a Joint Exercise of Powers Agreement, dated as of September 1, 1993 (the "*JPA Agreement*"), between the County and the North Tahoe Public Utility District, and has all necessary power and authority to adopt the Resolution, to issue the 2014 Bonds and to enter into and perform its duties under the Authority Agreements and this Purchase Agreement and, when executed and delivered by the respective parties thereto, the Authority Agreements and this Purchase Agreement will each constitute a legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally; and the execution and delivery of the Authority Agreements, the 2014 Bonds and this Purchase Agreement, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the Authority is a party or is otherwise subject;

(c) At the time of the Authority's acceptance hereof and at all times subsequent thereto up to and including the Closing Date, the information and statements contained in the Official Statement under the caption "THE AUTHORITY" does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) To the best knowledge of the Authority as of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale and delivery of the 2014 Bonds, (iii) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the monies to pay the principal of, premium, if any, or

interest on the 2014 Bonds, (iv) in any way question or affect any authority for the issuance of the 2014 Bonds, or the validity or enforceability of the JPA Agreement, the 2014 Bonds, the 2007 Lease Agreement, the 2007 Site Lease, the Authority Agreements or this Purchase Agreement, (v) in any way question or affect the JPA Agreement, the Authority Agreements, this Purchase Agreement or the transactions contemplated by this Purchase Agreement, the documents referred to in the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the issuance of the 2014 Bonds; or (vi) contesting the exclusion of interest with respect to the 2014 Bonds from gross income for federal income tax purposes or from State of California personal income tax purposes; nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the 2014 Bonds, the Authority Agreements or this Purchase Agreement or the authorization, execution, delivery or performance by the Authority under the 2014 Bonds, the Authority Agreements or this Purchase Agreement;

(e) If, between the date hereof and the date which is 25 days after the “*end of the underwriting period*” (as defined in Section 5(g)), any event occurs, or facts or conditions become known of which the Authority has knowledge and which in the reasonable opinion of Jones Hall, A Professional Law Corporation, San Francisco, California (“*Bond Counsel*”), Schiff Hardin LLP, San Francisco, California (“*Underwriter’s Counsel*”), or County Counsel, would cause the information contained in the Official Statement under the caption “THE AUTHORITY,” as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the Authority will notify the Underwriter, and, if in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cause the County to forthwith prepare and furnish to the Underwriter (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading in any material respect. If such notification shall occur subsequent to the Closing Date, the Authority shall forthwith provide to the Underwriter such certificates as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the “*end of the underwriting period*” for the 2014 Bonds, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(f) If the information contained in the Official Statement under the caption “THE AUTHORITY” is amended or supplemented pursuant to Section 5(e), at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date which is 25 days after the “*end of the underwriting period*,” as defined in Section 5(g) for the 2014 Bonds, the portions of the Official Statement so supplemented or amended, with respect to the statements and information under the caption “THE AUTHORITY,” will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading in any material respect;

(g) As used herein and for the purposes of the foregoing, the term “*end of underwriting period*” for the 2014 Bonds shall mean the earlier of (i) the Closing Date unless the Authority shall have

been notified in writing to the contrary by the Underwriter on or prior to the Closing Date or (ii) the date on which the end of the underwriting period for the 2014 Bonds has occurred under Rule 15c2-12, provided, however, that the Authority may treat as the end of the underwriting period for the 2014 Bonds the date specified as such in a notice from the Underwriter stating the date which is the end of the underwriting period;

(h) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to qualify the 2014 Bonds for offering and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the 2014 Bonds; provided, however, that the Authority shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(i) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of this Purchase Agreement or the execution, delivery and sale of the 2014 Bonds or the consummation by the Authority of the other transactions contemplated by the Authority Agreements or this Purchase Agreement;

(j) The Authority will comply with the requirements of the Tax Exemption Certificate dated \_\_\_\_\_, 2014 (the "*Tax Certificate*") executed by the Authority in connection with the delivery of the 2014 Bonds;

(k) Any certificate signed by any official of the Authority and delivered to the Underwriter pursuant to this Purchase Agreement or any document contemplated hereby shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein and that such officer shall have been duly authorized to execute the same;

(l) The Authority shall apply the net proceeds of the 2014 Bonds to cause the payment when due and the prepayment of the Refunded Certificates and otherwise in accordance with the Indenture and as described in the Official Statement;

(m) The Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding; and

(n) The Authority acknowledges and agrees that: (i) the purchase and sale of the 2014 Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the Authority, the County and the Underwriter; (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Authority; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the Authority on other matters) and the Underwriter has no obligation to the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement and (iv) the Authority has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

**Section 6. Representations and Warranties of the County.** The County represents and warrants to the Underwriter that:

(a) By Resolution No. \_\_\_\_\_ (the "*County Resolution*") adopted by a majority of the Board of Supervisors at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on \_\_\_\_\_, 2014, the County has taken all action necessary to be taken by it for the execution and delivery of the Second Amendment to Lease Agreement, the Second Amendment to Site Lease, the Escrow Agreements, the 2006 Termination Agreement and the Continuing Disclosure Certificate, dated \_\_\_\_\_, 2014 (the "*Continuing Disclosure Certificate*" and collectively with the Second Amendment to Lease Agreement, the Second Amendment to Site Lease, the Escrow Agreements and the 2006 Termination Agreement, the "*County Agreements*") and this Purchase Agreement and the taking of any and all actions as may be required on the part of the County to carry out, give effect to and consummate the transactions contemplated hereby has been taken, and the County Resolution has not been modified or amended and is in full force and effect;

(b) The County is a political subdivision organized and existing under and pursuant to the Constitution and laws of the State of California, with full legal right, power and authority to execute, deliver and perform its obligations under the 2007 Lease Agreement, the 2007 Site Lease, the County Agreements and this Purchase Agreement and, when executed and delivered by the respective parties thereto, the County Agreements and this Purchase Agreement will each constitute a legal, valid and binding obligation of the County enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally; and the execution and delivery of the County Agreements and this Purchase Agreement, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the County is a party or is otherwise subject;

(c) At the time of the County's acceptance hereof and at all times subsequent thereto up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) To the best knowledge of the County as of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the County, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale and delivery of the 2014 Bonds, (iii) in any way question or affect any of the rights, powers, duties or obligations of the County with respect to the monies to pay the principal component and interest component of the Lease Payments, (iv) in any way question or affect any authority for the issuance of the 2014 Bonds, or the validity or enforceability of the 2014 Bonds, the 2007 Lease Agreement, the 2007 Site Lease, the County Agreements or this Purchase Agreement, (v) in any way question or affect the County Agreements, this Purchase Agreement or the transactions contemplated by this Purchase Agreement, the documents referred to in the Official Statement, or any other agreement or instrument to which the County is a party relating to the issuance of the 2014 Bonds; or (vi) contesting the exclusion of interest with respect to the 2014 Bonds from gross income for federal income tax purposes or from State of California personal income tax purposes; nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the 2014 Bonds, the County Agreements or this Purchase Agreement or the

authorization, execution, delivery or performance by the County under the County Agreements or this Purchase Agreement;

(e) If, between the date hereof and the date which is 25 days after the “*end of the underwriting period*” (as defined in Section 5(g)), any event occurs, or facts or conditions become known of which the County has knowledge and which in the reasonable Bond Counsel, Underwriter’s Counsel or County Counsel, would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the County will notify the Underwriter, and, if in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall forthwith prepare and furnish to the Underwriter (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading in any material respect. If such notification shall occur subsequent to the Closing Date, the County shall forthwith provide to the Underwriter such certificates as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the “*end of the underwriting period*” for the 2014 Bonds, the County will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(f) If the information contained in the Official Statement is amended or supplemented pursuant to Section 6(e), at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date which is 25 days after the “*end of the underwriting period*,” for the 2014 Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein), excluding statements and information under the captions “UNDERWRITING” and “THE AUTHORITY” and contained in APPENDIX F–“DTC AND THE BOOK-ENTRY ONLY SYSTEM,” and information as to prices and interest rates on the inside cover of the Official Statement, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading in any material respect;

(g) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to qualify the 2014 Bonds for offering and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the 2014 Bonds; provided, however, that the County shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(h) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the County required for the execution and delivery of this Purchase Agreement or the execution, delivery and sale of the 2014 Bonds or the consummation by the County of the other transactions contemplated by the County Agreements or this Purchase Agreement;

(i) Any certificate signed by any official of the County and delivered to the Underwriter pursuant to this Purchase Agreement or any document contemplated hereby shall be deemed a representation and warranty by the County to the Underwriter as to the statements made therein and that such officer shall have been duly authorized to execute the same;

(j) The County shall apply the net proceeds of the 2014 Bonds to refund the Refunded Certificates and otherwise in accordance with the Indenture and the Escrow Agreements and as described in the Official Statement; and

(k) The County is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(l) The County is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and at or prior to the Closing Date, the County shall have duly authorized, executed and delivered the Continuing Disclosure Certificate. The County has not failed in any material respect during the last five years to comply with any previous undertaking to provide annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement;

(m) The financial statements of the County contained in the Official Statement as Appendix C fairly present the financial positions and results of operations thereof as of the dates and for the periods therein set forth, the County has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the County since June 30, 2013 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change; and the other financial information in the Official Statement has been determined on a basis substantially consistent with that of the audited financial statements of the County included in the Official Statement; and

(n) The County acknowledges and agrees that: (i) the purchase and sale of the 2014 Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the Authority, the County and the Underwriter; (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and are not acting as the agent or fiduciary of the County; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering contemplated hereby or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or are currently providing other services to the County on other matters) and the Underwriter has no obligation to the County with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement and (iv) the County has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate.

**Section 7. Closing.** At 8:00 A.M., California time, on April \_\_, 2014 (the "Closing Date"), or on such earlier or later date as may be agreed upon by the Underwriter, the Authority and the County, the Authority will deliver or cause to be delivered to the Underwriter the 2014 Bonds in definitive form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions of this Purchase Agreement, the Underwriter will accept delivery of the 2014 Bonds through the facilities of The Depository Trust Company, New York, New York ("DTC") by initial

deposit with the Trustee (in care of DTC) through DTC's Fast Automated Securities Transfer System procedures, or such other place as shall have been mutually agreed upon by the Underwriter and the Authority, and pay the purchase price of the 2014 Bonds as set forth in Section 1 of this Purchase Agreement by wire transfer in immediately available funds to the order of the Trustee (or by such other form of payment in immediately available funds as shall have been mutually agreed upon by the Authority and the Underwriter). The 2014 Bonds in definitive form shall be evidenced by typewritten, lithographed or word processed Bonds in authorized denominations.

The 2014 Bonds shall be issued in fully registered form and shall be prepared, delivered and, registered in the name of Cede & Co., as nominee of DTC. It is anticipated that CUSIP numbers will be printed on the 2014 Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the 2014 Bonds in accordance with the terms of this Purchase Agreement.

**Section 8. Termination by Underwriter.** The Underwriter shall have the right to terminate its obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the 2014 Bonds by notifying the Authority of its election to do so if, at any time subsequent to the time of execution of this Purchase Agreement and on or prior to the Closing Date, any of the following shall have occurred and in the reasonable judgment of the Underwriter, materially adversely affected the marketability of the 2014 Bonds:

(a) In the reasonable opinion of the Underwriter, the market price of the 2014 Bonds has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State or by the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form or notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State with the purpose or effect, directly or indirectly, of imposing federal or State income taxation upon interest on the 2014 Bonds to be received;

(b) there shall have occurred (whether or not foreseeable) any: declaration of war, new material outbreak of hostilities (including, without limitation, an act of terrorism) or the occurrence of any other national emergency or international calamity or crisis, or any material adverse change in the financial or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof, which interrupts or causes disorder to the operation of the financial markets in the United States, which, in the reasonable opinion of the Underwriter would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the 2014 Bonds on the terms and in the manner contemplated in the Official Statement;

(c) The declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension or material limitation of trading on the New York Stock Exchange,

the NASDAQ National Market, in any over-the-counter market or any national securities exchange which materially adversely affects the market price of the 2014 Bonds;

(d) The imposition by Comptroller of the Currency, the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the 2014 Bonds or obligations of the general character of the 2014 Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter which, in the reasonable opinion of the Underwriter would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the 2014 Bonds on the terms and in the manner contemplated in the Official Statement;

(e) Legislation is enacted (or resolution passed) by or introduced or pending legislation amended by or recommended to the Congress for passage by the President of the United States or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration; or an order, decree or injunction issued by any court of competent jurisdiction; or an order, ruling, regulation (final, temporary or proposed) issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that securities of the general character of the 2014 Bonds, or the 2014 Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the issuance, execution, offering or sale of the 2014 Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(f) Action is taken by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon such interest as would be received by the Owners of the 2014 Bonds;

(g) The withdrawal or downgrading or any notice of an intended or potential downgrading of any rating of the obligations of the Authority or the County (including the rating to be issued with respect to the 2014 Bonds) by a "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended, which, in the reasonable opinion of the Underwriter would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the 2014 Bonds on the terms and in the manner contemplated in the Official Statement;

(h) There shall have occurred any change which makes unreasonable or unreliable any of the assumptions upon which payment of debt service on the 2014 Bonds is predicated; or any other event shall have occurred or condition shall exist which, in the reasonable judgment of the Underwriter, makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements or information contained therein not misleading;

(i) Any change or development involving a prospective change in the condition of the Authority, financial or otherwise, or in the operations of the Authority from those set forth in the Official Statement that makes the 2014 Bonds, in the reasonable judgment of the Underwriter, impracticable or inadvisable to offer, sell or deliver the 2014 Bonds on the terms and in the manner contemplated by the Official Statement;

(j) A material disruption in securities settlement, payment or clearance services in the United States shall have occurred;

(k) The purchase of and payment for the 2014 Bonds by the Underwriter, or the resale of the 2014 Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission;

(l) Any amendment shall have been made to the federal or State Constitution or action shall be taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority, its property, income, securities (or interest thereon), or the validity or enforceability of this Purchase Agreement, the Indenture or the 2014 Bonds; or

(m) Litigation shall be threatened or pending in any court seeking to restrain or enjoin the sale or delivery of the 2014 Bonds or the payment, collection or application of the proceeds thereof or payments under the Indenture and other moneys assigned, pledged or to be pledged to pay principal of and premium, if any, and interest on the 2014 Bonds; or in any way questioning or affecting the validity of the Bonds, the Authority, or any provisions of the Authority Resolution, the County Resolution, the Authority Agreements, the County Agreements, this Purchase Agreement or any proceedings taken by the Authority or the County with respect to the foregoing; or in any way questioning the creation, organization or existence or the titles to office of any of the officers of the Authority or the County, or their power to adopt and perform pursuant to the Indenture or (iv) in any way questioning the legal capacity and power of the Authority or the County to adopt and perform under the terms of the Indenture.

**Section 9. Conditions to the Obligations of the Underwriter.** The Underwriter hereby enters into this Purchase Agreement in reliance upon the representations and warranties of the Authority contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Authority and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriter under this Purchase Agreement to purchase, to accept delivery of and to pay for the 2014 Bonds shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the Authority contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the Authority and the Trustee of their respective obligations to be performed hereunder and under the Authority Agreements, at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven business days after the date hereof, copies of the Official Statement (including all information permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter shall have requested;

(b) On the Closing Date, the Authority Agreements and the County Agreements shall have each been duly authorized, executed and delivered by the respective parties thereto, all in substantially the forms as described in the Official Statement and shall be in full force and effect; and the Resolution and the County Resolution shall each be in full force and effect;

(c) On the Closing Date, all necessary action of the Authority and the County relating to the execution and delivery of the 2014 Bonds, the Authority Agreements and the County Agreements will

have been taken and will be in full force and effect and will not have been amended, modified or supplemented; and

(d) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) Resolutions, Authority Agreements and County Agreements. Certified copies of the Authority Resolution, the County Resolution, the 2007 Lease Agreement and the 2007 Site Lease; and the Authority Agreements and the County Agreements each duly executed and delivered by the respective parties thereto;

(2) Preliminary and Final Official Statement. The Preliminary Official Statement and the Official Statement, with the Official Statement executed on behalf of the Authority by a duly authorized officer of the Authority;

(3) Opinion of Bond Counsel. The approving opinion of Bond Counsel dated the Closing Date, substantially in the form attached as Appendix E to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter;

(4) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that: (i) the 2014 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the statements contained in the Official Statement, under the captions "INTRODUCTION," "THE BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," and contained in APPENDIX B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and APPENDIX E—"FORM OF OPINION OF BOND COUNSEL" insofar as such statements summarize certain provisions of the Indenture, the 2014 Bonds, and the legal opinion and certain provisions of federal and State law, are accurate in all material respects;

(5) Defeasance Opinion of Bond Counsel. An opinion of Bond Counsel, dated the Closing Date, and addressed to the Authority, the County and the Underwriter, in form and substance satisfactory to the Authority, the County and the Underwriter, to the effect that the 2006 Certificates have been prepaid, the obligations of the County under the 2006 Lease Agreement have been discharged, and to the effect that the Refunded 2007 Certificates have been prepaid and the obligations of the County under the 2007 Lease Agreement with respect to the Refunded 2007 Certificates have been discharged.

(6) Opinion of Bond Counsel Regarding Transfer Agreement. An opinion of Bond Counsel, dated the Closing Date, and addressed to the Authority, the County and the Underwriter, in form and substance satisfactory to the Authority, the County and the Underwriter, to the effect that pursuant to the terms of the Transfer Agreement dated May 19, 2008, together with any amendments (the "Transfer Agreement") between the Judicial Council of California, Administrative Office of the Courts (the "Judicial Council") and the County for the transfer of responsibility of the South Placer Justice Center Courthouse to the Judicial Council as required by the Trial Court Facilities Act of 2002, commencing with Section 70301 of the Government Code for Court Facility; (i) the 2014 Bonds constitute "bonded indebtedness" under the Trial Court Transfer Act; and (ii) neither the Authority or the Trustee will be prevented from exercising any of the remedies set forth in the Second Amendment to Lease Agreement upon the occurrence of an event of default thereunder.

(7) Negative Assurance Letter of Disclosure Counsel. The negative assurance letter of Jones Hall, A Professional Law Corporation, as Disclosure Counsel, addressed to the Authority, the County and the Underwriter and dated the Closing Date, substantially in the form attached hereto as Exhibit B;

(8) Opinion of County Counsel as Counsel to the Authority. An opinion of County Counsel, as counsel to the Authority, with respect to the 2014 Bonds, dated the Date of Closing and addressed to the Authority, the County and the Underwriter, in form and substance satisfactory to the Authority, the County and the Underwriter.

(9) Opinion of County Counsel. An opinion of County Counsel, dated the Closing Date and addressed to the County, the Authority and the Underwriter, in form and substance satisfactory to the Authority, the County and the Underwriter.

