

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



To: The Board of Supervisors
From: Jenine Windeshausen, Treasurer-Tax Collector
Date: February 9, 2010
Subject: Placer mPOWER AB 811 Program Financing Documents and Contracts for Software Application

Action Requested:

- 1) Adopt a resolution authorizing and approving the issuance of Bonds by the Placer County Public Financing Authority (the "Authority"), approving the execution of a Loan Agreement between the Authority and the County on behalf of the Placer mPOWER Program and other financing documents to provide financing for the Placer mPOWER Program.
- 2) Adopt a resolution authorizing and approving the issuance of a note to provide financing for the Placer mPOWER Program administrative costs.
- 3) Authorize the Treasurer-Tax Collector to negotiate a contract in an amount not-to-exceed of \$109,708 for the purchase of Sire Active Review module including related professional services, training and annual maintenance costs; approve the sole source award to LR Hines Consulting, Inc.; authorize the Purchasing Manager to execute the resulting contract with LR Hines Consulting, Inc. upon County Counsel approval; and authorize the Treasurer-Tax Collector, Director of Administrative Services and the Purchasing Manager to take all other actions necessary to implement the project.

Background:

On December 8, 2009 and January 26, 2010, the Board of Supervisors took actions related to the implementation of Placer mPOWER, a financing program under AB 811 and AB 474. The purpose of the program is to provide financing for energy efficiency, water conservation and distributed renewable energy generation improvements to be made on developed residential, commercial/industrial and agricultural parcels. The financing provided to property owners is secured by an assessment contract and the amortized repayment is collected in twice yearly installments via the annual property tax bills. The Board actions to date include adoption of the Placer mPOWER Resolution of Intention, a resolution confirming the Program Report and Administrative Guidelines and authorizing other actions related to implementation of program administration.

Bond Resolution: The resolution before the Board today is related to the program financing. Specifically the resolution provides that the Board:

1. make a finding that public benefit is derived from the issuance of the bonds,
2. approve the form of the Loan Agreement and authorize execution,
3. approve the sale of the Bonds to the Treasurer-Tax Collector,
4. authorize the purchase of the Bonds, having a maturity beyond five years, by the Treasurer-Tax Collector on behalf of the Treasurer's Investment Pool,
5. authorize the Treasurer-Tax Collector to act as Trustee for the Bonds,

6. approve, confirm and ratify all actions taken by County officers and agents related to the issuance of the bonds and execution of the Loan Agreement, and authorize and direct designated officers of the County to take the actions necessary to finance the Placer mPOWER program,
7. authorize the initiation of validation proceedings with respect to the Indenture, the Loan Agreement, the Bond(s), and related documents.

The Bonds will be issued by the Placer County Public Financing Authority (the "Authority") in a separate action. Coincident with the issuance of the Bonds the Authority will enter into the Loan Agreement with the County in order to advance the bond proceeds from the Authority to the County. The County will use the proceeds from the Loan Agreement to make funds available for property owner assessment financing and for program costs including financing costs. The bond will be issued as a draw down bond and will be utilized on a line of credit basis as needed to fund approved assessment financings and program expenses.

Note Resolution: The note resolution authorizes the issuance of a thirteen month note, not to exceed \$5 million at 0.55% to finance the administrative costs of the Program. The note will be purchased by the Treasurer for the Treasurer's Investment Pool and is not transferable to another note purchaser. Specifically, the resolution provides for:

1. the issuance of the note in an amount not to exceed \$5 Million,
2. an interest rate of 0.55%,
3. a maturity not to exceed thirteen months,
4. prepayment at anytime without penalty,
5. increases on the principal amount as may be necessary to finance program costs,
6. the note proceeds to be used to pay the costs of administering the Placer mPOWER Program,
7. the deposits and accounting necessary for repayment of the note,
8. authorization of the Chairman of the Board, the County Executive, the Treasurer-Tax Collector and the Clerk of the Board to execute the note and to take any other actions necessary to consummate the note transaction.

On October 6, 2009, the Board considered a Feasibility Study and heard a proposal on an AB 811 program for Placer County. The delay in cost recovery for an AB 811 program was detailed in the Feasibility Study and outlined in the proposal presentation. The delay in cost recovery is due to the timing of the assessment financing advances to property owners in relation to the property tax roll preparation, and billing cycle. Because of this cost recovery delay, it is anticipated that a short-term note will need to be issued in each of the next three to four years to finance the Program administration.

Software Program Background: On May 8, 2007 your Board approved the award of a competitively bid contract KN020760 to LR Hines Consulting, Inc. for the purchase of the SIRE Technologies Document Management System in the amount of \$716,265 to support a county wide effort to create, store, and retain digital copies of paper records. These records (which can include supplementary non-paper files such as audio and video recordings, spreadsheets, or virtually any electronic file type) are "indexed" with

descriptive tags that make them quick and easy to retrieve. This type of system is widely used in government and private enterprise to improve the management of work processes, comply with legislation, accommodate internal information needs, improve customer service, increase productivity, and expand the internal flow of information.

The Treasurer-Tax Collector has identified a need to expand the current SIRE Technologies Document Management System to include an Active Review Module. The Department will be utilizing this module to implement Placer mPOWER, a financing program that allows constituents on-line access to the application and review process.

On January 26, 2010 LR Hines Consulting, Inc., an authorized SIRE Technologies Document Management System provider, provided the Department with a proposal in the amount not to exceed of \$109,708.00 for the Active Review Module including all related professional services, training and annual maintenance costs. The Administrative Services Department's Information Technology Division has determined the proposal to be technically compliant with County standards and is in support of this purchase. LR Hines Consulting has been successfully maintaining the County's SIRE Technologies Document Management System for the past several years and is fully qualified to provide the Active Review Module.

In accordance with the Purchasing Policy Manual Section 1.3(i) data processing, telephone, reprographic goods, services and equipment, maintenance and training are exempt from the competitive bidding process. LR Hines Consulting, Inc.'s proposal meets this criterion and as such your Board's approval of a sole source award contract in the amount not to exceed of \$109,708.00 is being requested.

Fiscal Impact:

There is no fiscal impact on the General Fund. The resolution authorizes certain financial transactions. Those financial transactions are related to bonds transacted through the Treasurer's Investment Pool and a Loan Agreement between the Authority. The bond terms provide for repayment to be made from the Authority to the Treasurer's Investment Pool with interest. The Loan agreement from the Authority provides for the County to repay the loan from the assessments collected with interest. Program costs are recovered from interest charges collected on the assessments.

Attachments:

Bond Resolution
Note Resolution

Reference:

Indenture in substantially final form (attached to Authority Board Item)
Loan Agreement in substantially final form (attached to Authority Board Item)

Cc: Clark L. Moots, Director of Administrative Services
Jim Boggan, Procurement Manager

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

In the matter of:

Resol. No: _____

Authorizing the execution and delivery of a Loan Agreement for the purpose of financing the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property, and providing other matters properly relating thereto

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 February 9, 2010 .

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, the Placer County Public Financing Authority (the "Authority") is a joint powers authority duly organized and existing under that certain Joint Exercise of Powers Agreement, dated May 9, 2006, by and between the County of Placer (the "County") and the Placer County Redevelopment Agency, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code

of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to issue bonds for the purpose of making loans to local agencies, to the extent those local agencies are authorized by law to borrow moneys, when the loan proceeds will be used by the local agencies to pay for public capital improvements; and

WHEREAS, the County is authorized to borrow money under Sections 5898.22 and 5898.28 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29") to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "Authorized Improvements"), and the Authorized Improvements constitute "public capital improvements" pursuant to the Bond Law; and

WHEREAS, on December 8, 2009, the Board of Supervisors of the County (the "Board of Supervisors") adopted Resolution No. 2009-343, entitled "Declaring the County of Placer's Intention to Finance Distributed Generation Renewable Energy Sources, and Energy Efficiency Improvements and Water Efficiency Improvements Through the Use of Contractual Assessments Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and Setting a Public Hearing Thereon" (the "Resolution of Intention"), to initiate proceedings under Chapter 29 to establish the "Placer money for Property Owner Water & Energy Efficiency Retrofitting Program" (the "Program"), pursuant to which the County will enter into contractual assessments to finance the installation of Authorized Improvements as described in the Resolution of Intention; and

WHEREAS, by the Resolution of Intention, the Board of Supervisors provided that one or more series of bonds or other financing instruments or relationships would be issued under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act"); and

WHEREAS, on January 26, 2010, after holding a duly noticed public hearing at which interested persons were allowed to object to or inquire about the proposed Program or any of its particulars, the Board of Supervisors adopted Resolution No. 2010-22, entitled "Resolution Confirming Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency and Water Efficiency Improvements and Approving and Ordering Other Related Matters," (the "Resolution Confirming Program Report"), pursuant to which the Board of Supervisors, among other things, (i) confirmed and approved a report (the "Program Report") addressing all of the matters set forth in Section 5898.22 of Chapter 29, (ii) established the Program, and (iii) authorized execution of agreements ("Assessment Contracts") with the owners of property in the County (the "Program Area") to provide for the levy of contractual assessments to finance installation of Authorized Improvements; and