(10) Opinion of Underwriter's Counsel. An opinion of Underwriter's Counsel, dated the Closing Date and addressed to the Underwriter and the Authority, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no information has come to the attention of the attorneys rendering legal services in connection with such representation that lead them to believe that, as of the date of Closing, the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information concerning the book-entry only system or, included therein, as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; that the 2014 Bonds are exempt from registration under the Securities Act of 1933, as amended; the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and the Continuing Disclosure Certificate provides a suitable basis for the Underwriter, in connection with the Offering (as defined in Rule 15c2-12) of the 2014 Bonds to make a reasonable determination as required by section (b)(5) of such Rule;

(11) Certificate of the Authority. A certificate of the Authority dated the Closing Date and executed by a duly authorized officer of the Authority to the effect that:

(i) The representations and warranties of the Authority contained in Section 5 hereof are true and correct in all material respects on and as of the date of Closing as if made on the Closing Date;

(ii) The information contained in the Official Statement under the caption "THE AUTHORITY" is true and correct in all material respects and does not omit any statement or information which is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(iii) The Authority has duly authorized by the Resolution, the execution and delivery of the Authority Agreements and this Purchase Agreement, and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated thereby, the Resolution was

adopted at a meeting duly noticed and at which a quorum was present, and the Resolution has not been modified or amended and is in full force and effect;

(iv) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Authority that has not been obtained is or will be required for the issuance and delivery of the 2014 Bonds or the consummation by the Authority of the other transactions contemplated by the Authority Agreements and the Official Statement, except as such may be required for the state securities or blue sky laws;

(v) The execution and delivery by the Authority of the Authority Agreements and this Purchase Agreement and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the Authority is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Authority or any of its activities or properties;

(vi) The Authority is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease (including the 2007 Lease Agreement and the 2007 Site Lease), indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would materially adversely affect the ability of the Authority to perform its obligations under the Authority Agreements or this Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and

(vii) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Authority, threatened against or affecting the existence of the Authority or seeking to prohibit, restrain or enjoin the issuance and delivery of the 2014 Bonds or the execution and delivery of the Authority Agreements or this Purchase Agreement or in any way contesting or affecting the validity or enforceability of the 2014 Bonds, the 2007 Lease Agreements, the 2007 Site Lease, the Authority Agreements or this Purchase Agreement or contesting the powers of the Authority to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby and by the Official Statement, or which, in any way, would materially adversely affect the validity of the 2014 Bonds, the Authority Agreements or this Purchase Agreement, or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Official Statement;

(12) *Certificate of the County.* A certificate of the County dated the Closing Date and executed by a duly authorized officer of the County to the effect that:

(i) The representations and warranties of the County contained in Section 6 hereof are true and correct in all material respects on and as of the date of Closing as if made on the Closing Date;

(ii) The information contained in the Official Statement (including any financial and statistical data contained therein) are true and correct in all material respects and the information in the Official Statement (including any financial and statistical data contained therein) do not omit any statement or information which is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(iii) The County has duly authorized by the County Resolution, the execution and delivery of the County Agreements and this Purchase Agreement, and the taking of any and all such action as may be required on the part of the County to carry out, give effect to and consummate the transactions contemplated thereby, the County Resolution was adopted at a meeting duly noticed and at which a quorum was present, and the County Resolution has not been modified or amended and is in full force and effect;

(iv) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the County that has not been obtained is or will be required for the execution and delivery of the County Agreements, this Purchase Agreement or the consummation by the County of the other transactions contemplated by the County Agreements, this Purchase Agreement and the Official Statement, except as such may be required for the state securities or blue sky laws;

(v) The execution and delivery by the County of the County Agreements, this Purchase Agreement and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the County is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the County or any of its activities or properties;

(vi) The County is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease (including the 2007 Lease Agreement and the 2007 Site Lease), indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject which breach or default would materially adversely affect the ability of the County to perform its obligations under the County Agreements or this Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and

(vii) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the County, threatened against or affecting the existence of the County or seeking to prohibit, restrain or enjoin the execution and delivery of the County Agreements or this Purchase Agreement or in any way contesting or affecting the validity or enforceability of the 2014 Bonds, the 2007 Lease Agreement, the 2007 Site Lease, the County

Agreements or this Purchase Agreement or contesting the powers of the County to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby and by the Official Statement, or which, in any way, would materially adversely affect the validity of the 2014 Bonds, the 2007 Lease Agreement, the 2007 Site Lease, the County Agreements or this Purchase Agreement, or any agreement or instrument to which the County is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Official Statement;

(13) Opinion of Counsel to the Bank. The opinion of Counsel to the Bank of New York Mellon Trust Company, N.A. (the "*Bank*"), in its capacities as Trustee and Escrow Agent, dated the Closing Date, addressed to the Authority and the Underwriter, to the effect that: (A) the Bank is a national banking association, validly existing and in good standing under the laws of the United States, duly qualified to do business and to exercise trust powers therein, having full power and authority to enter into and to perform its duties as Trustee under the Indenture, the 2006 Termination Agreement and the Assignment Agreement and as Escrow Agent under the Escrow Agreements, and has full power and authority to execute and deliver such agreements, and to perform its obligations thereunder; (B) the Indenture, the 2006 Termination Agreement, the Assignment Agreement and the Escrow Agreements have each been duly executed and delivered by the Bank, and assuming the authorization, execution and delivery by the other parties thereto, such agreements are each legal, valid and binding agreements of the Bank, enforceable against the Bank in such capacity in accordance with their respective terms except as such enforcement thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, and other similar laws affecting the rights and remedies of creditors generally, and by the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding at law or in equity; (C) the 2014 Bonds have been validly authenticated, registered and delivered by the Bank in its capacity as Trustee; (D) no authorization, approval, consent or other order of the State or any other governmental authority or agency within the State having jurisdiction over the Bank, or, to such counsel's knowledge after reasonable investigation, any other person or corporation, is required for the valid authorization, execution, delivery and performance by the Bank of the Indenture, the 2006 Termination Agreement, the Assignment Agreement or the Escrow Agreements, and (E) the execution and delivery of the Indenture, the 2006 Termination Agreement, the Assignment Agreement and the Escrow Agreements, and compliance by the Bank with the provisions thereof under the circumstances contemplated thereby, does not in any material respect conflict with or constitute on the part of the Bank a breach or default under any agreements or other instrument to which the Bank is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the Bank is subject;

(14) Bylaws of Trustee. Certified copies of excerpts from the bylaws of the Trustee authorizing the execution and delivery of the Indenture;

(15) Certificate of the Trustee. A certificate of The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee, dated the Closing Date, signed by a duly authorized official, to the effect that: (A) Trustee is a national banking association duly organized and existing under the laws of the United States of America, having the full power and being

qualified to enter into and perform its duties under the Indenture, the 2006 Termination Agreement, the Assignment Agreement; (B) Trustee is duly authorized to enter into the Indenture, the 2006 Termination Agreement and the Assignment Agreement and to authenticate and deliver the 2014 Bonds to the Underwriter pursuant to the Indenture; (C) the 2014 Bonds have been duly authenticated and delivered by Trustee; (D) the execution and delivery of the Indenture, the 2006 Termination Agreement, the Assignment Agreement and compliance with the provisions on the part of Trustee contained therein, does not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which Trustee is a party or is otherwise subject (except that no representation or warranty is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by Trustee pursuant to the Indenture, the 2006 Termination Agreement, the Assignment Agreement or the Escrow Agreements under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (E) to the best knowledge of Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against Trustee, affecting the existence of Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of the 2014 Bonds of the Indenture, or in any way contesting or affecting the validity or enforceability of the Indenture or the 2006 Termination Agreement or contesting the powers of Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2014 Bonds, the Indenture, the 2006 Termination Agreement or the Assignment Agreement or the power and authority of Trustee to enter into and perform its respective duties under such agreements and to authenticate and deliver the 2014 Bonds to the Underwriter;

(16) Certificate of the Escrow Agent. A certificate of The Bank of New York Mellon Trust Company, N.A., in its capacity as Escrow Agent, dated the Closing Date, signed by a duly authorized official, to the effect that: (A) Trustee is a national banking association organized and existing under the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Indenture; (B) Trustee is duly authorized to enter into the Escrow Agreements; (C) the execution and delivery of the Escrow Agreements and compliance with the provisions on the part of Trustee contained therein, does not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which Trustee is a party or is otherwise subject (except that no representation or warranty is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by Trustee pursuant to the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (D) to the best knowledge of Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against Trustee, affecting the existence of Trustee, or the titles of its officers to their respective offices or seeking to prohibit,

restrain, or enjoin the execution and delivery of Escrow Agreements, or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Escrow Agreements or the power and authority of Trustee to enter into and perform its respective duties under such agreements and to authenticate and deliver the 2014 Bonds to the Underwriter;

(17) Bond Insurance and Reserve Policies. The Bond Insurance Policy and the Reserve Policy issued by the Insurer.

(18) Rating Letter. A letter from Standard & Poor's, a Division of the McGraw-Hill Companies ("S&P") assigning an underlying rating of "\_\_\_" to the 2014 Bonds;

(19) Title Insurance Policy. A CLTA Title insurance policy in an amount equal to the principal amount of the 2014 Bonds;

(20) Insurance on the Leased Property. Evidence of general liability and property insurance in the forms and amounts specified in the Second Amendment to Lease Agreement;

(21) Certificate of the Verification Agent. A certificate of Causey Demgen & Moore P.C. (the "Verification Agent"), independent certified public accountants, dated the Closing Date, to the effect that it has verified the mathematical accuracy relating to the computation cash deposited with the Escrow Agent to pay when due and prepay the Refunded Certificates;

(22) Tax Certificate. The Tax Certificate of the Authority, executed on behalf of the Authority by a duly authorized officer in form and substance satisfactory to Bond Counsel;

(23) Certificate of the County Evidencing Compliance with Continuing Disclosure Obligations. A Certificate of the County to the effect that the County is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and evidence that the County has not failed in any material respect during the last five years to comply with any previous undertaking to provide annual financial information and notices of the occurrence of certain events, if material;

(24) California Debt and Investment Advisory Commission Filings. Evidence of the preliminary and final filings with the California Debt and Investment Advisory Commission pursuant to Section 8855(g) and 53583 of the California Government Code;

(25) DTC Blanket Letter of Representations. A copy of the executed Blanket Letter of Representations by and between the Authority and The Depository Trust Company, New York, New York; and

(26) Miscellaneous. Such additional legal opinions, certificates, instruments and documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of the representations and warranties of the Authority and of the County, contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority and the County on or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority and the County.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. Receipt of, and payment for, the 2014 Bonds shall constitute evidence of the satisfactory nature of such as to the Underwriter. The performance of any and all obligations of the Authority and the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in its sole discretion.

If the Authority or the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the 2014 Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the 2014 Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Underwriter or the Authority shall be under further obligation hereunder, except that the respective obligations of the Authority and the Underwriter set forth in Section 11 hereof shall continue in full force and effect.

**Section 10. Blue Sky.** The Authority and the County will cooperate with the Underwriter in qualifying the 2014 Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that neither the Authority nor the County shall be required to consent to suit or to service of process in any jurisdiction or take any action which would subject the Authority or the County to general or unlimited service of process in any jurisdiction in which it is not now subject.

**Section 11. Expenses.** (a) The Underwriter shall be under no obligation to pay, and the Authority shall pay, the following expenses incident to the performance of the obligations of the Authority and the County hereunder: (i) the fees and disbursements of Bond Counsel; (ii) the costs and fees of Disclosure Counsel for preparing the Preliminary and final Official Statements and the costs of printing and delivering the Preliminary and final Official Statements (and any amendment or supplement prepared pursuant to Section 5 of this Purchase Agreement) and the costs of printing and delivering the 2014 Bonds; (iii) the fees and disbursements of the Trustee and its counsel, the Escrow Agent and its counsel, S&P, the Verification Agent, the title insurance policy fees, accountants, and other advisers, experts or consultants retained by the Authority or the County; and (iv) any other expenses and costs of the Authority and the County incident to the performance of their obligations in connection with the authorization, issuance and sale of the 2014 Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The Underwriter shall pay all expenses incurred by it in connection with the public offering and distribution of the 2014 Bonds including, but not limited to: (i) the fees and disbursements of Underwriter's Counsel; (ii) all advertising expenses in connection with the offering of the 2014 Bonds; and (iii) all fees of the California Debt and Investment Advisory Commission and out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the 2014 Bonds, except as provided in (a) above or as otherwise agreed to by the Underwriter and the Authority.

**Section 12. Notices.** Any notice or other communication to be given to the Authority or the County under this Purchase Agreement may be given by delivering the same in writing at the addresses set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to the Underwriter, Raymond James & Associates, Inc., One Embarcadero Center, Suite 650, San Francisco, California 94111; Attention: Robert J. Larkins, Managing Director.

**Section 13. Parties in Interest; Force and Effect.** This Purchase Agreement is made solely for the benefit of the Authority and the Underwriter (including its successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Authority and of the County contained in this Purchase Agreement shall remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the 2014 Bonds pursuant to this Purchase Agreement. The agreements contained in this Section and in Section 11 shall survive any termination of this Purchase Agreement.

**Section 14. Unenforceable Provisions.** If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperable or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatsoever.

**Section 15. Counterparts.** This Purchase Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Purchase Agreement by signing any such counterpart.

**Section 16. Governing Law; Venue.** The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State. Any and all disputes or legal actions or proceedings arising out of this Purchase Agreement or any document related hereto shall be filed and maintained in a court of competent jurisdiction for matters arising in Placer County; provided that the Authority may waive the requirement of venue. By execution of and delivery of this Purchase Agreement, the parties hereto accept and consent to the aforesaid jurisdiction.

**Section 17. Headings.** The headings of the Sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

**Section 18. No Assignment.** The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the Authority without the prior written consent of the other party hereto.

**Section 19. Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**Section 20. Effectiveness.** This Purchase Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the Authority and of the County, and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC., or its  
successor in interest

By: \_\_\_\_\_  
Robert J. Larkins, Managing Director

Approved and Accepted by:

NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
David Boesch, Executive Director

COUNTY OF PLACER

By: \_\_\_\_\_  
Jenine Windeshausen, Treasurer-Tax Collector

ACCEPTED at \_\_\_\_\_ [A.M./P.M.] Pacific Time this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

SCHEDULE I

MATURITIES, AMOUNTS, RATES, YIELD & PRICES

Maturity (_____)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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OPTIONAL REDEMPTION PROVISIONS

The 2014 Bonds maturing on or before December 1, \_\_\_\_\_, are not subject to redemption prior to their respective stated maturities. The 2014 Bonds maturing on or after December 1, \_\_\_\_\_, are subject to redemption in whole, or in part at the at the election of the Authority among maturities on such basis as shall be designated by the Authority and by lot within a maturity, at the option of the Authority, on any date on or after December 1, \_\_\_\_\_, from any available source of funds, at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

**EXHIBIT A-1**

**NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY  
2014 REFUNDING LEASE REVENUE BONDS  
(COUNTY OF PLACER SOUTH PLACER JUSTICE CENTER COURTHOUSE)**

**FORM OF THE CERTIFICATE  
REGARDING PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

1. That he is the duly qualified and acting Chair of the Board of Directors of the North Lake Tahoe Public Financing Authority (the "Authority") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same; and

2. That there has been delivered to Raymond James & Associates, Inc. (the "Underwriter") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated \_\_\_\_\_, 2014 (including the cover page and all appendices thereto, in printed form and in electronic form in all material respects consistent with such printed form, the "Preliminary Official Statement"), which, with respect to the statements and information under the caption "THE AUTHORITY" are true, correct and complete in all material respects and such statements and information do not omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading.

Dated: \_\_\_\_\_, 2014

**NORTH LAKE TAHOE PUBLIC FINANCING  
AUTHORITY**

By: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A-2**

**NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY  
2014 REFUNDING LEASE REVENUE BONDS  
(COUNTY OF PLACER SOUTH PLACER JUSTICE CENTER COURTHOUSE)**

**FORM OF THE CERTIFICATE  
REGARDING PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

1. That he is the duly qualified and acting Auditor-Controller of the County of Placer (the "County") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same; and

2. That there has been delivered to Raymond James & Associates, Inc. (the "Underwriter") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated \_\_\_\_\_, 2014 (including the cover page and all appendices thereto, in printed form and in electronic form in all material respects consistent with such printed form, the "Preliminary Official Statement"), which the County deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

3. The County hereby approves the use and distribution by the Underwriter of the Preliminary Official Statement.

Dated: \_\_\_\_\_, 2014

COUNTY OF PLACER

By: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT B**

FORM OF NEGATIVE ASSURANCE LETTER OF DISCLOSURE COUNSEL

[To Come]

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2014

NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "\_\_\_\_\_"  
See "RATING."

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is required to be taken into account in determining certain income and earnings. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

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

**NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY  
2014 Refunding Lease Revenue Bonds  
(2006 and 2007 Lease Refinancing)**

**Dated: Date of Delivery**

**Due: December 1, as shown on inside cover**

**Authority for Issuance.** The North Lake Tahoe Public Financing Authority (the "Authority") is issuing the bonds captioned above (the "Bonds") under a resolution adopted by the Board of Directors of the Authority on March 11, 2014, and an Indenture of Trust dated as of April 1, 2014 (the "Indenture") between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee for the Bonds (the "Trustee"). See "THE BONDS - Authority for Issuance."

**Use of Proceeds.** The proceeds of the Bonds will be used to (i) refinance an outstanding lease obligation of the County of Placer (the "County") and all the related \$8,135,000 outstanding principal amount of Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project) issued in the original principal amount of \$11,770,000 on June 2, 2006, that mature on or after June 1, 2015; (ii) refinance an outstanding lease obligation of the County and all or a portion of the related \$27,035,000 outstanding principal amount of Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project) that mature on or after December 1, 2016; and (iii) pay the costs of issuing the Bonds. See "REFINANCING PLAN."

**Security for the Bonds.** Under the Indenture, the Bonds will be payable solely from and secured by Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of lease payments ("Lease Payments") to be made by the County pursuant to a Lease Agreement, dated as of April 1, 2014 (the "Lease"), between the Authority and the County, for the leasing of certain real property. Under the Lease, the County covenants to take such action as necessary to include the Lease Payments in its annual budgets and make all necessary appropriations for such Lease Payments (subject to abatement under certain circumstances as described in this Official Statement). See "SECURITY FOR THE BONDS."

**Bond Terms; Book-Entry Only.** The Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2014, and will be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS - General Provisions."

**Redemption.** The Bonds are subject to redemption prior to maturity. See "THE BONDS - Redemption."

**Additional Parity Obligations.** Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part; however, the Lease allows the Authority and County to amend the Lease's terms, without the Trustee's consent, for certain purposes that include obligating the County to pay additional amounts of rental if certain conditions are satisfied. See "SECURITY FOR THE BONDS - Additional Parity Obligations."

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE 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 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

**MATURITY SCHEDULE  
(see inside cover)**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE BONDS.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the Authority and County by Jones Hall, A Professional Law Corporation, as Disclosure Counsel, and the Underwriter by its counsel, Schiff Hardin LLP, San Francisco, California. Certain legal matters will be passed upon for the County by County Counsel

\* Preliminary; subject to change.

offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

and the Authority by its counsel. It is anticipated that the Bonds will be delivered in book-entry only form through the facilities of DTC in New York, New York on or about April 15, 2014.

**[Raymond James logo]**

The date of this Official Statement is: \_\_\_\_\_, 2014.

**MATURITY SCHEDULE**  
**(Base CUSIP†: 66038M)**

<u>Maturity</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> †
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				

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## **NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY**

### **Governing Body**

David Boesch, *Chair and Executive Director*  
Paul Schultz, *Vice Chair*  
Jennifer Montgomery, *Secretary*  
Jenine Windeshausen, *Treasurer*  
Lane Lewis, *Director*  
Gerald Carden, *Counsel*

## **COUNTY OF PLACER**

### **Board of Supervisors**

Jack Duran, *Supervisor, District 1, Chair*  
Robert M. Weygandt, *Supervisor, District 2*  
Jim Holmes, *Supervisor, District 3*  
Kirk Uhler, *Supervisor, District 4, Vice-Chair*  
Jennifer Montgomery, *Supervisor, District 5*

### **County Officials**

David Boesch, *County Executive Officer*  
Ann Holman, *Clerk of the Board of Supervisors*  
Kristen Spears, *Assessor*  
Andrew Sisk, *Auditor-Controller*  
Jim McCauley, *Clerk-Recorder and Registrar of Voters*  
Jenine Windeshausen, *Treasurer-Tax Collector*  
R. Scott Owens, *District Attorney*  
Gerald O. Carden, *County Counsel*

## **PROFESSIONAL SERVICES**

### **Bond and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

### **Verification Agent**

Causey Demgen & Moore, P.C.  
Denver, Colorado

### **Trustee and Escrow Agent**

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

**REGIONAL MAP**

[INSERT REGIONAL MAP]

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the County, in any press release and in any oral statement made with the approval of an authorized officer of the County, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since the date of this Official Statement.

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

**Limited Scope of Information.** The County has obtained certain information set forth in this Official Statement from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the County. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date of this Official Statement. All summaries of or references to the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings given in the Indenture.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Stabilization of Prices.** In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page and the public offering prices may be changed from time to time by the Underwriter.

**County Website.** The County maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Authority with respect to the Bonds that has been deemed "final" by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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- APPENDIX F: DTC AND THE BOOK-ENTRY ONLY SYSTEM
- APPENDIX G: COUNTY INVESTMENT POLICY

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## OFFICIAL STATEMENT

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**NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY**  
**2014 Refunding Lease Revenue Bonds**  
**(2006 and 2007 Lease Refinancing)**

### INTRODUCTION

*This introduction is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained throughout the Official Statement, including its cover page and appendices, and the documents it summarizes or describes. A full review should be made of the entire Official Statement, which is the only means by which the offering of bonds is made to potential investors.*

*Capitalized terms used but not defined in this Official Statement have the meanings provided in the Indenture (as defined below). See "APPENDIX A - Summary of Principal Legal Documents."*

**Authority for Issuance.** The North Lake Tahoe Public Financing Authority (the "**Authority**") is issuing the bonds captioned above (the "**Bonds**") under the following legal authority:

(a) Articles 10 and 11 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 6584 (the "**Bond Law**"),

(b) a resolution adopted by the Board of Directors (the "**Authority Board**") of the Authority on March 11, 2014 (the "**Authority Resolution**"), and a resolution adopted by the Board of Supervisors (the "**County Board**") of the County of Placer (the "**County**") on March 11, 2014 (the "**County Resolution**"), and

(c) an Indenture of Trust (the "**Indenture**"), dated as of April 1, 2014, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**").

**Form of Bonds; Book-Entry Only.** The Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee. DTC, or its nominee, will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing the Bonds that are purchased. See "THE BONDS - Book-Entry Only System" and "APPENDIX F - DTC and the Book-Entry Only System."

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\* Preliminary; subject to change.

**Purpose of the Bonds.** The Bonds are being issued to provide funds to (i) refinance an outstanding lease obligation of the County and all the related \$8,135,000 outstanding principal amount of Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project), (the “**2006 Certificates**”), that mature on or after June 1, 2015; (ii) refinance an outstanding lease obligation of the County and all or a portion of the related \$27,035,000 principal amount of Certificates of Participation (2007 South Placer Justice Center Courthouse Financing Project), (the “**2007 Certificates**”), that are mature on or after December 1, 2016; and (iii) pay the costs of issuing the Bonds.

**Security for the Bonds and Pledge of Revenues.** The Bonds will be payable solely from and secured by Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of Lease Payments to be made by the County pursuant to a Lease Agreement, dated as of April 1, 2014, between the County and the Authority (the “**Lease**”). See “**THE LEASED PROPERTY.**” Under the Lease, the County covenants to take such action as necessary to include the Lease Payments in its annual budgets and to make all necessary appropriations for such Lease Payments (subject to abatement under certain circumstances described in the Lease). See “**SECURITY FOR THE BONDS.**”

Lease Payments payable by the County under the Lease are calculated to be sufficient to permit the Authority to pay the principal of, and interest on, the Bonds when due. However, under certain circumstances, Lease Payments may be abated under the Lease without constituting a default. See “**SECURITY FOR THE BONDS – Abatement**” and “**BONDOWNERS’ RISKS – Abatement.**”

Pursuant to an Assignment Agreement, dated as of April 1, 2014 (the “**Assignment Agreement**”), between the Authority and the Trustee, the Authority has assigned to the Trustee for the benefit of the Owners of the Bonds, certain of the Authority’s rights under the Lease, including its rights to receive Lease Payments for the purpose of securing the payment of debt service on the Bonds.

**No Debt Service Reserve Fund.** There is no debt service reserve fund for the Bonds.

**Additional Parity Obligations.** Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. However, the Lease allows the Authority and County to amend the Lease’s terms, without the Trustee’s consent, for certain purposes that include obligating the County to pay additional amounts of rental if certain conditions are satisfied. See “**SECURITY FOR THE BONDS - Additional Parity Obligations.**”

**Redemption.** The Bonds are subject to redemption prior to their stated maturity dates. See “**THE BONDS - Redemption.**”

**Abatement.** The Lease provides that the obligation of the County to pay Lease Payments will be subject to abatement by reason of (i) any damage or destruction such that there is substantial interference with the use and occupancy of all or any portion of the Leased Property, or (ii) a temporary taking of the Leased Property or a permanent taking of a portion of the Leased Property.

However, to the extent proceeds of rental interruption insurance are available, Lease Payments (or a portion thereof) may be made from those sources. See "SECURITY FOR THE BONDS - Abatement" and "BOND OWNERS' RISKS - Abatement."

**Risks of Investment.** The Bonds are repayable primarily from Lease Payments and other amounts payable by the County under the Lease. For a discussion of some of the risks associated with the purchase of the Bonds, see "BOND OWNERS' RISKS."

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE 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 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

## REFINANCING PLAN

The Bonds are being issued to provide funds to (i) refinance an outstanding lease obligation of the County, pursuant to a Lease Agreement dated as of June 1, 2006 (the "**2006 Lease Agreement**"), and concurrently refinance all the outstanding 2006 Certificates that are maturing on or after June 1, 2015 ("**Refunded 2006 Certificates**"); (ii) refinance an outstanding lease obligation of the County, pursuant to a Lease Agreement dated as of December 1, 2007, as amended by a First Amendment to Lease Agreement dated as of March 1, 2010 (as amended, the "**2007 Lease Agreement**"), and concurrently refinance all or a portion of the outstanding 2007 Certificates that are maturing on or after December 1, 2016 ("**Refunded 2007 Certificates**"); see "- Refunding of the 2007 Certificates – 2007 Certificates to Be Refunded"; and (iii) pay the costs of issuing the Bonds.

### Refunding of the 2006 Certificates

**The 2006 Certificates.** The 2006 Certificates were executed and delivered to refinance the cost of various public infrastructure improvements located on real property within the boundaries of the County. The 2006 Certificates are currently outstanding in the amount of \$8,135,000.

In connection with the 2006 Certificates, the County and Placer County Public Financing Authority entered into the 2006 Lease Agreement, under which the County is obligated to pay semiannual lease payments as rental for certain property (the "**2006 Lease Payments**"). The 2006 Lease Payments were assigned to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2006 Certificates (in such capacity, the "**2006 Trustee**"). The 2006 Certificates were executed and delivered under a Trust Agreement dated as of June 1, 2006, among the County, Placer County Public Financing Authority and the 2006 Trustee ("**2006 Trust Agreement**").

Under the 2006 Lease Agreement, the County has the right to secure the prepayment of the 2006 Lease Payments on any date with an irrevocable deposit of funds that has the effect of discharging the County's obligations under the 2006 Lease Agreement. The County may also prepay the 2006 Lease Agreement on any date on or after May 15, 2014. The 2006 Certificates maturing on or after June 1, 2015 are subject to prepayment on any date after June 1, 2014, without premium.

**Proposed Refinancing.** On the date of issuance of the Bonds (the "**Closing Date**"), the County will cause to be transferred to the 2006 Trustee, for deposit into an escrow fund (the "**2006 Escrow Fund**"), an amount sufficient to prepay the 2006 Lease Payments on May 15, 2014, and the Refunded 2006 Certificates on June 1, 2014. The 2006 Trustee will hold the amounts deposited in the 2006 Escrow Fund in non-callable Federal Securities (as defined below) until required to prepay the 2006 Lease Payments. All amounts held in the 2006 Escrow Fund will be applied on May 15, 2014 to prepay the 2006 Lease Payments at a price equal to 100% of their aggregate principal amount to be prepaid together with interest accrued thereon to the prepayment date, without premium. These funds will be sufficient to prepay and redeem the Refunded 2006 Certificates in full on their prepayment date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

"**Federal Securities**" is defined in the 2006 Trust Agreement to mean:

United States Treasury notes, bonds, bills or certificates of indebtedness, or such other Certificates for which the full faith and credit of the United States of America are pledged for the payment of principal and interest, including pre-refunded municipal Certificates secured by United States Treasury notes, bonds, bills or certificates of indebtedness.

Following the prepayment of the 2006 Lease Payments and Refunded 2006 Certificates in full, the 2006 Trustee will transfer any amounts remaining on deposit in the 2006 Escrow Fund to the Trustee to be applied to pay interest next coming due and payable on the Bonds.

*The amounts held and invested by the 2006 Trustee in the 2006 Escrow Fund are pledged solely to the payment of the 2006 Lease Payments and Refunded 2006 Certificates. Neither the funds deposited in the 2006 Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.*

**2006 Certificates to be Refunded.** The Refunded 2006 Certificates consist of the following:

**2006 Certificates**  
**Base CUSIP<sup>†</sup> Number: 725907**  
**Prepayment Date: June 1, 2014**  
**Price: 100%**

Maturity Date (June 1)	Principal Amount	CUSIP Number†
2015	\$625,000	DH9
2016	640,000	DJ5
2017	670,000	DK2
2018	700,000	DL0
2019	730,000	DM8
2020	760,000	DN6
2021	795,000	DP1
2022	835,000	DQ9
2023	870,000	DR7
2024	910,000	DS5

**Refunding of the 2007 Certificates**

**The 2007 Certificates.** The 2007 Certificates were executed and delivered to provide funds to finance the cost of acquiring the South Placer Justice Center Courthouse (the “Leased Property,” as described in more detail below under “THE LEASED PROPERTY”). The 2007 Certificates are currently outstanding in the amount of \$27,035,000.

In connection with the 2007 Certificates, the County and the Placer County Public Financing Authority previously entered into the 2007 Lease Agreement, under which the County is obligated to pay semiannual lease payments as rental for certain property (the “**2007 Lease Payments**”). The 2007 Lease Payments were assigned to The Bank of New York Mellon Trust Company, N.A., as trustee for the 2007 Certificates (the “**2007 Trustee**”). The 2007 Certificates were executed and delivered under a Trust Agreement dated as of December 1, 2007, among the County, the Placer County Public Financing Authority and the 2007 Trustee (the “**2007 Trust Agreement**”).

Under the 2007 Lease Agreement, the County has the right to secure the prepayment of the 2007 Lease Payments on any date with an irrevocable deposit of funds that has the effect of discharging the County’s obligations under the 2007 Lease Agreement. The County may also prepay the 2007 Lease Agreement on any date on or after November 15, 2015. The 2007 Certificates maturing on or after December 1, 2016, are subject to prepayment on any date after December 1, 2015, without premium.

**Proposed Refinancing.** On the Closing Date, the County will cause to be transferred to the 2007 Trustee, for deposit into an escrow fund (the “**2007 Escrow Fund**”), an amount

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sufficient to prepay the 2007 Lease Payments on November 15, 2016, and the Refunded 2007 Certificates on December 1, 2015. The 2007 Trustee will hold the amounts deposited in the 2007 Escrow Fund in in Defeasance Obligations (as defined below), until required to prepay the 2007 Certificates. All amounts held in the 2007 Escrow Fund will be applied on the prepayment date to prepay the 2007 Lease Payments at a price equal to 100% of their aggregate principal amount to be prepaid together with interest accrued thereon to the prepayment date, without premium. These funds will be sufficient to pay and redeem the Refunded 2007 Certificates in full on their prepayment date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

**"Defeasance Obligations"** is defined in the 2007 Trust Agreement to mean:

(a) cash, (b) non-callable direct obligations of the United States of America ("Treasuries"), (c) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (d) subject to the prior written consent of the Municipal Bond Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (e) subject to the prior written consent of the Municipal Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, unless the Municipal Bond Insurer otherwise approves.

Following the payment and prepayment of the 2007 Lease Payments in full, the 2007 Trustee will transfer any amounts remaining on deposit in the 2007 Escrow Fund to the 2007 Trustee to be applied to pay interest next coming due and payable on the Bonds.

*The amounts held and invested by the 2007 Trustee in the 2007 Escrow Fund are pledged solely to the payment of the 2007 Lease Payments and the 2007 Certificates. Neither the funds deposited in the 2007 Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.*

**2007 Certificates to be Refunded.** The Refunded 2007 Certificates consist of the following:

**2007 Certificates**  
**Base CUSIP<sup>†</sup> Number: 725907\***  
**Prepayment Date: December 1, 2015**  
**Price: 100%**

Maturity Date (December 1)	Principal Amount	CUSIP Number <sup>†</sup>
2015	\$1,530,000	EA3
2016	1,585,000	EB1
2017	1,650,000	EC9
2018	1,715,000	ED7
2019	1,780,000	EE5
2020	1,855,000	EF2
2021	1,935,000	EG0
2022	2,015,000	EH8
2023	2,105,000	EJ4
2024	2,195,000	EK1
2025	2,295,000	EL9
2026	2,395,000	EM7
2027	2,505,000	EN5

**Estimated Sources and Uses of Funds**

The estimated sources and uses of funds relating to the Bonds are as follows:

**Sources:**

Principal Amount	\$
Plus/Less Original Issue Premium/Discount	
Less Underwriter's Discount	
Plus Money Relating to 2007 Certificates	
Plus Money Relating to 2006 Certificates	
<b>Total Sources</b>	\$

**Uses:**

2006 Escrow Fund	\$
2007 Escrow Fund	
Costs of Issuance <sup>(1)</sup>	
<b>Total Uses</b>	\$

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, printing costs, rating agency fees, fees and costs of the Trustee, Escrow Agent and Verification Agent, and other miscellaneous expenses.

\* Preliminary; subject to change.

† Copyright 2014, American Bankers Association. CUSIP data are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. None of the County, Authority or Underwriter assumes any responsibility for the accuracy of these CUSIP data.

## THE LEASED PROPERTY

Lease Payments will be made by the County under the Lease for the use and occupancy of the Leased Property, which, as described in greater detail below, consists of the South Placer Justice Center Courthouse (the "**Courthouse**").

**Description of Courthouse.** The Courthouse is located in the City of Roseville and includes a 4.6-acre parcel and 110,700 square-foot building with two above grade levels and a basement level for secure holding areas. It contains 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 consists 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, the inmate holding areas are supported by an emergency generator with automatic switching. The County acquired the South Placer Justice Center Courthouse on completion of its construction, which was in spring 2008, for a purchase price of approximately \$35,500,000.

Although the County has not undertaken an appraisal of the Leased Property, the insured value of the Leased Property as of October 15, 2012 is \$43,337,997, and the Leased Property's useful life extends at least to December 1, 2027. In the Lease, the County and Authority agree and determine that the total Lease Payments represent the fair rental value of the Leased Property.

**Courthouse Subject to Trial Court Facilities Act and Transfer Agreement.** The County holds title to the Courthouse, but its right to use the facility is subject to a Transfer Agreement between the County and the Judicial Council of California, Administrative Offices of the Courts (the "**Judicial Council**"), executed in 2008 (the "**Transfer Agreement**"). The parties entered into the Transfer Agreement as required by the Trial Court Facilities Act of 2002, commencing with Section 70301 et seq. of the Government Code of the State of California (the "**Trial Court Facilities Act**").

Under the Transfer Agreement, the County previously transferred to the Judicial Council "the perpetual, exclusive right to use and occupy the [Courthouse], subject to the terms of [the Transfer Agreement]... and the [Trial Court Facilities] Act," but not title to the facility. The Trial Court Facilities Act (in Government Code Section 70325(a)(1)) provides that "during the period and to the extent which bonded indebtedness is outstanding with respect to any court facility, the state shall not have any equity or other ownership rights in, to, or with respect to, the court facility." The Act also states (in Government Code Section 70323) that:

Subject to the provisions of Section 70325 concerning a building subject to a bonded indebtedness..., transfer of responsibility for court facilities shall be evidenced by the following change in title to the building containing those facilities: (a) ... Unless bonded indebtedness, including the legal obligation to pay the indebtedness, is transferred to the state, this subdivision does not apply so long as a court facility is subject to bonded indebtedness. Title shall transfer to the state when the bonded indebtedness is paid. For the purposes of this subdivision, bonded indebtedness includes only the bonded indebtedness existing at the time of transfer of responsibility, and any refunding of the existing

bonded indebtedness issued to achieve monetary savings to the county. Any refunding under this subdivision does not extend the original maturity date of the bonded indebtedness and may not increase the original principal amount of the indebtedness, except to pay costs relating to the refunding of the bonded indebtedness.

The Trial Court Transfer Act defines “bonded indebtedness” to include “any financial encumbrance, including, but not limited to, bonds, lease revenue bonds, certificates of participation, mortgages, liens, or loans, on a building.”

The County believes that the Bonds, on issuance, will constitute bonded indebtedness for purposes of the Trial Court Transfer Act because they would refund the 2007 Certificates, which were executed and delivered for the purpose of financing the Courthouse. The Bonds neither extend the original maturity date nor increase the original principal amount of the 2007 Certificates, and the terms of the Transfer Agreement will not prevent the Authority or the Trustee from exercising any of the remedies set forth in the Lease if an Event of Default occurs. Consequently, the County relies on the provisions of Sections 70323 and 70325(a)(1), as well as those of the Transfer Agreement, to enable it to utilize the Courthouse as the Leased Property relating to the Bonds.

### **Modifications of Leased Property**

Under the Lease, subject to the approval of the Authority, the County will have the right during the term of the Lease to make additions, modifications and improvements to the Leased Property or any portion of the Leased Property. Such additions, modifications and improvements may not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements, must be of a value that is not substantially less than its value immediately prior to the making of such additions, modifications and improvements.

### **Substitution**

Under the Lease, the County has the option at any time and from time to time, to substitute other real property (the “**Substitute Property**”) for the Leased Property or any portion thereof (the “**Former Property**”), upon satisfaction of all of the requirements set forth in the Lease, which includes (among others) the following:

- No Event of Default has occurred and is continuing.
- The County has obtained a CLTA policy of title insurance insuring the County’s leasehold estate under the Lease in the Substitute Property, subject only to Permitted Encumbrances (as defined in the Lease), in an amount at least equal to the estimated value thereof.
- The County has certified in writing to the Authority and Trustee that the Substitute Property serves the municipal purposes of the County and constitutes property which the County is permitted to lease under the laws of the State, and has been determined to be essential to the proper, efficient and economic operation of the County and to serve an essential governmental function of the County.

- The Substitute Property does not cause the County to violate any of its covenants, representations and warranties made in the Lease, nor does it impact the federal tax exemption relating to the Bonds.
- The County has filed with the Authority and Trustee a written certificate of the County or other written evidencing stating that the estimated value of the Substitute Property is at least equal to the outstanding principal amount of the Bonds, that the fair rental value of the Substitute Property is at least equal to the Lease Payments thereafter coming due and payable, and that the useful life of the Substitute Property at least extends to December 1, 2027.
- The County has mailed written notice of the substitution to each rating agency that then maintains a rating on the Bonds.

See "APPENDIX B – Summary of Principal Legal Documents."

After a substitution, the Former Property will be released from the leasehold, as appropriate. The Authority and the County will also make any amendments needed to be made to the Lease, and will enter into any necessary site or ground leases in connection with such substitution. Such amendments may be made without the consent of Bondowners. The County is not entitled to any reduction, diminution, extension or other modification of the Lease Payments as a result of a substitution.

### **Release of Leased Property**

Under the Lease, the County has the option at any time and from time to time during the term of the Lease to release from the Lease any portion of the Leased Property; provided that the County satisfies all the requirements under the Lease that are conditions precedent to such removal, which include (among others) the following:

- No Event of Default has occurred and is continuing.
- The County has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease following such release is at least equal to the Lease Payments thereafter coming due and payable.

See "APPENDIX B - Summary of Principal Legal Documents."

## **THE BONDS**

### **Authority for Issuance**

The Bonds are being issued under the Bond Law, Authority Resolution, County Resolution, and Indenture.

## General Provisions

**Bond Terms.** The Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. The Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

**Payments of Principal and Interest.** Interest on the Bonds will be payable on June 1 and December 1 in each year, beginning December 1, 2014 (each an “**Interest Payment Date**”). Principal on the Bonds will be payable on December 1 in the amounts and in the years set forth on the inside front cover of this Official Statement.

*While the Bonds are subject to the book-entry system, the principal and interest and any prepayment premium with respect to the Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the Bonds. See “- Book-Entry Only System” below.*

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Principal with respect to each Bond is payable upon surrender of such Bond at the Office of the Trustee in Los Angeles, California, upon maturity or the earlier redemption thereof.

The principal and interest on the Bonds will be payable in lawful money of the United States of America.

**Calculation of Interest.** Interest on the Bonds will accrue from the Interest Payment Date next preceding its date of authentication unless:

- (i) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto will be payable from such Interest Payment Date, or
- (ii) it is authenticated on or before the Record Date immediately preceding the first Interest Payment Date, in which event interest with respect thereto will be payable from its dated date.

However, if at the time of authentication of any Bond, interest with respect thereto is in default, interest will be payable from the Interest Payment Date to which interest has previously

been paid or made available for payment or from its dated date if no interest has been paid or made available for payment.

Interest with respect to the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months.

### **Transfer, Registration and Exchange**

See "APPENDIX B - Summary of Principal Legal Documents" for a description of the provisions of the Indenture relating to the transfer, registration and exchange of the Bonds.

### **Redemption**

**Optional Redemption.** The Bonds maturing on or before December 1, 20\_\_ are not subject to optional redemption prior to their stated maturity. The Bonds maturing on or after December 1, 20\_\_ are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on December 1, 20\_\_ and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

**Special Mandatory Redemption From Insurance or Condemnation Proceeds.** The Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds of insurance or eminent domain award with respect to the Leased Property which are not applied to repair, rebuild or replace the Leased Property as provided in the Indenture, at a redemption price equal to 100% of the principal amount to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

**Notice of Redemption; Rescission.** Notice of redemption will be mailed by the Trustee, first class, postage prepaid, not more than 60 and not less than 30 days before any redemption date, to the respective registered Owners of any Bonds designated for redemption at their addresses appearing on the registration books maintained by the Trustee and to one or more Securities Depositories and the Municipal Securities Rulemaking Board. Neither the failure to receive any notice nor any defect therein will affect the proceedings for such redemption.

The Authority has the right to rescind any notice of the redemption of Bonds described above under the heading "- Optional Redemption" by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Trust Agreement. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

**Selection of Bonds for Redemption.** Whenever provision is made in the Indenture for the redemption of less than all the Bonds of a single maturity, the Trustee will select the Bonds to be redeemed from all Bonds of that maturity to be redeemed by lot in any manner that the Trustee in its sole discretion deems appropriate. For purposes of such selection, Bonds will be

deemed to be comprised of \$5,000 portions and each portion will be subject to redemption as if such portion were a separate Bond.