WHEREAS, for the purpose of providing moneys to fund a loan to the County (the "Loan"), the proceeds of which Loan the County will use to finance the installation of Authorized Improvements on property in the County (the "Participating Parcels"), the Authority has determined to issue its Placer County Public Financing Authority Revenue Bonds(Placer mPOWER Program) (the "Bonds"); and

WHEREAS, as a condition precedent to the issuance of the Bonds by the Authority, Section 6586.5 of the California Government Code requires that the County approve the proposed issuance of the Bonds by the Authority, and that the County make certain findings with respect to such issuance of the Bonds, and Section 6586.5 further requires that such approval be given and findings be made only after noticed public hearings thereon; and

WHEREAS, the County has given such required notice and duly held such public hearing; and

WHEREAS, the Board desires to make a finding of significant public benefit, pursuant to section 6586.5(a)(2) of the California Government Code, and to approve the financing of the Authorized Improvements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Placer takes the following actions:

Section 1. The Board of Supervisors hereby finds and declares that the above recitals are true and correct.

Section 2. The Board of Supervisors hereby approves the issuance of the Bonds by the Authority and determines that there are significant public benefits to the County from the proposed financing in that (i) there will be demonstrable savings to the County and the owners of the Participating Parcels from the sale of the Bonds to the Placer County Treasurer-Tax Collector and by the lending of the proceeds thereof to the County, including savings in effective interest rate and issuance costs, (ii) there will be significant reductions in the cost of installation of Authorized Improvements by the owners of Participating Parcels, and (iii) there will be employment benefits from undertaking the financing in a timely fashion because it will increase the number of Authorized Improvements being installed in the County.

Section 3. In connection with the issuance of the Bonds, the Board of Supervisors hereby approves the execution and delivery of a Limited Obligation Loan Agreement (the "Loan Agreement") substantially in the form on file with the Clerk, together with any changes therein or additions thereto approved by the County Executive Officer or the Treasurer-Tax Collector (the "Designated Officers"), the execution of which shall be conclusive evidence of such approval.

The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the County to execute, the final form of the Loan Agreement for and in the name of the County *provided, however*, that the total principal amount of the Loan shall not exceed \$33 million. The interest rate and maturity date of the Loan shall be determined by the Placer County Treasurer-Tax Collector in her discretion.

Section 4. The Board of Supervisors hereby approves the sale of the Bonds to the Placer County Treasurer-Tax Collector, pursuant to a Purchase Agreement (the "Purchase Agreement") among the Authority, the County and the Placer County Treasurer-Tax Collector, in substantially the form on file with the Clerk, together with any changes therein or additions thereto approved by a Designated Officer, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. The Purchase Agreement shall be executed in the name and on behalf of the County by a Designated Officer, each of whom is hereby authorized and directed to execute and deliver the Purchase Agreements on behalf of the County; *provided, however*, that the total principal amount of the Bonds shall not exceed \$33 million.

Pursuant to Government Code Section 53601, the Board of Supervisors hereby authorizes the purchase by the Treasurer-Tax Collector on behalf of the Placer County Treasurer's Investment Portfolio of the Bonds even though the Bonds will have a maturity date in excess of five years.

The Board of Supervisors hereby authorizes the Treasurer-Tax Collector to act as trustee with respect to the Bonds.

Section 5. All actions heretofore taken by the officers and agents of the County with respect to the preparation of the Official Statement, the sale and issuance of the Bonds, and the execution and delivery of the Loan Agreement are hereby approved, confirmed and ratified, and the proper officers of the County, including the Designated Officers, are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and the execution and delivery of the Loan Agreement in accordance with this Resolution, including but not limited to those certificates, agreements and other documents described in the Loan Agreement and the other documents herein approved, and any certificates, agreements or documents as may be necessary to further the purpose hereof or provide additional security for the Bonds and the Loan Agreement, but which shall not create any obligation or liability of the County other than the Assessments pledged as security for the Loan Agreement.

Section 6. The Board of Supervisors hereby authorizes the Designated Officers, in consultation with County Counsel and the County's bond counsel, to initiate and prosecute judicial validation proceedings with respect to the Indenture of Trust, the Loan Agreement, the Bonds, the Loan, the Purchase Agreement and all related matters pursuant to Code of Civil Procedure Section 860.

Section 7. This Resolution shall take effect from and after the date of approval and adoption thereof.