***Effect of Redemption.*** If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption has been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

### **Book-Entry Only System**

The Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See "APPENDIX F - DTC and the Book-Entry Only System" for further information regarding DTC and the book-entry system.

## DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the Bonds, assuming no optional redemption.

<u>Period Ending</u>	<u>Interest</u>	<u>Principal</u>	<u>Bond Year Total</u>	<u>Fiscal Year Total</u>
12/1/14	\$	\$	\$	\$
6/1/15				
6/30/15				
12/1/15				
6/1/16				
6/30/16				
12/1/16				
6/1/17				
6/30/17				
12/1/17				
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6/1/25				
6/30/25				
12/1/25				
6/1/26				
6/30/26				
12/1/26				
6/1/27				
6/30/27				
12/1/27				
Total				

## SECURITY FOR THE BONDS

*The principal of and interest on the Bonds are not a debt of the Authority (except to the limited extent described in this Official Statement) or the County, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.*

*This section provides summaries of the security for the Bonds and certain provisions of the Indenture and the Lease. See "APPENDIX B - Summary of Principal Legal Documents" for a more complete summary of the Indenture and the Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.*

### **Pledge of Revenues**

The Bonds are payable from and secured by a pledge of Revenues and certain funds and accounts established and held by the Trustee under the Indenture. "Revenues," as defined in the Indenture, mean:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease, including, without limiting the generality of the foregoing, all the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding (i) any amounts described in the provisions of the Lease relating to permitted amendments that provide for additional rental to be pledged or assigned for the payment of bonds issued to finance or refinance projects for which the County is authorized to expend its funds, and (ii) any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease), and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Pursuant to the Assignment Agreement, the Authority has assigned to the Trustee for the benefit of the Owners of the Bonds, certain of its rights under the Lease, including its right to receive Lease Payments for the purpose of securing the payment of debt service on the Bonds.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE 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 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE COUNTY, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

### **Lease Payments; Covenant to Appropriate**

The County covenants, under the Lease, to make Lease Payments as rental for the right to use and occupy the Leased Property under the Lease. Amounts of the scheduled Lease Payments are calculated to be sufficient to pay debt service on the Bonds when due. Lease Payments will be paid by the County semiannually to the Trustee on or before the fifth Business Day immediately preceding each Interest Payment Date. Upon receipt, the Trustee will deposit the Lease Payments in the Bond Fund for the purposes of paying principal of and interest on the Bonds.

The County covenants under the Lease to take such action as may be necessary to include all Lease Payments and Additional Rental in its annual budgets and to make the necessary annual appropriations for all such rental payments. On or about July 1 of each Fiscal Year, the County will provide to the Trustee a written certificate in which it will certify that it has complied with this obligation for the Fiscal Year.

Under certain circumstances described in the Lease, however, Lease Payments are subject to abatement during periods of substantial interference with the County's use and occupancy of all or a portion of the Leased Property, as described in "– Abatement" below.

### **No Debt Service Reserve Fund**

There is no debt service reserve fund for the Bonds.

### **Abatement**

The Lease provides that the obligation of the County to pay Lease Payments will be subject to abatement by reason of (i) any damage or destruction such that there is substantial interference with the use and occupancy of all or any portion of the Leased Property, or (ii) a temporarily taking of the Leased Property or a permanent taking of a portion of the Leased Property. Such abatement will be in an amount determined by the County, such that the resulting unabated portion of the Lease Payments will represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

Notwithstanding the foregoing, under the Lease, the Lease Payments will not be subject to abatement to the extent that the proceeds from rental interruption insurance are available to pay the portion of the Lease Payments that would otherwise be abated.

### **Insurance; Condemnation**

In the event of an abatement of Lease Payments, debt service on the Bonds may, to a certain extent, be covered by insurance proceeds. The County is required to procure and maintain rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of certain hazards pursuant to the Lease. Such insurance will be in an amount at least equal to the maximum amount of Lease Payments coming due and payable during any consecutive two Fiscal Years. The Net Proceeds of such insurance, if any, will be paid to the Trustee and deposited in the Bond Fund, for application as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

The Lease also requires the County to maintain title insurance, standard commercial general liability insurance and casualty insurance with respect to the Leased Property. Any Net Proceeds under such title insurance policy will be deposited with the Trustee in the Bond Fund, to be credited towards the prepayment of the remaining Lease Payments under the Lease.

The required casualty insurance will have a coverage amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, or (b) 100% of the aggregate principal amount of the Bonds, and may be subject to such deductibles as the County deems adequate and prudent. It must, 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, and must include earthquake insurance if available at reasonable cost from reputable insurers in the judgment of the County. See "BOND OWNERS' RISKS - Seismic Events; Force Majeure." The casualty insurance may be subject to such deductibles as the County deems adequate and prudent; may be maintained as part of or in conjunction with any other insurance coverage carried by the County; and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance, provided that such insurance may not be maintained by the County in the form of self-insurance.

If all or a portion of the Leased Property is damaged or destroyed, or taken under the power of eminent domain, proceeds from the casualty insurance or the condemnation award will be deposited in the Insurance and Condemnation Fund maintained by the Trustee. The County must apply all proceeds deposited in the Insurance and Condemnation Fund to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property or to replace any Leased Property taken in eminent domain proceedings.

In the event that the Leased 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 will cease as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, the (a) the Lease continues in full force and effect with respect to the Leased Property and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary, and (b) the Lease Payments are subject to abatement in an amount determined by the County such that the resulting Lease Payments represent fair consideration of the use and occupancy of the remaining usable portions of the Leased Property. Notwithstanding the foregoing, the Lease Payments are not subject to abatement to the extent that proceeds from rental interruption insurance are available to pay Lease Payments that would otherwise be abated under the Lease.

See "BOND OWNERS' RISKS – Abatement," "– Application of Net Proceeds" and "– Risk of Uninsured Loss."

## **Covenants Regarding Transfer Agreement**

The County covenants in the Lease that the terms of the Transfer Agreement will not prevent the Authority or the Trustee from exercising any of the remedies set forth in the Lease if an Event of Default occurs. Further, in the event that the County prepays the 2007 Certificates and, as a result, causes prepayment of the Refunded 2007 Certificates such that the County is obligated to transfer the Leased Property to the State prior to the final maturity date of the Bonds, the County will take all commercially reasonable actions to substitute a new property for the Leased Property pursuant to the procedures set forth in the Lease.

## **Remedies**

If the County defaults in performance of its obligations under the Lease, the Authority or the Trustee, as assignee of the Authority, may either terminate the Lease and re-enter and re-let all or a portion of the Leased Property or may retain the Lease and hold the County liable for all payments on an annual basis and still have the right to re-enter and re-let the Leased Property without effecting a surrender of the Lease. Additionally, the Trustee may pursue remedies at law or in equity to enforce the Lease.

Although the Lease and Indenture provide that the Trustee, as assignee of the Authority, may take possession of the Leased Property if there is a default by the County, and the Lease provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, portions of the Leased Property may not be easily recoverable and, even if recovered, could be of little value to others. There can be no assurance that the Leased Property can be re-let for an amount equal to all outstanding Lease Payments. Due to the essential nature of the governmental functions of the Leased Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting. In addition, the remedy of repossession and re-letting may prove to be unavailable or not economically viable with respect to all or portions of the Leased Property because the Authority has only a leasehold or other possessory right to some of the Lease Property. Therefore, repossession of the Leased Property in such instances may not be an available remedy. In addition, assuming the Leased Property could be repossessed, it may prove functionally impossible to re-lease.

## **Additional Parity Obligations**

Under the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part. However, the Lease allows the Authority and County to amend the Lease's terms, without the Trustee's consent, for certain purposes that include obligating the County to pay additional amounts of rental for the use and occupancy of the Leased Property if:

(a) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance or refinance the acquisition or construction of any real or personal property for which the County is authorized to expend funds subject to its control,

(b) the County has obtained and filed with the Trustee an appraisal showing that the appraised value of the Leased Property is at least equal to the aggregate principal amount of the Outstanding Bonds and all such other bonds, notes, leases or other obligations, and

(c) the County has filed with the Trustee written evidence that the amendments will not of themselves cause a reduction or withdrawal of any rating then assigned to the Bonds.

## **THE AUTHORITY**

The Authority was formed pursuant to the provisions of Article I and Article 4 of Chapter 5 of Division 7 of Title I of the Government code of the State of California (the "**Act**") and a Joint Exercise of Powers Agreement, dated September 1, 1993 (the "**Joint Powers Agreement**"), by and between the County and the North Lake Tahoe Public Utility District. The Authority was formed to assist in the financing of public capital improvements, such as the design, acquisition and construction of additions, betterments and improvements to the County's facilities.

The Authority functions as an independent entity and its policies are determined by a five-member board of directors consisting of representatives of the County and North Lake Tahoe Public Utility District. Under the Joint Powers Agreement, the Authority is empowered to assist in the financing of public capital improvements through the issuance of revenue bonds in accordance with the Act. To exercise these powers, the Authority is authorized, in its own name, to do all necessary acts including, but not limited to any or all of the following: make and enter into contracts, employ agents and employees, and sue or be sued in its own name.

## **THE COUNTY**

For information about the County, including general demographic information and financial information relating to the General Fund, see "APPENDIX A - Information About the County of Placer."

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

### Article XIII A of the State Constitution

In 1978, voters in the State approved Proposition 13, adding Article XIII A to the State Constitution. Article XIII A limits the amount of any ad valorem tax on real property to 1% of its full cash value (as defined in the next paragraph) and if (i) approved by the voters prior to July 1, 1978, any additional ad valorem taxes levied to pay debt service on indebtedness or (ii) approved on or after July 1, 1978 by two-thirds of the voters voting, on bonded indebtedness for the acquisition or improvement of real property.

Article XIII A defines full cash value ("**Full Cash Value**") to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The Full Cash Value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to (i) permit reduction of the Full Cash Value base for declining property values caused by damage, destruction or other factors and (ii) 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.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies other than counties are no longer permitted to levy any property tax (except to pay voter-approved indebtedness) themselves. The 1% property tax is levied by the county and distributed, according to a formula, among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to the County continues as part of its allocation in future years.

### Article XIII B of the State Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIII B, which effectively limits the amount of the revenues those entities are permitted to spend. Article XIII B was approved by the voters in July 1979 and modified substantially by Proposition 111 in 1990.

The appropriations limit of each government entity applies to proceeds of taxes ("**Proceeds of Taxes**"), which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that they exceed "the cost reasonably borne by such entity in providing the regulation, product or service." Proceeds of Taxes excludes tax refunds and some benefit payments, such as unemployment insurance. No limit is imposed on the appropriation of funds that are not Proceeds of Taxes, such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters;

appropriations required to comply with mandates of courts or the federal government; appropriations for qualified capital outlay projects; and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following the emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services.

Proposition 111 requires that each agency's actual appropriations be tested every two years against its limit. If the aggregate amount of Proceeds of Taxes for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

For fiscal year 2011-12 the County's appropriations limit was \$887,122,961, and its actual appropriations in fiscal year 2011-12 were approximately \$153,333,382. The County's appropriations limit for fiscal year 2012-13 is \$931,340,973, and its actual appropriations in fiscal year 2012-13 were approximately \$160,588,280. The County is subject to and operating in conformity with Article XIII B.

### **Articles XIII C and XIII D of the State Constitution**

**General.** On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "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" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIII C broadly define "tax," but specifically exclude, among other things:

"(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

...

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

**Property-Related Fees and Charges.** Under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

**Initiative Power.** In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

## **Proposition 62**

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

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Gardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax.

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

## **Proposition 1A**

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004, and generally effective in 2007-08 fiscal year, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. The State may, however, approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the vehicle license fee rate currently in effect (0.65% of vehicle value) the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, as of July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of the increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the finances of the County.

## **Proposition 22**

Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 amended the State Constitution to eliminate or reduce the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues. Notwithstanding the passage of Proposition 22, the State successfully dissolved redevelopment agencies. See the discussion of the impact on the County of the redevelopment agency dissolution in APPENDIX A.

## **Assessment Appeals and Assessor Reductions**

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county

assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, State law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated. For a recent history of Proposition 8 reductions in the County, see "APPENDIX A — Information About the County of Placer – Financial Information Relating to the County's General Fund – Property Taxes."

Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62 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, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the County.

### **BOND OWNERS' RISKS**

*The following describes certain special considerations and risk factors affecting the payment of and security for the Bonds. It is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds, nor does the order necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the special factors described below along with all other information in this Official Statement when evaluating the Bonds. Investors should be aware of the possibility that other considerations could materialize in the future.*

### **Special Obligations of the Authority**

The Bonds are special obligations of the Authority and are payable solely from, and secured by, a pledge of Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of Lease Payments payable by the County under the Lease. If, for any reason, the Revenues collected under the Indenture are not sufficient to pay debt service on the Bonds, the Authority will not be obligated to utilize any other of its funds, other than moneys on deposit in the Bond Fund and certain other funds and accounts established under the Indenture, to pay debt service on the Bonds. The Authority has no taxing power.

## **No Pledge of Taxes**

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

**Limitations on Taxes and Fees.** Certain taxes, assessments, fees and charges presently imposed by the County could be subject to the voter approval requirements of Article XIIC and Article XIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The County has assessed the potential impact on its financial condition of the provisions of Article XIIC and Article XIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the County believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIC and Article XIID of the State Constitution are eliminated or substantially reduced, the financial condition of the County, including its General Fund, could be materially adversely affected.

Although the County does not currently anticipate that the provisions of Article XIIC and Article XIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIC and Article XIID of the State Constitution on the County's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

## **No Debt Service Reserve Fund**

There is no debt service reserve fund for the Bonds.

## **Additional Obligations of the County**

The County has existing obligations payable from its General Fund. See "FINANCIAL INFORMATION REGARDING THE COUNTY OF PLACER - Outstanding General Fund Obligations." The County is permitted to enter into other obligations that constitute additional charges against its revenues without the consent of Owners of the Bonds. To the extent that additional obligations are incurred by the County, the funds available to pay Lease Payments may be decreased.

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

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

### **Default; No Acceleration**

Whenever any event of default referred to in the Lease happens and continues, the Authority is authorized under the terms of the Lease to exercise any and all remedies available under law or granted under the Lease. See "APPENDIX B - Summary of Principal Legal Documents" for a detailed description of available remedies in the case of a default under the Lease.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Bonds or pay debt service on the Bonds.

The County will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

### **Abatement**

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and possession of the Leased Property, the County's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the Bonds as and when due. See "SECURITY FOR THE BONDS - Abatement" and "APPENDIX B - Summary of Principal Legal Documents."

### **Seismic Events; Force Majeure**

The areas in and surrounding the Leased Property, like those in much of California, are subject to unpredictable seismic activity; however, the County is not aware of the Leased Property having sustained material damage from earthquakes since its construction was completed.

Further, the County is obligated under the Lease to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Leased Property if available at reasonable cost from reputable insurers in the judgment of the County; however, there can be no assurance that earthquake insurance on the Leased Property, if any, can be maintained or renewed by the County in the future. If there is no earthquake insurance on the Leased Property, but the Leased Property is damaged in an earthquake, the Lease Payments would be subject to abatement. See "– Abatement."

The County's use and possession of the Leased Property may also be at risk from other events of force majeure, such as damaging storms, floods and fires, among other events; however, the Leased Property is not located in mapped flood or fire hazard zone. The County cannot predict what force majeure events may occur in the future.

## **State's Greenhouse Gas Regulation Could Affect County's General Fund**

The Governor of the State signed Assembly Bill 32, the Global Warming Solutions Act of 2006 ("AB 32"), into law on September 27, 2006. AB 32 established a comprehensive program of regulatory and market mechanisms to achieve reductions in greenhouse gas emissions, including a 2020 greenhouse emissions reduction goal. The rules established by AB 32 became effective on January 1, 2012.

Manufacturing is a significant industry within the County (see "APPENDIX A – Information about the County of Placer – General Demographic Information – Employment and Industry"). AB 32 could have an adverse impact on that industry, resulting in a strain on the County's General Fund.

The State could enact additional laws having an adverse effect on the County's economy.

## **Drought Conditions**

California is currently in the midst of the worst drought in its recorded history. On January 17, 2014, Governor Brown declared a drought in the State and requested a 20% reduction in water use statewide. Many of the employers within the County, including major employers (see "APPENDIX A – Information about the County of Placer – General Demographic Information – Major Employers") are ski resort operators whose operations could be adversely impacted as a result.

## **Change in Law**

No assurance can be given that the State electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State, in a manner that could result in a reduction of the County's revenues and, therefore, a reduction of the funds legally available to the County to make Lease Payments. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIC and Article XIID of the State Constitution."

## **State Law Limitations on Appropriations**

Article XIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the County to make Lease Payments may be affected if the County should exceed its appropriations limit. The State may increase the appropriation limit of its cities by decreasing its own appropriation limit. The County does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS - Article XIIB of the State Constitution" above.

## **Limitations on Remedies Available to Bond Owners**

The ability of the County to comply with its covenants under the Lease may be adversely affected by actions and events outside of the control of the County, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Lease or the

Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Lease and the Indenture, the rights and obligations under the Bonds, the Lease and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which 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 Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds 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.

### **Loss of Tax-Exemption**

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority or the County in violation of their respective covenants in the Lease and the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

### **Secondary Market for Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

## TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "**Tax Code**") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the County comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bond to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner

of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of Premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

### **CERTAIN LEGAL MATTERS**

Jones Hall, A Professional Law Corporation, Bond Counsel, will render one or more opinions with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the County and the Authority by Jones Hall, as Disclosure Counsel, and the Underwriter by its counsel, Schiff Hardin LLP, San Francisco, California. Certain legal matters will be passed upon for the County by County Counsel and the Authority by its counsel.

### **ABSENCE OF MATERIAL LITIGATION**

To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the County, including but not limited to the payment and performance of the County's obligations under the Lease.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Causey Demgen & Moore, P.C., Denver, Colorado (the "**Verification Agent**"), will examine the arithmetical accuracy of certain computations included in the schedules provided by the County relating to discharge of the Refunded 2006 Certificates and Refunded 2007 Certificates. See "REFINANCING PLAN."

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

## FINANCIAL STATEMENTS

Macias Gini & O'Connell LLP, Sacramento, California (the "**Auditor**"), audited the financial statements of the County for the Fiscal Year ended June 30, 2013. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX C – Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2013."

The County has not requested nor did the County obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the County.

## RATING

It is anticipated that, on the Closing Date, Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (the "**Rating Agency**"), will assign its municipal bond rating of "\_\_\_" to the Bonds.

This rating reflects only the view of the Rating Agency, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from the Rating Agency.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The County and the Authority have provided certain additional information and materials to the Rating Agency (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the Rating Agency, if in the judgment of the Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

## CONTINUING DISCLOSURE

The County will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the County by not later than March 31 after the end of each fiscal year of the County (currently June 30th), commencing with the report for fiscal year 2013-14 (the "**Annual Report**"), and to provide notices of the occurrence of certain specified events. The specific nature of the information to be contained in the Annual Report or the notices of specified events is provided in "APPENDIX D – Form of Continuing Disclosure Certificate," attached to this Official Statement. The Annual Report and notices of specified events will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access web site. These covenants have been made in order to assist the Underwriter (as defined below) in complying with Securities Exchange Commission Rule 15c2 12(b)(5).

The County has complied with all of its material obligations under existing continuing disclosure undertakings during the past five years.

### **UNDERWRITING**

Raymond James & Associates, Inc. (the “**Underwriter**”), has entered into a bond purchase agreement with the Authority and County under which the Underwriter will purchase the Bonds at a price of \$\_\_\_\_\_ (equal to the par amount of the Bonds, plus/less original issue premium/discount of \$\_\_\_\_\_, and less an Underwriter’s discount of \$\_\_\_\_\_).

The Underwriter will be obligated to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

### **PROFESSIONAL SERVICES**

In connection with the issuance of the Bonds, all or a portion of the fees payable to the following professionals involved in the offering are contingent upon the issuance and delivery of the Bonds: Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel and Disclosure Counsel; Schiff Hardin LLP, San Francisco, California, as counsel to the Underwriter; and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as Trustee and Escrow Agent.

**EXECUTION**

The execution and delivery of this Official Statement have been authorized by the Authority Board and the County Board.

**NORTH LAKE TAHOE PUBLIC  
FINANCING AUTHORITY**

By : \_\_\_\_\_  
Executive Director

**COUNTY OF PLACER**

By : \_\_\_\_\_  
County Treasurer-Tax Collector

## APPENDIX A

### INFORMATION ABOUT THE COUNTY OF PLACER

#### GENERAL DEMOGRAPHIC INFORMATION

*The following information is included only for the purpose of supplying general information regarding Placer County (the "County"). This information is provided only for general informational purposes, and provides prospective investors limited information about the County and its economic base. The Bonds are not a debt of the County, the State or any of their respective political subdivisions, and none of the County, the State or any of their respective political subdivisions is liable therefor.*

#### **General and Location**

The County, which covers an estimated area of 1,500 square miles, 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 (along with Sacramento County and El Dorado County in the three-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.