Section 1. Authorization and Terms of Note. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the County for the General Fund during or allocable to Fiscal Year 2010-11, and not pursuant to any common plan of financing, the County hereby determines to and shall borrow the principal amount of not-to-exceed \$5 Million Dollars (\$5,000,000) subject to the (the "Maximum Principal Amount") by the issuance of a note under the Law, designated "County of Placer, California 2010-11 Placer mPOWER Program Administration Tax and Revenue Anticipation Note" (the "Note"). The Note shall bear interest at the rate of 0.55% on the outstanding principal amount of the Note. The Note shall be dated the date of initial delivery, shall mature no later than thirteen months after the date of issuance, and shall bear interest, payable at maturity and computed on a 30-day month/360-day year basis. Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, as described below.

The Note is subject to redemption prior to maturity, in whole or in part, at any time, without premium.

Section 2. Purchase of Note; Payment of Principal and Interest. The Treasurer-Tax Collector is authorized to purchase the Note, in an amount not to exceed the Maximum Principal Amount, on behalf of the Placer County Treasurer's Investment Pool.

All payments of the principal of and interest on the Note and all notices with respect to the Note shall be made and given to the Treasurer-Tax Collector.

Section 3. Limitation on Maximum Amount. The principal amount of the Note, when added to the interest payable thereon, shall not exceed one and one-half percent (1.5%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the County for the General Fund attributable to Fiscal Year 2010-11, and available for the payment of the Note and the interest thereon.

Section 4. Initial Principal Amount; Increases in the Principal Amount. The initial principal amount of the Note shall be an amount determined by the Treasurer-Tax Collector; provided that the maximum principal amount shall not exceed the Maximum Principal Amount. Thereafter, the Treasurer-Tax Collector may cause the principal amount of the Note to be increased by causing a replacement Note to be prepared to reflect such increased principal amount; provided that the maximum principal amount shall not exceed the Maximum Principal Amount.

Section 5. Form of Note. The Note shall be issued as a single note in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures.

Section 6. Use of Proceeds. The proceeds of the sale of the Note shall be deposited in a segregated account in the General Fund and used by the County to pay the costs of administering the County's "Placer money for Property Owner Water & Energy Efficiency Retrofitting Program".

Section 7. Security. The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the County for the General Fund for Fiscal Year 2010-11. As security for the payment of the principal of and interest on the Note the County hereby pledges the first

"unrestricted moneys" (as hereinafter defined) to be received by the County (a) an amount equal to fifty percent (50%) of the principal amount of the Note in the month of January, 2011; (b) an amount equal to fifty percent (50%) of the principal amount of the Note in the month of May, 2011; and (c) an amount sufficient to pay interest as due on the Note at their maturity, in the month of June, 2011 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Note shall be paid from any other moneys of the County lawfully available therefor. In the event that there are insufficient "unrestricted moneys" received by the County to permit the deposit into the Redemption Fund (as hereinafter defined) of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the County lawfully available for the repayment of the Note and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue, cash receipts, and other moneys intended as receipts for the General Fund for Fiscal Year 2010-11 and which are generally available for the payment of current expenses and other obligations of the County.

Section 8. Redemption Fund. There is hereby created, within the General Fund, a special account to be designated the "2010-11 Placer mPOWER Program Administration Tax and Revenue Anticipation Note Redemption Fund" (the "Redemption Fund") and applied as directed in this Resolution. Any money placed in the Redemption Fund shall be for the benefit of the owners of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the Note at maturity with interest to maturity, the moneys in the Redemption Fund shall be applied solely for the purposes for which the Redemption Fund is created.

During the months of January, May and June, 2011, the County shall deposit all Pledged Revenues in the Redemption Fund. On the maturity date of the Note, the County shall transfer to the Treasurer-Tax Collector the moneys in the Redemption Fund necessary to pay the principal of and interest on the Note at maturity and to the extent said moneys are insufficient therefor an amount of moneys from the General Fund which will enable payment of the full principal of and interest on the Note at maturity. Any moneys remaining in the Redemption Fund after the Note and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund.

Section 9. Deposit and Investment of Redemption Fund. All moneys held by the County in the Redemption Fund, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Redemption Fund shall, to the greatest extent possible, be invested by the County directly, or through an investment agreement, in investments as permitted by the laws of the State of California as now in effect and as hereafter amended, and the proceeds of any such investments shall be deposited in the Redemption Fund. The moneys in the Redemption Fund may be invested in the Placer County Treasurer's Investment Pool.