#### **Organization**

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

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

#### **Topography and Climate**

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County's northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake

Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

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

**Population**

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

**PLACER COUNTY  
Population Estimates  
Calendar Years 2009 through 2013**

Year	Placer County	California
2009	340,995	36,966,713
2010	347,133	37,223,900
2011	351,463	37,427,946
2012	355,328	37,678,563
2013	357,463	37,966,471

*Source: California State Department of Finance, Demographic Research Unit.*

**Effective Buying Income**

Effective buying income (“EBI”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of Owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State of California and the United States.

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2008 through 2012 (the most recent year for which annual data is available).

**Effective Buying Income  
As of January 1, 2008 through 2012†**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	Placer County	\$ 9,416,798	\$56,445
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Placer County	\$ 9,911,191	\$59,331
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Placer County	\$ 9,455,123	\$56,109
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Placer County	\$ 9,797,178	\$55,993
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012†	Placer County	\$ 9,955,120	\$55,173
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

† Most recent annual data available.  
Source: The Nielsen Company (US), Inc.

## Employment and Industry

The table below provides information about employment by industry type for the County for calendar years 2008 through 2012 (the most recent year for which annual data is available).

<b>PLACER COUNTY</b>					
<b>Employment by Industry</b>					
<b>Annual Averages</b>					
	2008	2009	2010	2011	2012 <sup>†</sup>
Civilian Labor Force <sup>(1)</sup>	177,300	179,800	176,900	177,900	178,800
Employment	165,900	161,000	156,600	158,800	162,000
Unemployment	11,400	18,700	20,300	19,100	16,800
Unemployment Rate	6.4%	10.4%	11.5%	10.8%	9.4%
Wage and Salary Employment <sup>(2)</sup>					
Agriculture	400	300	300	400	400
Natural Resources and Mining	100	100	100	0	0
Construction	12,300	9,200	8,400	8,100	8,400
Manufacturing	7,900	7,000	6,600	6,600	6,300
Wholesale Trade	4,200	4,000	3,700	3,700	4,100
Retail Trade	20,900	19,000	19,300	19,800	20,600
Transportation, Warehousing and Utilities	2,900	3,000	3,000	2,800	2,900
Information	2,400	2,500	2,500	2,300	2,300
Finance and Insurance	7,700	7,200	7,000	7,200	7,600
Real Estate and Rental and Leasing	3,000	2,700	2,700	2,600	2,700
Professional and Business Services	14,600	12,800	13,000	13,300	13,900
Educational and Health Services	16,700	17,100	18,100	19,300	20,400
Leisure and Hospitality	19,300	18,000	18,100	18,500	18,700
Other Services	4,700	4,700	4,500	4,700	5,000
Federal Government	700	700	800	700	700
State Government	700	800	800	800	700
Local Government	18,500	17,200	17,300	16,700	17,300
Total, All Industries <sup>(3)</sup>	136,900	126,300	126,200	126,500	131,800

† Most recent annual data available.

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Figures may not total due to rounding.

Source: State of California Employment Development Department.

## Major Employers

The table below lists the largest employers in the County as of February 2014.

### PLACER COUNTY Major Employers February 2014

Employer Name	Location	Industry
Agilent Technologies Inc	Roseville	Instruments-Measuring (Mfrs)
Alpine Meadows	Alpine Meadows	Resorts
At&t	Auburn	Telephone Companies
Composite Engineering Inc	Roseville	Engineers-Professional
K-Love Christian Music	Rocklin	Radio Stations & Broadcasting Companies
Kaiser Roseville Medical Ctr	Roseville	Hospitals
Nordstrom	Roseville	Department Stores
Northstar At Tahoe Resort	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Fire Dept	Auburn	County Government-Fire Protection
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County of Education	Auburn	Schools
Placer County Sheriff	Auburn	Sheriff
Progressive Technology	Rocklin	Machine Shops (Mfrs)
Resort At Squaw Creek	Olympic Valley	Hotels & Motels
Ritz-Carlton-Lake Tahoe	Truckee	Hotels & Motels
Roseville Golfand-Sun Splash	Roseville	Water Parks
Roseville Toyota & Scion	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Sheriff
Sure West Communications	Roseville	Long Distance Telephone Service
Sutter Roseville Medical Ctr	Roseville	Hospitals
Tami Saner & Assoc	Roseville	Real Estate
Thunder Valley Casino	Lincoln	Casinos
Unfi Western Region Div	Rocklin	Food Products (Whls)
Walmart Supercenter	Roseville	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database 2014 1<sup>st</sup> Edition

## Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2012 in the County were reported to be \$1,811,013,000, a 7.55% increase over the total taxable sales of \$1,674,371,000 reported during the first three quarters of calendar year 2011. Annual figures are not yet available for 2012.

**PLACER COUNTY**  
**Taxable Transactions**  
**Calendar Years 2007 through 2011<sup>†</sup>**  
**(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	5,065	5,553,447	11,676	7,431,405
2008	5,841	5,009,849	12,104	6,634,810
2009 <sup>(1)</sup>	7,819	4,453,186	11,135	5,796,644
2010 <sup>(1)</sup>	8,110	4,678,785	11,439	6,017,542
2011 <sup>(1)</sup>	7,803	5,112,781	11,120	6,568,195

† Most recent annual data available.

(1) Not comparable to 2007 and 2008. "Retail" category now includes "Food Services."

Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

## Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County.

### PLACER COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	2008	2009	2010	2011	2012
<u>Permit Valuation</u>					
New Single-family	\$353,462.9	\$257,838.2	\$272,263.0	230,831.8	\$431,611.6
New Multi-family	31,846.0	25,595.7	11,385.1	6,549.5	11,368.0
Res. Alterations/Additions	<u>57,459.6</u>	<u>41,270.3</u>	<u>50,586.8</u>	<u>155.8</u>	<u>35,481.3</u>
Total Residential	\$442,768.5	\$324,704.2	\$334,234.9	\$302,537.1	\$478,460.9
New Commercial	120,409.3	7,200.2	5,551.8	7,014.3	44,303.0
New Industrial	4,140.4	0.0	0.0	860.0	164.0
New Other	58,423.4	29,275.1	29,303.2	12,112.3	414.5
Com. Alterations/Additions	<u>116,531.9</u>	<u>77,101.0</u>	<u>73,789.4</u>	<u>88,639.9</u>	<u>55,512.0</u>
Total Nonresidential	\$299,505.1	\$113,576.3	\$108,644.4	\$108,626.5	\$100,393.5
<u>New Dwelling Units</u>					
Single Family	1,330	1,056	1,090	802	1,209
Multiple Family	<u>383</u>	<u>259</u>	<u>79</u>	<u>28</u>	<u>111</u>
TOTAL	1,713	1,315	1,169	830	1,320

Source: Construction Industry Research Board, Building Permit Summary.

## Transportation

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

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

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

Sacramento International Airport is located 17 miles west of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, Metro handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length. Lincoln Municipal Airport is located nine miles north of Roseville and offers fueling and

maintenance services to private aircraft. Lincoln Municipal has an elevation of 119 feet and a 6,000-foot runway. Corporate aviation and fixed based operations from Lincoln Municipal provide daily service to the San Francisco Bay area.

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

The Port of Sacramento is located approximately 38 miles from the City of Roseville. The Port handles ocean-going freighters via San Francisco Bay. Warehouses and conveyor systems are equipped with vacuum dust collectors, permitting rapid loading of ordinary dusty commodities without environmental pollution. A \$46 million expansion project will accommodate the majority of the bulk cargo vessels, as well as general container cargo vessels.

## **FINANCIAL INFORMATION RELATING TO THE COUNTY'S GENERAL FUND**

### **County Budgets**

**Budget Process.** In accordance with the applicable sections 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 for each fiscal year, which by law is required to be adopted by October 2. The County uses a two-phase process to develop its budget. In the first phase, the Board of Supervisors (the "**Board**") adopts a proposed budget each June so the County has a balanced spending plan in place when the new fiscal year begins on July 1. In the second phase, the Board holds budget workshops in August before holding a public hearing on the final budget and adopting it in September. The two-phased approach allows the County to adopt a final budget that includes updated revenue and expenditure estimates. See "- 2013-14 Budget" below for information about the County's fiscal year 2013-14 budget.

Supplemental appropriations may be made during the year by the Board if revenues are received from unanticipated or anticipated sources. Management cannot amend the budget without the Board's approval. 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 involve the addition or deletion of a project or piece of equipment must be approved by the Board. Management can make balanced adjustments within an appropriation at its discretion, within or between levels within the same budget unit, however adjustments related to capital projects and assets require Board approval.

As a legal subdivision of the State, the County is required to deliver State services, including public health, mental health and welfare, as well as County-wide services, such as public safety (jail, prosecution and probation), to all County residents. It is also required to provide municipal services to residents in its unincorporated areas, such as sheriff patrol, parks, planning, roads, and libraries.

**Impacts of State Budget.** The County receives a significant amount of its revenues from the State. Accordingly, the County is dependent on the State budget and payments made or appropriated by the State to the County for various programs. See "- State Budgets."

The State's budget for fiscal year 2012-13, for example, implemented significant policy changes that impact county operations, including the realignment of statewide program responsibilities to counties.

The Realignment significantly alters the State/County fiscal structure for a number of programs including mental health, substance abuse, social services, probation and public safety responsibilities related to AB 109. With the exception of AB 109, the Realignment changed the fiscal structure for programs already provided by the County by providing a dedicated funding stream that removes a significant portion of County dependency on the State budget. For AB 109, the Realignment shifted new programmatic responsibilities and dedicated funding intended to support them; however, it shifted some additional fiscal risk to the County due to having new programmatic responsibility. The phased opening of the South Placer Adult Correctional Facility will add 80 new prisoner beds as well as additional responsibilities for the Sheriff, Probation, and Health and Human Services Departments.

See "- State Budgets" for a description of the State's budgetary issues, as well as the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C.

**Social Services Provided by County.** As a legal subdivision of the State, the County is required to deliver state services, including public health, mental health and welfare, as well as Countywide services such as public safety (jail, prosecution and probation) to all County residents. It is also required to provide municipal services to residents in the unincorporated area such as sheriff patrol, parks, planning, roads and libraries, most of which are funded from the General Fund.

Federal health reform went into effect beginning January 1, 2014. As part of the early implementation within the State, the County has implemented a Medicaid 1115 Waiver Demonstration Program to leverage additional federal funds using already mandated County funds.

**2013-14 County Budget.** The Board approved a \$720.8 million final budget for fiscal year 2013-14 (the "FY 2013-14 County Budget") on September 10, 2013, which is \$9.3 million (or 1.3%) lower than the fiscal year 2012-13 final budget. The budgeted General Fund operating expenditures are \$381.5 million, an increase of \$17.2 million (or 4.7%) from the final fiscal 2012-13 budget. The year-over-year increase includes Federal and State funded program expansions in Health and Human Services of \$12.9 million, and 91 positions to carry out enhanced healthcare, resulting from implementation of federal health reform and State program initiatives, CalWORKS (welfare to work), CalFresh (foodstamps), and mental health services, at no cost to the General Fund. Other year over year General Fund increases include \$2.1 million in salary and benefit costs outside of the Health & Human Services Department and \$2.4 million in enhanced A-87 (federal award moneys disbursed through the County) allocated costs. They also include a \$2.1 million increase in the discretionary contribution to the Public Safety Fund, which, itself, received a revenue increase of \$1.3 million in realignment revenue and \$2.2 million in public safety sales tax (Proposition 172 funding). The increases in the General Fund operating budget are offset by various services and supplies decreases of approximately \$300,000.

The FY 2013-14 County Budget adds \$5.7 million to the General Fund reserves, enabling the County to achieve its 5% target for the first time in six years. See "- Fund Balance Policy – Reserves." The recommended General Fund contingency funding set-aside for

unanticipated expenditures or revenue shortfalls is 1.5% of General Fund operating costs, or \$5.6 million for fiscal year 2013-14. These funds may be used for operating costs or unanticipated revenue decreases.

The FY 2013-14 County Budget also funds about 2,502 employee positions, an increase of 5.3% over what was funded in the previous fiscal year.

Budgeted General Fund revenues have increased when compared to the fiscal year 2012-13 final budget; up \$19.8 million from \$339.0 million to \$358.8 million mostly due to over \$10 million in Health and Human Services Federal and State expansion, and Property Tax increases of \$5.2 million due to an increase in Countywide assessed valuation. As the local economy continues its modest recovery, increases in revenue collections related to Lake Tahoe-area Transient Occupancy Taxes (\$640,000), Real Property Transfer Taxes (\$400,000), Construction Permits (\$344,000), and Construction Inspection (\$344,000) are projected during fiscal year 2013-14.

Collections of property tax represent the single largest source of discretionary revenue available in the General Fund. Adjusting for County population and inflation, the per capita amount of property tax collected is anticipated to be at levels experienced in fiscal year 2001-02. Real property assessed valuations are not anticipated to recover to peak levels experienced just before the onset of the "Great Recession" at any time in the foreseeable future, but rather grow modestly at a rate of approximately 2.0 to 2.5%, consistent with Proposition 13 valuation growth limits and recovery of property valuation adjustments

## General Fund Budgets

**General.** The table below shows the County's general fund budget amounts for fiscal years 2012-13 and 2013-14, and actual results for fiscal year 2012-13 on a Budgetary Basis and Generally Accepted Accounting Principles (or GAAP) basis.

**Table 1**  
**COUNTY OF PLACER**  
**Statement of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**Budgeted and Actual**  
**For Fiscal Years 2012-13 and 2013-14**  
**(Dollars in Thousands)**

	Original Budget 2012-13	Amended Budget 2012-13 <sup>(2)</sup>	Actual Amounts (Budgetary Basis <sup>(2)</sup> ) 2012-13	Actual (GAAP Basis) 2012-13	Adopted Budget 2013-14	Amended Budget 2013-14
<b>Revenues:</b>						
Taxes	\$137,918	\$138,207	\$145,363	\$152,300	\$142,347	\$145,514
Licenses and permits	6,908	6,908	8,417	8,449	7,632	7,632
Fines, forfeitures and penalties	12,663	12,668	14,132	15,118	12,456	12,456
Investment earnings	2,502	2,502	477	580	2,591	2,591
Intergovernmental	125,466	138,677	139,917	192,730	135,043	144,312
Charges for services	41,085	42,005	27,258	32,824	43,801	43,825
Contributions and donations	8	8	27	254	9	9
Miscellaneous revenues	722	192	793	1,232	250	250
Total revenues	<u>\$327,272</u>	<u>\$341,167</u>	<u>\$336,384</u>	<u>\$403,487</u>	<u>\$344,129</u>	<u>\$356,428</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	\$68,070	\$68,456	\$40,221	\$46,169	\$69,563	\$70,203
Public protection	45,125	45,456	39,376	168,550	46,135	47,852
Public assistance	63,027	68,182	65,747	65,747	69,014	72,446
Health and sanitation	86,330	91,062	85,803	85,803	92,703	96,450
Recreation and cultural services	4,608	4,719	4,320	4,320	4,602	4,646
Education	343	343	326	326	350	350
Debt service	30	30	--	572	--	--
Capital outlay	395	622	364	1,349	259	269
Total Expenditures	<u>\$267,928</u>	<u>\$278,870</u>	<u>\$236,157</u>	<u>\$372,836</u>	<u>\$282,626</u>	<u>\$292,216</u>
Excess of revenues over expenditures	\$59,344	\$62,297	\$100,227	\$30,651	\$61,232	\$64,212
<b>Other Financing Sources (Uses)</b>						
Capital lease financing	--	--	--	\$555	--	--
Proceeds from sale of capital assets	\$32	\$32	7	125	--	--
Transfers in <sup>(1)</sup>	955	2,265	939	978	\$2,104	\$2,411
Transfers out <sup>(1)</sup>	(91,016)	(94,130)	(95,430)	(26,858)	(92,971)	(92,951)
Total other sources (uses)	<u>\$(90,029)</u>	<u>\$(91,833)</u>	<u>\$(94,484)</u>	<u>\$(25,200)</u>	<u>\$(90,867)</u>	<u>\$(90,540)</u>
Net change in fund balance	\$(30,685)	\$(29,536)	\$5,743	\$5,451	\$(29,635)	\$(28,739)

(1) Represents inter-fund transfers of the County. Generally, inter-fund transfers reflect funding for capital projects, re-allocations of special revenues and subsidies of various County operations. For more information, see Note 4 of the County's audited financial statements for fiscal year 2013-14, which are attached to this Official Statement as APPENDIX C.

(2) The County utilizes the budgetary basis of accounting due to implementation of GASB Statement No. 54 during fiscal year 2010-11. As a result, certain special revenue funds (Public Safety Fund, Gold Country Tourism and Promotions Fund, Lake Tahoe Tourism and Promotions Fund, and Open Space Fund) are now reported in the General Fund. For more information, see Note 2 in the section of the County's fiscal year 2012-13 Comprehensive Annual Financial Report entitled "Required Supplementary Information."

Source: County of Placer.

## Financial Statements

A copy of the County's audited financial statements is included as part of its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C.

The County has not requested nor did the County obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the County.

The County maintains 14 operating and two capital and infrastructure funds, with the General Fund being its main operating fund. In the County's audited financial statements, balance sheet information and operational results are provided separately for each of the General Fund, Low and Moderate Income Housing Asset Fund, Road Fund, and Capital Improvements Fund. Data for the other governmental funds is combined into a single, aggregated presentation.

The County's governmental fund financial statements, including those of the General Fund, are reported using the current financial resources measurement focus and 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.

Property taxes, franchise taxes, licenses, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual; so they 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.

The following table shows the historical balance sheets for the General Fund for fiscal years 2008-09 through 2012-13 based on the County's audited financial statements.

**Table 2**  
**COUNTY OF PLACER**  
**General Fund Balance Sheet**  
**For Fiscal Years 2008-09 through 2012-13**  
**(Dollars in Thousands)**

	Audited <u>2008-09</u>	Audited <u>2009-10</u>	Audited <u>2010-11</u>	Audited <u>2011-12</u>	Audited <u>2012-13</u>
<b>ASSETS:</b>					
Cash and investments	\$105,850	\$75,228	\$110,680	\$123,437	\$124,029
Restricted cash and investments	--	--	32	43	7
Deposits with others	--	--	--	9	5
Receivables (net)					
Accounts	2,813	2,798	3,606	2,746	2,492
Interest	997	568	241	225	193
Due from other funds	276	528	64	21	122
Due from other governments	80,410	72,028	80,760	66,087	78,164
Inventories	49	43	76	50	48
Prepaid items	949	1,092	1,179	958	1,343
Advances to other funds	149	106	92	45	22
Total assets	<u>\$191,493</u>	<u>\$152,391</u>	<u>\$196,730</u>	<u>\$193,621</u>	<u>\$206,425</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$29,117	\$ 17,507	\$ 24,920	\$ 17,735	\$18,493
Due to other governments	2,510	1,609	1,613	2,204	556
Deposits from others	274	198	128	133	91
Deferred revenue	20,229	26,909	39,813	22,504	--
Unearned revenue	--	--	--	--	10,772
Total liabilities	<u>52,130</u>	<u>46,223</u>	<u>66,474</u>	<u>\$42,576</u>	<u>29,912</u>
<b>Deferred inflows of resources: <sup>(1)</sup></b>					
<b>Unavailable resources:</b>					
State mandates	--	--	--	--	\$19,897
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>\$19,897</u>
<b>Fund Balances: <sup>(2)</sup></b>					
Nonspendable	--	--	1,360	1,053	1,413
Restricted	--	--	16,185	34,721	38,029
Committed	--	--	60,536 <sup>(3)</sup>	61,517 <sup>(3)</sup>	63,368 <sup>(3)</sup>
Assigned	--	--	6,752	38,148	39,246
Unassigned	--	--	45,423	15,606 <sup>(4)</sup>	14,560
<b>Reserved for:</b>					
Encumbrances	4,557	4,616	--	--	--
Inventories	49	43	--	--	--
Prepaid items	949	1,092	--	--	--
Advances to other funds	149	106	--	--	--
Imprest cash	12	10	--	--	--
Unreserved, designated for general fund	73,193	55,230	--	--	--
Unreserved, reported in general fund	60,455	45,071	--	--	--
Total fund balances	<u>139,364</u>	<u>106,168</u>	<u>130,256</u>	<u>151,045</u>	<u>156,616</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$191,493</u>	<u>\$152,391</u>	<u>\$196,730</u>	<u>\$193,621</u>	<u>\$206,425</u>

(1) In addition to liabilities, the balance sheet of governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so

will not be recognized as revenue until that time. State mandates qualify for reporting in this category. Accordingly, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- (2) During fiscal year 2010-11 the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, the County restated the beginning fund balance and reclassified the fund balance components.
- (3) Includes the County's separate committed fund balance, known as the "General Reserve," in the amount of \$9,998 for each of fiscal years 2010-11 and 2011-12 and \$12,044 for fiscal year 2012-13. See "- Fund Balance Policy - General Reserve" below.
- (4) Decrease due to inadvertent inclusion of \$33,094 in Unassigned, rather than Assigned, balance.

Source: *County of Placer Audited Financial Statements*.

The following table shows the operational results of the General Fund for fiscal years 2008-09 through 2012-13 based on the County's audited financial statements.

**Table 3**  
**COUNTY OF PLACER**  
**Statement of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**For Fiscal Years 2008-09 through 2012-13**  
**(Dollars in Thousands)**

	Audited 2008-09	Audited 2009-10	Audited 2010-11	Audited 2011-12	Audited 2012-13
<b>Revenues:</b>					
Taxes <sup>(1)</sup>	\$156,361	\$147,017	\$147,914	\$146,064	\$152,300
Licenses and permits	7,000	6,715	6,819	7,461	8,449
Fines, forfeitures and penalties	15,076	17,384	16,578	14,472	15,118
Investment earnings	6,482	5,002	2,473	3,882	580 <sup>(3)</sup>
Intergovernmental <sup>(2)</sup>	128,068	126,843	170,040	196,855	192,730
Charges for services	35,641	32,144	30,321	33,748	32,824
Contributions and donations	51	54	299	273	254
Miscellaneous revenues	743	1,276	1,323	2,101	1,352
Total revenues	349,422	336,435	375,767	404,856	403,607
<b>Expenditures:</b>					
<b>Current:</b>					
General government	55,100	50,209	45,085	48,803	46,169
Public protection	42,491	39,112	157,821	163,234	168,550
Public assistance	57,713	60,081	63,594	61,421	65,747
Health and sanitation	85,390	79,295	82,131	83,495	85,803
Recreation and cultural services	4,306	4,339	4,016	4,128	4,320
Education	314	311	325	306	326
Debt service	30	30	488 <sup>(4)</sup>	515 <sup>(4)</sup>	572 <sup>(4)</sup>
Capital outlay	1,318	805	5,914 <sup>(5)</sup>	2,231	1,349
Total Expenditures	246,662	234,182	359,374	364,133	372,836
Excess of revenues over (under) expenditures	102,760	102,253	16,393	40,723	30,771
<b>Other financing sources (uses):</b>					
Capital lease financings	--	--	354	337	555
Proceeds from sale of capital assets	5	10	467	222	125
Transfers in <sup>(6)</sup>	1,674	803	614	739	978
Transfers out <sup>(6)</sup>	(109,323)	(102,203)	(17,749) <sup>(1)</sup>	(21,232)	(26,858)
Total other financing sources (uses)	(107,644)	(101,390)	(16,314)	(19,934)	(25,200)
Special item	--	(34,058)	--	--	--
Net change in fund balance	(4,884)	(33,195)	79	20,789	5,571
Fund balance - July 1 <sup>(8)</sup>	144,247	139,363	130,177	130,256	151,045
Fund balance - June 30	\$139,363	\$106,168	\$130,256	\$151,045	\$156,616

- (1) For a breakdown of each component of taxes, see Table 4.
- (2) Described under the heading entitled "Intergovernmental Revenues" below.
- (3) Investment earnings decreased approximately 83.6% from fiscal year 2011-12 to 2012-13 due to the Treasury yield for the County Investment Pool declining from 1.5% in fiscal year 2011-12 to 1.3% in the fiscal year 2012-13, and the fair market value of the County's investments were \$7.8 million less than the book value at the end of the fiscal year 2012-13.
- (4) Increased Debt Service in fiscal years 2010-11, 2011-12 and 2012-13 is a result of capital lease payments for Public Safety vehicles.
- (5) Increase from 2009-10 reflects a \$5 million purchase for Bruin Ranch easement.
- (6) Represents inter-fund transfers of the County. Generally, inter-fund transfers reflect funding for capital projects, re-allocations of special revenues and subsidies of various County operations. For more information, see Note 4 of the County's audited financial statements for fiscal year 2013-14, which are attached to this Official Statement as APPENDIX C.

- (7) Decrease from 2010-11 reflects additional contributions for capital projects.
- (8) During fiscal year 2010-11 the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, the County restated the beginning fund balance and reclassified the fund balance components.
- Source: *County of Placer Audited Financial Statements; County of Placer*.

## **Fund Balance Policy**

**General.** The Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year. When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first, followed by the assigned, committed, and unassigned resources as they are needed. These resource designations are described under Note 1.D. to the County's financial statements, which are attached as APPENDIX C to this Official Statement.

For information about the County's investment policy, see "- Investment Policy" below. The County's investment policy is also attached to this Official Statement as APPENDIX G.

**Reserves.** The County has adopted a policy to achieve and maintain an unrestricted fund balance in the General Fund (including the separate committed fund balance known as the "General Reserve," which is discussed below) amounting to a minimum of 5% of the annual operating budget at the close of each fiscal year. This is consistent with the recommended level promulgated by the Government Finance Officers Association.

**General Reserve.** Funding for the General Reserve is appropriated annually by the Board as part of the budget approval process. As of June 30, 2013, the General Reserve balance was \$12,044,000, which is consistent with the County's policy.

The purpose of the General Reserve is to:

1. Mitigate economic downturns that reduce County general revenue;
2. Mitigate state or federal budget actions that may reduce County revenue;
3. Maintain core service levels essential to public health, safety, and welfare; and
4. Completely fund, if necessary, disaster costs or costs associated with emergencies. Only those events that have been legally declared to be a disaster at the local, state or federal level are eligible for funding from the General Reserve.

The monies in the General Reserve are separate monies used only for the purposes stated above. Any transfer of funds is approved by the Board and does not exceed the amount sufficient to balance the General Fund. Transfers require approval by 3/5 vote during budget hearings and 4/5 vote at all other times during the fiscal year in accordance with the County Budget Act.

## **Intergovernmental Revenues**

Intergovernmental revenues were the County's largest single revenue source in fiscal year 2012-13. They include grant revenues received from the State and federal governments (constituting, respectively, approximately \$57,438, or 30%, and \$53,403, or 28%, of all

intergovernmental revenues), as well as revenues from the State as payment for services that the County provided to it (constituting approximately \$39,951, or 21% of all intergovernmental revenues). Approximately \$32,913, or 17%, of these revenues are attributable services resulting from the State's realignment plan described under the heading entitled "- State Budgets - 2013-14 State Budget - Realignment." The impact of realignment on the County is described under "- County Budgets - Impact of State Budget on County."

## Taxes and Other Revenues

The County derives its revenues from a variety of sources, including ad valorem property taxes, sales and use taxes, licenses, permits, and intergovernmental revenues.

The table below shows the tax amounts received by the County in the five most recent fiscal years.

**Table 4**  
**COUNTY OF PLACER**  
**Major Tax Revenues by Source - General Governmental Activities**  
**(Dollars in Thousands)**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Property Taxes	\$152,358	\$140,797	\$134,442	\$130,114	\$129,762	\$131,537
Sale and Use Taxes	15,783	13,021	15,246	15,605	16,821	16,179
Transient Occupancy Tax	8,877	9,070	10,429	10,129	11,626	10,685
Real Property Transfer Tax	2,190	2,393	2,467	2,684	3,439	2,600
Other Taxes	31	3	27	42	28	102
Total Taxes	\$179,239	\$165,284	\$162,611	\$158,574	\$161,676	\$161,103

*Source: County of Placer.*

## Property Taxes

**General.** Property taxes represent the County's largest source of tax revenues. This section describes property tax levy and collection procedures in the County and provides certain information regarding the County's historical assessed values and major property tax payers.

**Property Tax Collection Procedures.** Taxes are levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding January 1. However, on a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as "**secured**" or "**unsecured**" and is listed accordingly on separate assessment rolls. The secured roll is that assessment roll containing locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the unsecured roll.

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation

plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions that serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas that were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, the taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a 10% penalty attaches. A \$10-cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30. The property may thereafter be redeemed by payment of the delinquent taxes, the 10% delinquency penalty, the \$28 administrative cost, a \$15 per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption. If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of 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 unsecured personal property taxes: (1) 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 judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

***Taxation of State-Assessed Utility Property.*** The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization and taxed locally. Property valued by the State Board of Equalization as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates, and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

***Other Taxing Entities.*** The County does not retain all the property taxes it collects for its own purposes, but rather, the bulk of the funds collected are disbursed to other agencies. For fiscal year 2011-12, the County retained approximately 18.19% of the total amount collected (and expects the amount for fiscal year 2012-13 to be similar). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law. Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are passed on in their entirety, less any allowable collection charges.

The County's share of the property tax will vary throughout the County depending on the presence of other taxing entities – e.g., cities, special districts, school districts and redevelopment agencies. Legislation enacted as part of the State's 2011 Budget Act eliminated redevelopment agencies, with formal dissolution effective as of February 1, 2012. See “- Elimination of Redevelopment Agency.”

**Assessed Valuation.** All property is assessed using its full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING COUNTY REVENUES AND APPROPRIATIONS” in the forepart of this Official Statement.

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

**Assessed Valuation History.** The following table shows a five-year history of the County's assessed valuation.

**Table 5**  
**COUNTY OF PLACER**  
**Assessed Valuations of All Taxable Property**  
**Fiscal Years 2008-09 to 2012-13**  
**(Dollars in Thousands)**

	Local Secured	Unsecured	Total Levy	Less Exemptions	Net Assessed Value	Change
2009-10	\$57,260,362	\$1,547,054	\$58,807,416	\$(2,233,993)	\$56,573,423	--
2010-11	53,939,158	1,474,633	55,413,791	(2,375,477)	53,038,314	(6.25)%
2011-12	52,239,149	1,527,027	53,766,176	(2,297,247)	51,468,929	(2.96)
2012-13	52,177,644	1,489,791	53,667,435	(2,359,959)	51,307,476	(0.30)
2013-14	55,240,227	1,558,720	56,798,947	(2,346,711)	54,452,236	6.13

Source: Placer County Auditor-Controller.

**Proposition 8.** Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(a)(2)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value, and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The following tables show summaries of Proposition 8 reductions for (i) residential parcels in the County and (ii) all parcels in the County in the past five years. The information in the tables' columns is cumulative from year to year.

**Table 6  
COUNTY OF PLACER  
Summary of Proposition 8 Reductions  
Tax Roll Years 2009 through 2013  
All Parcels**

<b>Tax Roll Year</b>	<b>Parcel Count</b>	<b>Net Assessed Value</b>	<b>Peak Assessed Value <sup>(1)</sup></b>	<b>Change</b>	<b>Total Decline</b>	<b>% of Parcels</b>
2009	174,088	\$56,573,483,173	\$65,297,453,813	\$(8,723,970,640)	(13.36)%	69.64%
2010	172,697	53,038,314,299	65,331,189,197	(12,292,874,898)	(18.82)	93.14
2011	172,209	51,468,928,675	65,927,521,868	(14,458,593,193)	(21.93)	92.51
2012	172,623	51,307,476,072	67,220,718,144	(15,913,242,072)	(23.67)	95.29
2013	173,230	54,452,236,134	67,568,429,987	(13,116,193,853)	(19.41)	70.39

(1) Peak assessed value is defined as a parcel's highest value after its most recent sale. If a parcel is assessed for a lower value after its most recent sale, then the sales price becomes the peak value.

Source: Placer County Assessor.

**Table 7  
COUNTY OF PLACER  
Summary of Proposition 8 Reductions  
Tax Roll Years 2009 through 2013  
Residential Parcels**

<b>Tax Roll Year</b>	<b>Parcel Count</b>	<b>Net Assessed Value</b>	<b>Peak Assessed Value <sup>(1)</sup></b>	<b>Change</b>	<b>Total Decline</b>	<b>% of Parcels</b>
2009	151,607	\$44,676,045,810	\$51,307,996,887	\$(6,631,951,077)	(12.93)%	70.92%
2010	146,635	41,553,403,577	49,794,846,176	(8,241,442,599)	(16.55)	94.37
2011	147,989	42,006,009,696	51,423,708,128	(9,417,698,432)	(18.31)	93.16
2012	147,275	40,538,723,026	51,058,082,227	(10,519,359,201)	(20.60)	96.75
2013	147,126	43,340,139,362	51,342,157,450	(8,002,018,088)	(15.59)	71.84

(1) Peak assessed value is defined as a parcel's highest value after its most recent sale. If a parcel is assessed for a lower value after its most recent sale, then the sales price becomes the peak value.

Source: Placer County Assessor.

**Foreclosure.** The table below shows a summary of foreclosure activity in the County from calendar years 2009 through 2013. The information it contains was provided by MDA DataQuick Information Systems.

**Table 8  
COUNTY OF PLACER  
Summary of Foreclosure Activity  
Calendar Years 2009 through 2013**

	Notice of Default					Trustee Deeds (Foreclosures)				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	2013	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Auburn	443	386	279	238	101	150	217	215	125	70
Colfax	131	108	121	79	40	54	61	62	59	26
Lincoln	1,141	797	664	431	156	531	515	425	239	95
Loomis	168	143	113	101	20	49	64	71	35	16
Rocklin	861	705	552	406	135	306	345	328	184	70
Roseville	<u>2,007</u>	<u>1,569</u>	<u>1,277</u>	<u>935</u>	<u>311</u>	<u>754</u>	<u>825</u>	<u>827</u>	<u>486</u>	<u>145</u>
Subtotal Incorporated	4,751	3,708	3,006	2,190	763	1,844	2,027	1,928	1,128	422
Unincorporated	<u>819</u>	<u>716</u>	<u>614</u>	<u>445</u>	<u>173</u>	<u>318</u>	<u>657</u>	<u>319</u>	<u>229</u>	<u>93</u>
Total County	5,570	4,424	3,620	2,635	936	2,162	2,684	2,247	1,357	515
Percent Change	--	(20.6%)	(18.2%)	(27.2%)	(64.5%)	--	24.1%	(16.3%)	(39.6%)	(62.0%)

Source: MDA DataQuick Information Systems.

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**Major Property Taxpayers.** The following table shows the twenty largest taxpayers in the County, based on their secured assessed valuations in fiscal year 2013-14.

**Table 9  
COUNTY OF PLACER  
Largest 2013-14 Secured Taxpayers  
(Dollars in Thousands)**

Property Owner	Primary Land Use	2013-14 Assessed Value	% of Total (1)	Total Taxes
Pacific Gas & Electric Co.	Utilities, Public And Private	\$476,411,755	0.87492%	\$7,121,360.10
Roseville Shoppingtown LLC	Shopping Center	389,315,948	0.71497	4,357,139.34
LV Bickford Ranch LLC	Vacant, All Types-Not Asgnd	223,637,079	0.41070	2,540,567.64
Hewlett Packard Co	Heavy Industrial	134,977,790	0.24788	1,479,412.20
Cellco Partnership DBA	Utilities, Public And Private	101,939,604	0.18721	1,523,997.08
Cpt Creekside Town Center LLC	Shopping Center	88,282,040	0.16213	1,164,843.28
Surewest Telephone	Utilities, Public And Private	81,256,383	0.14922	1,214,782.92
Union Pacific Railroad Company	Utilities, Public And Private	79,911,867	0.14676	1,035,023.14
Slate Creek Roseville LLC	Apartments, 4 Units Or More	79,749,000	0.14646	876,630.16
California Pacific Electric Company, LLC	Utilities, Public And Private	75,504,975	0.13866	1,128,799.38
Bep Roseville Investors LLC	Office General	75,400,000	0.13847	856,172.41
Meridian Apartments LP	Apartments, 4 Units Or More	70,599,019	0.12965	1,139,496.78
Pacific Bell Telephone Co	Utilities, Public And Private	65,828,021	0.12089	967,370.28
Roseville Fountains LP	Shopping Center	64,122,292	0.11776	1,662,302.40
Trimont Land Company Et Al	Ski Facility	62,167,176	0.11417	696,197.30
Mgp X Properties LLC	Shopping Center	60,435,000	0.11099	1,054,372.28
Sierra Pacific Industries	Timberland, Zoned Tpz	49,629,205	0.09114	509,503.40
Timberpine Holdings LLC	Heavy Industrial	47,500,000	0.08723	520,537.04
Kw-Northstar Ventures LLC	Hotels, Motels, Resorts	44,261,210	0.08128	755,704.84
Ace Hardware Corporation	Warehouse	43,560,380	0.08000	482,204.08
<b>TOTAL:</b>		<b>\$2,314,488,744</b>		<b>\$31,086,416.05</b>

(1) Fiscal year 2013-14 Local Secured Assessed Valuation: \$56,054,646,388.  
Source: Placer County Assessor.

**Teeter Plan.** Beginning in 1993-94, the Board 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 Auditor-Controller is authorized to pay 100% of the secured property taxes billed to the taxing agencies within the County, so that participating agencies receive their full levy of current secured taxes regardless of delinquency rate, subject to roll corrections during the year. The County recognizes property tax receivables and revenues in the period for which the taxes are levied.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal

depository of the tax collections. 1915 Act bond debt service levies and Mello-Roos taxes are not covered by the County's Teeter Plan.

The following table shows a five-year history of property tax levies and delinquencies as of both fiscal year-end and February 1, 2014.

**Table 10**  
**COUNTY OF PLACER**  
**Secured Property Tax Roll**  
**Levies and Collections**  
**For Fiscal Years 2008-09 through 2012-13 <sup>(1)</sup>**

Fiscal Year	Secured Property Tax Levy	Amounts Delinquent as of Fiscal Year-End	% of Levy Delinquent as of Fiscal Year-End	Amounts Delinquent as of February 1, 2014	% of Levy Delinquent as of Feb. 1, 2014
2008-09	\$727,312,939	\$30,196,856	4.15%	\$1,098,187	0.15%
2009-10	707,342,532	22,275,569	3.15	1,845,341	0.26
2010-11	686,391,752	14,505,975	2.11	2,155,126	0.31
2011-12	678,064,695	11,035,359	1.63	3,320,354	0.49
2012-13	681,319,116	8,005,102	1.17	3,409,948	0.50

(1) Taxes for the County, cities, special districts, school districts and redevelopment agencies included in the totals. See "- Property Taxes - Other Taxing Entities" above.

Source: *Placer County Treasurer-Tax Collector.*

The Teeter Plan is to remain in effect (i) unless the Board orders its discontinuance; (ii) 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 or (iii) except that the County may discontinue the Teeter Plan with respect to any underlying agency if delinquencies within the jurisdiction of that agency exceed 3%. 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.

### Sales and Use Taxes

**General.** Sales taxes represent the second largest source of tax revenue to the County (approximately 10.40% of general governmental tax revenues in 2012-13). See "- Taxes and Other Revenues Above." This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State. The County currently projects \$16,179,000 in sales tax revenue for fiscal year 2013-14, which would be a decrease of approximately \$642,000, or 3.80%, from the prior year.

**Sales and Use Tax Rates.** The County collects a percentage of taxable sales within its jurisdiction (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax. As part of the State's 2003-04 Budget, the State Legislature authorized, and the voters of the State approved, a redirection of sales tax revenues from local jurisdictions (including the County) to the State in the amount of

0.25% of the basic 1.0% local sales tax rate, starting July 1, 2004. The State uses these revenues to pay debt service on its economic recovery bonds. Under the California Economic Recovery Act, which includes legislation commonly referred to as the “Triple Flip,” the State redirected certain property taxes in the Education Augmentation Revenue Fund (“ERAF”) to local governments, including the County, to compensate for the redirection on a “dollar for dollar” basis. Under this legislation, along with the guarantees provided by the passage of Proposition 1A in November 2004, the County expects that it will not experience any significant fiscal impacts resulting from the Triple Flip.

Due to voter approval of Proposition 30 in November 2012, the statewide base sales and use tax rate increased one quarter of one percent (0.25%) on January 1, 2013. The higher tax rate will apply for four years – from January 1, 2013 through December 31, 2016.

Currently, taxable transactions in the County are subject to the following sales and use taxes. The County’s share is only a portion. See “- Property Taxes - Other Taxing Entities.” The County currently has no voter-approved taxes that are additional to the total Statewide sales and use tax rate. The components of the County’s sales and use tax rate are shown below.

**Table 11  
COUNTY OF PLACER  
Sales and Use Tax Rates  
January 1, 2014**

State (General Fund)	3.9375%
State (Local Revenue Fund 2011)	1.0625
State (Fiscal Recovery Fund)	0.2500
State (Local Revenue Fund)	0.5000
State (Local Public Safety Fund))	0.5000
State (Education Protection Account)	0.2500
Local (City and County Operations)	0.7500
Local (County Transportation Funds)	<u>0.2500</u>
Total State-Wide Tax Rate	7.5000%
 Total County of Placer Tax Rate	 7.5000%

*Source: California State 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.