Section 10. Execution of Note. The Chairman of the Board of Supervisors, the County Executive Officer, or the Treasurer-Tax Collector (each an "Authorized Officer") is hereby authorized to execute the Note by manual or facsimile signature, and the County Clerk of the County is hereby authorized to countersign the same by manual or facsimile signature (although at least one of such signatures shall be manual) and to affix the seal of the County

thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 11. Transfer of Note. The Note is not subject to transfer.

Section 12. Covenants and Warranties. It is hereby covenanted and warranted by the County that all representations and recitals contained in this Resolution are true and correct, and that the County and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the prompt collection and enforcement of the taxes, income, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

Section 13. Tax Matters. The interest on the Note is not exempt from federal income taxation.

Section 14. Official Action. The Chairman of the Board of Directors, the County Executive Officer, the Treasurer-Tax Collector and the County Clerk, or any of them, are further authorized and directed to make, execute and deliver such certificates, agreements and other closing documents as are necessary to consummate the transactions contemplated by this Resolution.

Section 15. Amendment. The Chairman of the Board of Directors, the County Executive Officer and the Treasurer-Tax Collector are all authorized to make minor amendments to this Resolution in order to correct any mis-reference or misspelling contained herein. Such amendment shall be done by a certificate signed by the Chairman of the Board of Directors, the County Executive Officer, the Treasurer-Tax Collector and the County Clerk.

Section 16. Effective Date. This Resolution shall take effect upon its adoption.

EXHIBIT A
FORM OF NOTE

No. 1

*****\$ _____ ****

COUNTY OF PLACER, CALIFORNIA

2010-11 PLACER MPOWER PROGRAM ADMINISTRATION
TAX AND REVENUE ANTICIPATION NOTE

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
%	____, 2011	____, 2010	

REGISTERED OWNER: COUNTY TREASURER-TAX COLLECTOR

PRINCIPAL AMOUNT: ***** _____ MILLION DOLLARS*****
(NOT TO EXCEED \$5 MILLION DOLLARS)

The COUNTY OF PLACER, a county duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "County"), for value received hereby promises to pay to the Registered Owner stated above (the "Owner"), on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money at the rate per annum stated above, payable on the Maturity Date stated above, calculated on the basis of 360-day year composed of twelve 30-day months. Both the principal of and interest on this Note shall be payable at maturity to the Owner.

It is hereby certified, recited and declared that this Note is authorized to be issued in a principal amount not to exceed \$5 Million Dollars (\$5,000,000) (the "Maximum Principal Amount"), pursuant to Resolution No. _____ of the Board of Supervisors of the County duly passed and adopted on February 9, 2010 (the "Resolution"), and pursuant to Article 7.6 (commencing with section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required to exist, happen and be performed precedent to and in the issuance of the Note exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the County, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

Pursuant to the Resolution, the initial principal amount of the Note shall be an amount determined by the Treasurer-Tax Collector; provided that the maximum principal amount shall not exceed the Maximum Principal Amount. Thereafter, the Resolution authorizes the Treasurer-Tax Collector to cause the principal amount of the Note to be increased by causing a replacement Note to be prepared to reflect such increased principal amount; provided that the maximum principal amount shall not exceed the Maximum Principal Amount.

The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the County for the General Fund of the County for Fiscal Year 2010-11. As security for the payment of the principal of and interest on the Note the County has pledged the first "unrestricted moneys" (as hereinafter defined) to be received by the County (a) an amount equal to fifty percent (50%) of the principal amount of the Note in the month of January, 2011; (b) an amount equal to fifty percent (50%) of the principal amount of the Note in the month of May, 2011; and (c) an amount sufficient to pay interest as due on the Note at their maturity, in the month of June, 2011 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Note shall be paid from any other moneys of the County lawfully available therefor. In the event that there are insufficient "unrestricted moneys" received by the County to permit the deposit into the Redemption Fund (as hereinafter defined) of the full amount of the Pledged Revenues to be deposited in any month by the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the County lawfully available for the repayment of the Note and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue, cash receipts, and other moneys intended as receipts for the General Fund of the County for Fiscal Year 2010-11 and which are generally available for the payment of current expenses and other obligations of the County.

The Note is issuable as fully registered note, without coupons.

The Note is subject to redemption, in whole or in part, at any time without premium prior to maturity.

This Note is not subject to transfer.

IN WITNESS WHEREOF, the County of Placer has caused this Note to be executed by the Chair of the Board of Supervisors and countersigned by the County Clerk, all as of the Issue Date stated above.

COUNTY OF PLACER

By _____
Chairman of the Board of Supervisors

Countersigned:

By _____
County Clerk