Certain transactions are exempt from the State sales and use tax. These include sales of the following products:

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

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's June 2005 Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found at the State Board of Equalization's website at [www.boe.ca.gov](http://www.boe.ca.gov).

**Sales Tax Collection Procedures.** Collection of the sales and use tax is administered by the California State Board of Equalization. According to the State Board of Equalization, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

Using the prior year's quarterly tax allocation as a starting point, the State Board of Equalization first eliminates nonrecurring transactions such as fund transfers, audit payments, and refunds. Then it adjusts for growth and the state tax in order to establish the estimated base amount. The State Board of Equalization distributes 90% of the base amount to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter's actual receipts. It withholds 10% as a reserve against unexpected occurrences that can affect tax collections (for example, earthquake, fire, or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents 40%. One advance payment is made each month, and the quarterly reconciliation payment (cleanup) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, state tax adjustment, prior advances, and the current advance are provided with each quarterly cleanup payment.

Under the State's Sales and Use Tax Law, all sales and use taxes collected by the State Board of Equalization under a contract with any city, city and county, redevelopment agency, or county are required to be transmitted by the State Board of Equalization to such city, city and county, redevelopment agency, or county periodically as promptly as feasible. These transmittals are required to be made at least twice in each calendar quarter.

Under its procedures, the State Board of Equalization projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the County on a monthly basis. The amount of each monthly advance is based upon the State Board of Equalization's quarterly projection. During the last month of each quarter, the State Board of Equalization adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the County in administering the County's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the County.

### **Transient Occupancy Tax**

Pursuant to State and Revenue Taxation Code Section 7280 and Placer County Ordinance 5006-B, the County currently levies a transient occupancy tax on hotel and motel bills. The tax is levied at a rate of 10% or 8%, depending on the location of the occupied unit. See Table 4 under the heading "- Taxes and Other Revenues" for a five-year history of transient occupancy tax revenues.

### **State Budgets and Its Impact on the County**

**General.** On January 9, 2014, Governor Brown presented a budget package for fiscal year 2014-15 (the "**2014-15 Proposed Budget**") that included \$151 billion in spending from the General Fund and special funds, representing an \$11 billion increase over the revised 2013-14 level, and a \$2.3 billion reserve at the end of fiscal year 2014-15. The 2014-15 Proposed Budget uses much of the large projected growth – primarily attributable to increases in personal income tax collections – to pay down \$6.2 billion in school and community college deferrals. The 2014-15 Proposed Budget includes \$1.6 billion in payments for the State's prior economic recovery bonds. The Governor also proposes a rainy-day fund measure be brought before the voters on the November 2014 ballot. The rainy-day fund would base deposits on capital gains-related revenues.

The Legislative Analyst's Office's ("**LAO**") Overview of the Governor's Budget dated January 13, 2014 praised the Governor's emphasis on debt repayment and stated that the 2014-15 Proposed Budget would place California on an even stronger fiscal footing. In addition to the proposed rainy day fund, the LAO suggests that the State begin setting aside funds in fiscal year 2014-15 to address the STRS unfunded liabilities.

The execution of the 2014-15 Proposed State Budget may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (ii) litigation risk associated with proposed spending reductions, (iii) rising health care costs and (iv) other factors, all or any of which could cause the revenue and spending projections made in 2014-15 Proposed State Budget to be unattainable. There can be no assurances that the 2014-15 Proposed State Budget or future State budgets will not adversely affect the County. Additionally, the County cannot predict the accuracy of any projections made in the 2014-15 Proposed State Budget. To the extent that the 2014-15 Proposed State Budget or future State budget processes results in reduced revenues to the County, the County will be required to make adjustments to the General Fund budget. A decrease in State revenues may have an adverse impact on the County's ability to repay the Lease Payments.

Information about the 2014-15 Proposed State Budget and other State budgets is regularly available at various State-maintained websites. The Legislative Analyst Office has published an impartial analysis of the budget at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State 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](http://www.treasurer.ca.gov). *The County can take no responsibility for the continued accuracy of the aforementioned website addresses or for*

*the accuracy, completeness or timeliness of the information posted there, and such information is not incorporated in this Official Statement by such reference.*

**Realignment.** In 2011, the State legislature made a number of changes to realign certain State program responsibilities and revenues to local government, and primarily counties. In total, the realignment shifted approximately \$6 billion in State sales tax revenues, vehicle license fee revenues, and (on a one-time basis) Mental Health Services Fund revenues to local governments to fund various criminal justice, mental health, and social service programs. As part of the fiscal year 2012-13 State budget, the State legislature approved a number of changes to the funding structure and programs in the realignment, including without limitation establishing an ongoing funding structure for the programs realigned in 2011. For information about the impact of the realignment, see “- County Budgets - Impacts of State Budget.”

**Elimination of Redevelopment Agency.** State legislation enacted as part of the 2011 Budget Act, and upheld by the California Supreme Court (as amended, the “**Dissolution Act**”), resulted in the formal dissolution of redevelopment agencies, including the Placer County Redevelopment Agency (the “**Former Redevelopment Agency**”), effective as of February 1, 2012. All tax increment that would have been allocated to the Former Redevelopment Agency is now allocated to the Redevelopment Successor Agency of Placer County, as established by the County Auditor-Controller under the Dissolution Act. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County general fund.

The Former Redevelopment Agency had a total outstanding principal amount of \$16,650,000 in bonded debt as of August 1, 2013, as well as other recognized payment obligations. For information about the Former Redevelopment Agency and Redevelopment Successor Agency of Placer County, see Note 15 of the County’s audited financial statements for fiscal year 2012-13, which is attached to this Official Statement as APPENDIX C.

The County does not expect the Former Redevelopment Agency’s dissolution to adversely affect its operations or ability to pay Lease Payments.

*The State has not entered into any contractual commitment with the County or the owners of the Bonds to provide State budget information to the County or the owners of the Bonds. Although the County believes the State sources of information listed above are reliable, the County assumes no responsibility for the accuracy of the State budget information set forth or referred to in this Official Statement.*

### **Outstanding Debt of the General Fund**

Provided below is a summary of long-term obligations payable from the General Fund.

**Capital Leases.** The County is currently a party to capital lease agreements as the lessee for financing the acquisition or construction of administrative buildings, fire trucks, helicopters, equipment and vehicles. The related assets and obligations have been recorded using the County’s incremental borrowing rate at the inception of the leases.

On April 9, 2009, a lease purchase certificate in the amount of \$1,500,000 was issued by the Authority and purchased by the County Treasurer-Tax Collector to finance a portion of the costs for a helicopter acquisition. The lease purchase certificate is facilitated by a lease purchase agreement with the Authority.

On December 1, 2010, the County entered into a lease/purchase agreement with Bank of America in the amount of \$8,165,000 with an average interest rate of 3.41% to refinance the cost of constructing the juvenile detention facility and jail kitchen refunding and refund \$8,945,000 of the outstanding 1998 and 1994 Certificates of Participation with an average interest rate of 4.7%.

The carrying amount of assets acquired under capital leases totaled \$7,771,000 at June 30, 2013. The future obligations and net present value of these minimum lease payments as of June 30, 2013, were as follows:

**Table 12**  
**COUNTY OF PLACER**  
**Capital Lease Payments**  
**(Dollars in Thousands)**

Fiscal Year Ending June 30	Principal	Interest	Total Lease Payment
2014	\$1,149	\$ 309	\$1,458
2015	1,104	262	1,366
2016	1,022	220	1,242
2017	719	184	903
2018	629	160	789
2019-2023	3,065	470	3,535
2024-2027	1,170	67	1,237
Total	\$8,858	\$1,672	\$10,530

**Certificates of Participation.** The County's only outstanding lease obligations, the 2006 Certificates and 2007 Certificates, are being refunded using a portion of the proceeds of the Bonds, as described under the heading entitled "REFINANCING PLAN" in the forepart of this Official Statement.

**Direct and Overlapping Debt.** Numerous overlapping local agencies provide public services to properties in the County; many of these local agencies have outstanding debt. The direct and overlapping debt (the "**Debt Report**") of the County as of February 27, 2014, as shown in Table 13, was prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed this report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County in whole or in part.

**Table 13**  
**Direct and Overlapping Bonded Debt**  
**(As of February 27, 2014)**

2013-14 Assessed Valuation: \$56,054,646,388 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/15/14</u>
Sierra Joint Comm. College Dist. School Facilities Improvement Dist. No. 1	65.563%	\$20,325,168
Los Rios and Yuba Joint Community College Districts	0.043 & 0.085	265,862
Rocklin Unified School District	100.000	66,757,748
Tahoe-Truckee Joint USD* and School Facilities Improvement Dist. Nos. 1 and 2	38.848 & 89.500	249,316,280
Other Unified School Districts	Various	7,977,766
Placer Union High School District	100.000	30,549,040
Roseville Joint Union High School Dist. and School Facilities Improvement Dist. No. 1	100.000	84,971,628
Dry Creek Joint School District	70.224	31,803,913
Roseville City School District	100.000	25,409,632
Other High School and School Districts	Various	10,770,203
City of Colfax	100.000	31,000
Tahoe Forest Hospital District	65.585	64,597,946
Sierra Lakes County Water District	100.000	180,000
Community Facilities Districts	100.000	679,732,637
1915 Act Bonds (Estimate)	100.000	<u>62,453,773</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$1,135,142,596</b>

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

<b>Placer County General Fund Obligations</b>	<b>100. %</b>	<b>\$41,755,000<sup>(1)</sup></b>
Placer County Office of Education Certificates of Participation	100	1,815,000
Community College District Certificates of Participation	0.043-74.593	7,640,111
Western Placer Unified School District Certificates of Participation	99.988	129,054,512
Other Unified School District Certificates of Participation	Various	19,766,170
Union High School District Certificates of Participation	94.151-100	8,395,416
Auburn Union School District Certificates of Participation	100.	37,428,580
Roseville City School District Certificates of Participation	100.	10,495,000
Other School District Certificates of Participation	100.	8,161,967
City of Lincoln General Fund Obligations	100.	20,775,000
City of Roseville Certificates of Participation	100.	16,570,000
Other City General Fund and Pension Obligations	100.	6,735,000
Auburn Area Recreation and Park District Certificates of Participation	100.	120,000
Placer Mosquito and Vector Control District Certificates of Participation	100.	<u>4,110,000</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$312,821,756</b>

OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES): 100. % \$96,455,000

**COMBINED TOTAL DEBT** \$1,544,419,352<sup>(2)</sup>

(1) Excludes the Bonds and capital leases other than December 2010 lease/purchase agreement with Bank of America.

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

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.03%
<b>Total Direct Debt (\$41,755,000)</b>	<b>0.07%</b>
Combined Total Debt	2.76%

Ratios to Redevelopment Incremental Valuation (\$2,287,124,480):

Total Overlapping Tax Increment Debt	4.22%
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Source: California Municipal Statistics, Inc.

## Employee Relations

The County had 2,798 authorized, and 2,211 filled, positions at the beginning of fiscal year 2013-14, of which approximately 239 were sworn deputy sheriff personnel. The County has no fire personnel, but contracts for fire protection services with CalFire.

The County's employees are represented by two bargaining units, the Placer Public Employee Organization, which represents professional and general employees, and the Deputy Sheriffs Association, which represents sheriff sergeants and deputies and district attorney investigators and welfare fraud investigators. A table summarizing certain information about these organizations is provided below.

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Contract Expiration</u>
Placer Public Employee Organization	1,882	December 31, 2013
Deputy Sheriffs Associations	242	December 31, 2015

The Board implemented greater participation by employees in their health insurance premium and pension cost sharing with the last set of contract negotiations. In 2009, years in advance of State actions, the Board approved a second pension platform according under which new employees would pay 100% of their pension cost and earn a reduced pension benefit. More recently the Governor signed AB 640 into law, which established new, lower retirement formulas for defined benefit pension plans and set a maximum allowable benefit amount for employees hired after January 1, 2013.

## Risk Management

The County uses programs of self-insurance for workers' compensation and general liability claims. Under these programs, the County is self-insured for the following risks up to the deductible amount per claim as follows: Workers' Compensation, \$300,000 and General Liability, \$1,000,000. The County purchases commercial insurance for claims in excess of the preceding coverage amounts and for all other risks of loss.

See Note 11 in the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C, for additional information about the County's risk management practices.

## Employee Retirement System

**Retirement Plan.** The County contributes to the Public Employees' Retirement System of the State ("CalPERS"), an agent multiple-employer public employee retirement program that acts as a common investment and administrative agent for participating entities within the State of California. The County's Safety and Miscellaneous Plans are part of the Public Agency portion of CalPERS. 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. Copies of CalPERS annual financial reports may be obtained from its Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

All full and part-time permanent County employees, and certain extra help employees who have worked over 1,000 hours in a fiscal year, are eligible to participate in CalPERS. Elected officials may participate at their own option. Benefits vest after five years of service. To be eligible for retirement, an employee must be at least 50 years of age and have five years of CalPERS credit service.

Safety employees hired on or prior to March 12, 2011, who retire at age 50 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their average monthly pay rate for the highest consecutive paid 12 months of employment, for each year of credited service up to a maximum of 30 years or 90%. Safety employees hired on or after March 13, 2011, who retire at 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their average monthly pay rate for the highest consecutive paid 12 months of employment, for each year of credited service up to a maximum of 30 years or 90%.

Miscellaneous employees hired on or prior to March 12, 2011, who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their average monthly pay rate for the highest consecutive paid 12 months of employment. Miscellaneous employees hired on or after March 13, 2011, who retire at age 55 with five years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to 2% of their average monthly pay rate based on the highest or final 3 year average compensation earned during employment with the County.

CalPERS also provides death and disability benefits to plan members and beneficiaries. These benefit provisions and all other requirements are prescribed by a contract between the County and CalPERS.

**Funding Policy.** Employees under the Miscellaneous Plan are required to contribute 7% or 8% of their annual covered salary, depending on their tier within the plan; employees under the Safety Plan are required to contribute 9% of their annual covered salary. 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 ending June 30, 2014, the employer contribution rate is 20.790% for the Miscellaneous Plan and 30.378% for the Safety Plan; however, between March 1 and June 30, a change in the actuarial and billing process in accounting for the contribution and credits/payments from the Public Employees Retirement Fund (PERF) to the Replacement Benefit Fund (RBF) created a one-time temporary rate reduction to 18.810% for the Miscellaneous Plan and 28.031% for the Safety Plan.

The Placer Public Employee Organization's represented employees, the majority of the County's workforce, pay 100% of their employee pension contribution of 7% or 8% for Miscellaneous Plan members or 9% for Safety Plan members. For employees hired prior to January 1, 2011, as part of its compensation to Deputy Sheriff Association ("DSA")-represented employees, the County pays 7% of the 9% for Safety and 6% of the 8% for Miscellaneous Plan members. DSA employees hired after January 1, 2011, pay 100% of their employee pension contribution of 7% or 8% (Miscellaneous) or 9% (Safety). In addition, the County pays 7% of the 8% employee contribution for management and confidential employees and the full 9% employee pension contribution for safety management employees, however members hired in these employee groups on or after January 1, 2011, pay their full employee pension contribution.

**Annual Pension Cost.** For the fiscal year ended June 30, 2013, the County's annual pension cost of \$39,764,000 for CalPERS was equal to the County's required and actual contributions. The required contribution for the fiscal year ended June 30, 2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percentage of covered payroll. For a five-year history of County's contributions to each plan, see Table 14. The actuarial assumptions included the following for the Miscellaneous Plan and Safety Plan: (a) a rate of return on investments (net of administrative expenses) of 7.75%, (b) inflation of 3.00%, (c) payroll growth of 3.25%. Projected salary increases under the Miscellaneous Plan were 3.55% to 14.45%, and the Safety Plan were 3.55% to 13.15%, depending on age, service and type of employment.

The actuarial value of each Plan's assets was determined using techniques that smooth the effects of short-term, volatility in the market value of investments over a 15-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 average remaining period for the Miscellaneous Plan and the Safety Plan at June 30, 2012 was 30 years. The actuarial assumptions included in the June 30, 2012 actuarial valuation, the County's most recent valuation, are the same as the actuarial assumptions in the June 30, 2010 valuation, which was used in establishing the County's annual required contribution for the fiscal year ended June 30, 2013. The actuarial assumptions included the following for the Miscellaneous Plan and Safety Plan: (a) a rate of return on investments (net of administrative expenses) of 7.50%, (b) inflation of 2.75%, (c) payroll growth of 3.00%. Projected salary increases under the Miscellaneous Plan and Safety Plan were 3.30% to 14.20%, depending on age, service and type of employment.

Shown below is information on the annual pension costs and percentage of annual pension cost contributed for the County's Safety Plan and Miscellaneous Plan.

**Table 14**  
**COUNTY OF PLACER**  
**Trend Information for CALPERS**  
**(Dollars in Thousands)**

Fiscal Year	Miscellaneous Plan		Safety Plan	
	Annual Pension Cost ("APC")	Percentage of APC Contributed	Annual Pension Cost ("APC")	Percentage of APC Contributed
2008-09	\$28,319	100%	\$10,751	100%
2009-10	27,940	100	10,500	100
2010-11	27,867	100	10,386	100
2011-12	31,212	100	12,205	100
2012-13	27,840	100	11,924	100

**Funded Status and Funding Progress.** As of June 30, 2012, the most recent actuarial valuation date, the Miscellaneous Plan was 74.9% funded. The actuarial accrued liability for benefits was \$923,168,000, and the actuarial value of plan assets was \$691,246,000, resulting in an unfunded actuarial accrued liability ("UAAL") of \$231,922,000. The covered payroll (annual payroll of active employees covered by the Miscellaneous Plan) was \$133,076,000 and the ratio of the UAAL to the covered payroll was 174.3%.

As of June 30, 2012, the most recent actuarial valuation date, the Safety Plan was 71.4% funded. The actuarial accrued liability for benefits was \$297,290,000 and the actuarial value of plan assets was \$212,361,000, resulting in a UAAL of \$84,929,000. The covered payroll (annual payroll of active employees covered by the Safety Plan) was \$34,511,000, and the ratio of the UAAL to the covered payroll was 246.1%.

The table below shows the recent history of the actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability to payroll for the County. More information is available in Note 8 of the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013, which is attached to this Official Statement as APPENDIX C.

**Table 15**  
**COUNTY OF PLACER**  
**Trend Information for CalPERS**  
**(Dollars in Thousands)**

<u>Miscellaneous Plan</u>							
<u>Valuation Date</u>	Actuarial Value <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL/Excess <u>Assets</u>	Funded <u>Ratio</u>	Estimated Covered <u>Payroll</u>	UAAL as a % of Covered <u>Payroll</u>	Market Value of <u>Assets</u>
6/30/2009	\$576,943	\$764,659	\$187,716	75.5%	\$148,099	126.8%	\$420,086
6/30/2010	612,423	814,891	202,468	75.2	143,817	140.8	480,595
6/30/2011	652,418	876,895	224,477	74.4	138,892	161.6	582,592
6/30/2012	691,246	923,168	231,922	74.9	133,076	174.3	579,736

<u>Safety Plan</u>							
<u>Valuation Date</u>	Actuarial Value <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL/Excess <u>Assets</u>	Funded <u>Ratio</u>	Estimated Covered <u>Payroll</u>	UAAL as a % of Covered <u>Payroll</u>	Market Value of <u>Assets</u>
6/30/2009	\$174,175	\$241,986	\$67,811	72.0%	\$32,682	207.5%	\$127,343
6/30/2010	185,851	257,354	71,503	72.2	33,064	216.3	146,695
6/30/2011	199,047	279,994	80,948	71.1	33,120	244.4	178,918
6/30/2012	212,361	297,290	84,929	71.4	34,511	246.1	179,343

**Recent CalPERS Actions.** On March 14, 2012, the CalPERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.5%. As a result of such discount rate decrease, among other things, in fiscal year 2012-13, (i) the amounts of CalPERS member state and schools employer contributions increased by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans and (ii) the amounts of CalPERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning in fiscal year 2013-14. More information about the CalPERS discount rate adjustment and the resulting impacts can be accessed through CalPERS's web site at [www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml](http://www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml). *The reference to this Internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the County and is not incorporated herein by reference.*

The CalPERS Board adjustment has been undertaken in order to address underfunding of the CalPERS funds, which arose from significant losses incurred as a result of the economic

crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. The County is unable to predict what the amount of CalPERS liabilities will be in the future, or the amount of the CalPERS contributions that the County may be required to make.

At its April 17, 2013 meeting, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for fiscal year 2015-16.

The table below shows projected employer contribution rates (before cost sharing) for the next five fiscal years, assuming CalPERS earned 12% for fiscal year 2012-13 and 7.50% every fiscal year thereafter, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2015-16. Consequently, these projections do not take into account potential rate increases from likely future assumption changes. Nor do they take into account the positive impact PEPRA (defined and discussed below under the heading entitled “- Pension Reform Act of 2013 (Assembly Bill 340)”) is expected to gradually have on the normal cost.

**Miscellaneous Plan**

	New Rate for Fiscal Year 2014-15	<u>Projected Future Employer Contribution Rates for Fiscal Year</u>				
		2015-16	2016-17	2017-18	2018-19	2019-20
Contribution Rates:	21.466%	22.500%	23.500%	24.500%	25.500%	26.600%

**Safety Plan**

	New Rate for Fiscal Year 2014-15	<u>Projected Future Employer Contribution Rates for Fiscal Year</u>				
		2015-16	2016-17	2017-18	2018-19	2019-20
Contribution Rates:	30.283%	31.400%	32.600%	33.700%	34.900%	36.000%

On February 18 2014, the CalPERS Board of administration approved contribution increases for its contracting local agency employers, including the County, that are scheduled to take effect on July 1, 2015, be phased in over five years and be spread over 20 years

***Pension Reform Act of 2013 (Assembly Bill 340).*** On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees’ Pension Reform Act

of 2013 (“PEPRA”) and amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. PEPRA (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual CalPERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least 50% of the costs of their CalPERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with CalPERS)

The provisions of PEPRA went into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the County, have a five-year window to negotiate compliance with PEPRA through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of CalPERS pension benefits, up to 8% of pay for civil workers and 11% or 12% for public safety workers. The County has already implemented PEPRA.

CalPERS predicts that the impact of PEPRA on employers, including the County, and employees will vary, based on each employer’s current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, CalPERS notes that changes arising from PEPRA could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about PEPRA can be accessed through CalPERS’s website at [www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST](http://www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST). *The reference to this website is shown for reference and convenience only; the information contained within the website may not be current and has not been reviewed by the County and is not incorporated herein by reference.*

### **Other Post-Employment Retirement Benefits**

**Plan Description.** The County contributes to the California Employers' Retiree Benefit Trust (“CERBT”), an agent multiple employer plan administered by CalPERS. See “- Employee Retirement System” above for information about how to obtain CalPERS’ publicly available Comprehensive Annual Financial Report.

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. The County provides post retirement medical and dental benefits to employees who retire directly from the County after age 50 and with five years of County service and 10 years of CalPERS service if hired after January 1, 2005. Eligible retirees can continue participation in the medical and dental plans, with the County contributing up to a cap, which varies by bargaining unit. The following table shows a history of the number of retirees and beneficiaries receiving benefits, terminated plan members and active plan members based on the most recent actuarial valuations.

Actuarial Valuation Dated as of June 30,	Beneficiaries Receiving Benefits	Terminated Plan Members Entitled to But Not Yet Receiving Benefits	Active Plan Members
2006	896	Not reported	2,464
2009	1,207	263	2,500
2011	1,367	130	2,304
2013	1,507	194	2,214

The County contributes the one-party premium rate for dental insurance coverage for employees retiring on or after July 1, 2000, and the retiree is responsible for all dependent premiums. Employees hired on or after November 23, 2010, are not eligible to participate in the dental plan at retirement.

**Funding Policy.** During the fiscal year ended June 30, 2013, the County contributed \$37,629,000 to the other post-employment benefits (“OPEB”) plan. Of this amount, the County paid \$11,779,000 to retirees during the year and \$25,850,000 to the CERBT. The purpose of these contributions was to cover the annual required contribution rate of approximately \$7,000 per employee (excluding extra help) and to prefund as determined annually. In addition, County departments are required to prefund a portion of the final estimated OPEB obligation in the amount of approximately \$37,000 for each new employee hired from outside the County.

**Annual OPEB Cost and Net OPEB Obligation.** The Annual Required Contribution (“ARC”) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s Net OPEB obligation:

<u>Dollars in Thousands</u>	
Annual required contribution	\$ 27,891
Interest on net OPEB obligation	(3,559)
Adjustment to annual required contribution	<u>3,080</u>
Annual OPEB cost (expense)	27,412
Contributions (benefit payments)	<u>(37,629)</u>
Increase in net OPEB obligation	(10,217)
Net OPEB obligation – beginning of year	<u>(46,767)</u>
Net OPEB obligation – end of year	(56,984)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

<u>Dollars in Thousands</u>			
<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009-10	\$24,532	253%	\$37,555
2010-11	24,832	114	41,603
2011-12	26,532	117	46,767
2012-13	27,412	137	56,984

**Funded Status and Funding Progress.** As of June 30, 2013, the most recent valuation date, the plan was 57% funded. The schedule of funding progress is as follows:

<u>Dollars in Thousands</u>	
Actuarial accrued liability (AAL)	\$316,085
Actuarial value of plan assets	<u>180,202</u>
Unfunded actuarial accrued liability (UAAL)	\$135,883
Funded ratio (actuarial value of plan assets/AAL)	57.0%
Covered payroll (active Plan members)	\$171,129
UAAL as a percentage of covered payroll	79.4%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the County's June 30, 2013 actuarial valuation, the actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions include a 7.61% investment rate of return, which is PER's assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of approximately 10% percent initially, reduced by decrements of approximately 1% per year to an ultimate rate of 5% in the tenth year. Both rates included a 3% inflation assumption and assumed the County's payroll will increase 3.25% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 26-year fresh-start amortization. The assumptions used to determine the funded progress and status as of June 30, 2013, are the same assumptions used to determine the annual required contribution for the fiscal year ended June 30, 2013.

**Investment Policies and Procedures**

The Placer County Treasurer's Pool (the "Pool") is invested in accordance with California State Government Code section 53600 et seq. The Treasury Review Panel is charged with overseeing activity in the Pool for compliance to policy and code requirements. To this end, the Treasury Review Panel reviews the monthly investment report and causes a compliance audit of investments to occur annually. Certain special districts and all public school districts are required by legal provisions to deposit their funds with the County Treasurer. The Pool consists almost entirely of those districts and includes 92% involuntary participants at June 30, 2013.

Pursuant to California Government Code Section 53646, the County Treasurer prepares investment policy guidelines that are approved by the Treasury Review Panel and the Board annually. The objectives of the policy are, in order of priority, safety of principal, liquidity, and yield. All investments are made in accordance with the California Government Code Section 53601 and, in general, the Treasurer's policy is more restrictive than State law. The County's current investment policy attached APPENDIX G to this Official Statement. **[February 28 report to come.]**

**Table 16  
COUNTY OF PLACER  
Investment Portfolio as of February 1, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat./Call	YTM/C
Certificates of Deposit – Bank						
Local Agency Investment Funds						
Federal Agency Coupon Securities						
Federal Agency Callables						
<hr/>						
<b>Cash and Accrued Interest</b>						
Accrued Interest at Purchase						
Ending Accrued Interest						
Subtotal						
<hr/>						

*Source: County of Placer.*

**APPENDIX B**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX C**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ \_\_\_\_\_  
NORTH LAKE TAHOE PUBLIC FINANCING AUTHORITY  
2014 Refunding Lease Revenue Bonds  
(2006 and 2007 Lease Refinancing)

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the COUNTY OF PLACER (the "County"), for and on behalf of itself and the North Lake Tahoe Public Financing Authority (the "Authority"), in connection with the issuance by the Authority of the bonds captioned above (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of April 1, 2014 (the "Indenture"), between The Bank of New York Mellon Trust Company, N.A., as trustee, and the Authority.

The County covenants and agrees as follows:

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

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

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

"*Annual Report Date*" means the date that is nine months after the end of the County's fiscal year (currently March 31 based on the County's fiscal year end of June 30).

"*Dissemination Agent*" means the County, or any successor Dissemination Agent, designated in writing by the County and which has filed with the County a written acceptance of such designation.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the County in connection with the issuance of the Bonds.

*"Participating Underwriter"* means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

### Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The County shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the County hereunder.

(b) If the County does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the County shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

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

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The County's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the

final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the County for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the County for the most recent completed Fiscal Year, including information showing tax revenue collections by source;

(ii) information showing the aggregate principal amount of long-term bonds, leases and other obligations of the County that are payable out of the General Fund of the County, as of the close of the most recent completed Fiscal Year;

(iii) information concerning the assessed valuation of properties within the County from the most recently available County Assessor's Roll, showing the valuation for secured and unsecured property;

(iv) information showing the total secured property tax levy and actual amounts collected for the most recent completed Fiscal Year;

(v) table showing General Fund tax revenues by source; and

(vi) information showing the balance sheet of the General Fund of the County as of the close of the most recent completed Fiscal Year, including categorized assets, liabilities and reserved and unreserved fund balances.

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

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The County shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the County or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the County or an obligated person, or the sale of all or substantially all of the assets of the County or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall, or shall cause the Dissemination Agent (if not the County) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The County acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The County shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the County obtains knowledge of the

occurrence of any of these Listed Events, the County will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the County will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County. Any Dissemination Agent may resign by providing 30 days' written notice to the County.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

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

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the County fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the County hereunder, and shall not be deemed to be acting in any fiduciary capacity for the County, the Bond holders or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Section 15. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of California.

Date: \_\_\_\_\_, 2014

COUNTY OF PLACER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: North Lake Tahoe Public Financing Authority

Name of Issue: North Lake Tahoe Public Financing Authority 2014 Refunding Lease Revenue Bonds (2006 and 2007 Lease Refinancing)

Date of Issuance: \_\_\_\_\_, 2014

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated \_\_\_\_\_, 2014. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

DISSEMINATION AGENT:

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**APPENDIX E**  
**FORM OF OPINION OF BOND COUNSEL**

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's

MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, 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, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

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

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

**APPENDIX G**  
**INVESTMENT POLICY**

**AGREEMENT FOR LEGAL SERVICES**

**BETWEEN COUNTY OF PLACER AND  
JONES HALL, A PROFESSIONAL LAW CORPORATION,  
FOR BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES  
IN CONNECTION WITH ISSUANCE OF THE NORTH LAKE TAHOE PUBLIC  
FINANCING AUTHORITY REFUNDING LEASE REVENUE BONDS (2006 AND  
2007 LEASE REFINANCINGS)**

This AGREEMENT FOR LEGAL SERVICES is entered into this \_\_\_\_ day of March 2014, between the COUNTY OF PLACER (the "Client") and JONES HALL, A PROFESSIONAL LAW CORPORATION, San Francisco, California ("Attorneys").

*BACKGROUND:*

1. The Client is proceeding to refinance two series of outstanding certificates of participation, one executed and delivered in 2006 and one executed and delivered in 2007 (the "Outstanding Certificates").
2. The Client has proposed to cause the North Lake Tahoe Public Financing Authority (the "Authority"), of which Client is a member, to issue the North Lake Tahoe Public Financing Authority Refunding Lease Revenue Bonds (2006 and 2007 Lease Refinancings) to refinance the Outstanding Certificates.
3. In order to effectuate the issuance and sale of the Bonds, the Client requires the services of nationally recognized bond counsel and disclosure counsel.

*AGREEMENT:*

In consideration of the foregoing and the mutual covenants contained in this Agreement, the Client and Attorneys agree as follows:

Section 1. Attorney-Client Relationship. Upon execution of this Agreement, the Client will be Attorney's client, and an attorney-client relationship will exist between Client and Attorneys. Attorneys' services as bond counsel and disclosure counsel are limited to those contracted for in this Agreement; the Client's execution of this Agreement will constitute an acknowledgment of those limitations. Attorneys' representation of the Client will not affect, however, our responsibility to render an objective Bond Opinion.

Section 2. Scope of Engagement as Bond Counsel. Attorneys shall perform all of the following services as bond counsel in connection with the issuance and sale of the Bonds for the purpose of refinancing the Outstanding Certificates:

- a. Consultation and cooperation with Client, Client staff, Authority, and Authority staff to assist in the formulation of a coordinated financial and legal issuance of the Bonds.
- b. Preparation of all legal proceedings for the authorization, issuance and delivery of the Bonds; including (a) preparation of a resolutions of the governing board of the Client and governing board of the Authority

authorizing the issuance and sale of the Bonds and approving related documents and actions, (b) preparation of all financing documents, including a lease agreement and indenture of trust, (c) preparation of all documents required for the closing of the issue, (d) supervising the closing, and (e) preparation of all other proceedings incidental to or in connection with the issuance and sale of the Bonds.

- c. Advising the Client, from the time Attorneys are hired as Bond Counsel until the Bonds are issued, as to compliance with federal tax law as required to ensure that interest on the Bonds is exempt from federal income taxation.
- d. Upon completion of proceedings to Attorneys' satisfaction, providing a legal opinion (the "Bond Opinion") approving the validity and enforceability of the proceedings for the authorization, issuance and delivery of the Bonds, and stating that interest on the Bonds is (a) excluded from gross income for purposes of federal income taxes and (b) exempt from California personal income taxation. The Bond Opinion will be addressed to the Client and Authority, and may also be addressed to the underwriter of the Bonds and other participants in the financing.
- e. Review those sections of the official statement or other form of offering or disclosure document to be disseminated in connection with the sale of the Bonds involving summary descriptions of the Bonds, the legal proceedings leading to the authorization and sale of the Bonds, the legal documents under which the Bonds will be issued, and federal tax law and securities law provisions applicable to the Bonds, as to completeness and accuracy.
- f. Assist the Client in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.
- g. Such other and further services as are normally performed by bond counsel in connection with similar financings.

Attorneys' Bond Opinion will be delivered by Attorneys on the date the Bonds are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date, will cover certain matters not directly addressed by such authorities, and will represent Attorneys' judgment as to the proper treatment of the Bonds for federal income tax purposes. Attorneys' opinion is not binding on the Internal Revenue Service ("IRS") or the courts. Attorneys cannot and will not give any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986 (the "Code"), the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Client acknowledges that future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Attorneys will express no opinion regarding any pending or proposed federal tax legislation.

In rendering the Bond Opinion, Attorneys will rely upon the certified proceedings and other certifications of public officials and other persons furnished to Attorneys without undertaking to verify the same by independent investigation, and Attorneys will assume continuing compliance by the Client with applicable laws relating to the Bonds.

Section 3. Scope of Engagement as Disclosure Counsel. Attorneys shall perform all the following services as disclosure counsel in connection with the issuance and sale of the Bonds for the purpose of refinancing the Outstanding Certificates:

- a. Prepare the Official Statement (both preliminary and final) or other disclosure documents in connection with the offering of the Bonds.
- b. Confer and consult with the officers and administrative staff of the Client and Authority as to matters relating to the Official Statement.
- c. Attend all meetings of the Client and Authority and any administrative meetings at which the Official Statement is to be discussed, deemed necessary by Attorneys for the proper exercise of their due diligence with respect to the Official Statement, or when specifically requested by the Client to attend.
- d. On behalf of the Client, prepare the bond purchase contract pursuant to which the Bonds will be sold to the underwriter and a continuing disclosure certificate of the Client to assist the underwriter with complying with Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12").
- e. Subject to the completion of proceedings to the satisfaction of Attorneys, provide a letter of Attorneys addressed to the Client, Authority and underwriter that, although Attorneys are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and make no representation that Attorneys have independently verified the accuracy, completeness or fairness of any such statements, no facts have come to Attorneys' attention that cause Attorneys to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Bond Insurance Policy and the Insurer, and information concerning the Depository Trust Company and the book-entry system for the Bonds, contained or incorporated by reference in the Official Statement and the appendices to the Official Statement, which Attorneys will expressly exclude from the scope of this sentence) as of the date of the Official Statement or the date hereof contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 4. Scope of Engagement for Continuing Disclosure Due Diligence. Attorneys shall perform due diligence in order to determine whether the Client and Authority are currently in compliance with their continuing disclosure obligations over the past five years in accordance with paragraph (f)(3) of Rule 15c2-12. Attorneys shall prepare a report summarizing their conclusions and deliver it to the Client, Authority and underwriter.

Section 5. Excluded Services. Our duties in this engagement are limited to those expressly set forth above in Section 2 and Section 3, except as expressly set forth in a written amendment to this Agreement. Among other things, our duties do not include:

- a. Preparing requests for tax rulings from the Internal Revenue Service, or “no-action” letters from the Securities and Exchange Commission.
- b. Preparing blue sky or investment surveys with respect to the Bonds.
- c. Except as described in paragraph 2(b) above, drafting state constitutional or legislative amendments.
- d. Pursuing test cases or other litigation, such as contested validation proceedings, except as set forth above.
- e. Making an investigation or expressing any view as to the creditworthiness of the Client or the Bonds.
- f. After Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking under Securities and Exchange Commission Rule 15c2-12.
- g. Representing the Client in Internal Revenue Service examinations, audits or inquiries, or Securities and Exchange Commission investigations.
- h. After Closing, unless specifically requested to do so by Client, and agreed to by Attorneys, providing continuing advice to the Client or any other party concerning any actions that need to be taken regarding the Bonds; e.g., actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- i. Reviewing or opining on the business terms of, validity, or federal tax consequences of any investment agreement that the Client may choose as an investment vehicle for the proceeds of the Bonds, unless the Client and Attorneys agree on the terms of such review and compensation for such review.
- j. Reviewing or opining on the business terms of, validity, or federal tax consequences of any derivative financial products, such as an interest rate swap agreement, that the Client may choose to enter into in connection with the issuance of the Bonds, unless the Client and Attorneys agree on the terms of such review and compensation for such review.
- k. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

Section 6. Conflicts; Prospective Consent. Attorneys represent many political subdivisions, investment banking firms and financial advisory firms. It is possible that during the time that Attorneys are representing the Client, one or more of Attorneys present or future

clients will have transactions with the Client. It is also possible that Attorneys may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. Attorneys do not believe such representation, if it occurs, will adversely affect Attorneys' ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this Agreement will signify the Client's consent to Attorneys' representation of others consistent with the circumstances described in this paragraph.

Section 7. Compensation. For the bond counsel services performed by Attorneys under Section 2 above, the Client will pay Attorneys a flat fee of \$55,000.

For the disclosure counsel services performed by Attorneys under Section 3 above, the Client will pay Attorneys a flat fee of \$35,000.

For the continuing disclosure due diligence services performed by Attorneys under Section 4 above, the Client will pay Attorneys a flat fee of \$2,500.

In addition, the Client shall pay to Attorneys all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Attorneys in connection with their bond counsel services hereunder, up to a maximum of \$1,500.

Payment of Attorneys' fees and expenses is entirely contingent on the successful issuance of the Bonds, will be due and payable upon the delivery of the Bonds and will be payable solely from the proceeds of the Bonds and from no other funds of the Client, and is due upon the issuance of the Bonds. The fee is not set by law, but is negotiable between Attorneys and Client.

Section 8. Responsibilities of the Client.

(a) General. The Client will cooperate with Attorneys and furnish Attorneys with certified copies of all proceedings taken by the Client and Authority, or otherwise deemed necessary by Attorneys to render an opinion upon the validity of the proceedings. During the course of this engagement, Attorneys will rely on Client and Authority to provide Attorneys with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. Attorneys are not responsible for costs and expenses incurred incidental to the actual issuance and delivery of the Bonds, including the cost of preparing certified copies of proceedings required by Attorneys in connection with the issuance of the Bonds, and printing and publication costs.

(b) Federal Tax Law-Related Responsibilities. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. As a condition of Attorneys issuing their opinion, you will be required to make certain representations and covenants to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. Attorneys' opinion will assume the accuracy of these representations and compliance with these

covenants. Attorneys will not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. In this regard, Client agrees to familiarize itself with the relevant requirements and restrictions necessary for the Bonds to qualify for exemption from federal income taxation and to exercise due diligence both before and after issuance of the Bonds in complying with these requirements.

Section 9. Independent Contractor. Attorneys will act as an independent contractor in performing the services required under this Agreement, and under no circumstances shall Attorneys be considered an agent, partner, or employee of the Client.

Section 10. Assignment. Attorneys may not assign their rights or delegate their obligations under this Agreement, in whole or in part, except with the prior written consent of the Client.

Section 11. Termination of Agreement.

(a) Termination by Client. This Agreement may be terminated at any time by the Client with or without cause upon written notice to Attorneys.

(b) Termination by Attorneys. This Agreement may be terminated by Attorneys upon 15 days' written notice to Client if Client fails to follow written legal advice given by Attorneys.

(c) Termination Upon Issuance of Bonds. This Agreement shall terminate upon the issuance of the Bonds.

(d) Consequences of Termination. In the event of termination, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys.

Section 12. Entire Agreement. This Agreement represents the entire agreement of the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Client and Attorneys have executed this Agreement as of the date first above written.

**COUNTY OF PLACER**

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Jenine Windeshausen,  
Treasurer-Tax Collector

**JONES HALL, A PROFESSIONAL LAW  
CORPORATION**

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Christopher K. Lynch,  
Vice President

