

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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## **ASSIGNMENT AGREEMENT**

**Dated as of October 1, 2010**

**by and between the**

**MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

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(2010 Financing Project)

## ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, dated as of October 1, 2010, by and between the MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee");

### WITNESSETH:

In the joint and mutual exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

#### *Section 1. Recitals.*

(a) The Authority and the County of Marin (the "County"), have entered into a lease agreement, dated as of October 1, 2010, a memorandum of which is recorded concurrently herewith (the "Lease Agreement"), whereby the Authority has agreed to lease to the County, and the County has agreed to lease from the Authority, those certain parcels of real property situated in Marin County, State of California, more particularly described in Exhibit A hereto (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), in the manner and on the terms set forth in the Lease Agreement, which terms include, without limitation, the obligation of the County to pay lease payments (the "Lease Payments") to the Authority in consideration of the County's use and enjoyment of the Property.

(b) Under the Lease Agreement, the Authority is required to cause to be deposited with the Trustee certain sums of money to be credited, held and applied in accordance with the Lease Agreement and with a trust agreement, dated as of October 1, 2010 (the "Trust Agreement"), by and among the Authority, the County and the Trustee.

(c) Upon delivery of the Lease Agreement, the Authority is required to deposit with the Trustee moneys to (a) finance various capital improvements throughout the geographic boundaries of the County, and (b) refund the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A and Series B (collectively, the "Project"). For the purpose of obtaining such moneys, the Authority is willing to convey to certain persons (the "Owners") direct, undivided fractional interests in the Lease Payments, such direct, undivided fractional interests to be evidenced by certificates of participation therein (the "Certificates"). In order to make such fractional interests marketable on terms acceptable to the Authority, the Authority is willing to assign and transfer its rights under the Lease Agreement to the Trustee for the benefit of the Owners. Concurrently with the delivery of this Assignment Agreement, the Trustee is executing and delivering Certificates in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The proceeds of such sale are anticipated to be sufficient to permit the Authority to make the deposits required under the Lease Agreement and the Trust Agreement and to permit the Authority to pay therewith the costs of financing the Project.

(d) Each of the parties has authority to enter into this Assignment Agreement and has taken all actions necessary to authorize its officers to execute it.

*Section 2. Assignment.* The Authority, for good and valuable consideration, hereby transfers, assigns and sets over to the Trustee, for the benefit of the Owners of the Certificates (as defined in the Trust Agreement), all of the Authority's rights and interests under the Lease Agreement (excepting only the Authority's rights under Sections 5.8, 7.3 and 9.4 but none of its obligations, including, without limitation, its obligations under Section 4.7 of the Lease Agreement), including without limitation (i) the right to receive and collect all of the Lease Payments from the County, (ii) the right to receive and collect any proceeds of any insurance maintained thereunder and of any condemnation award rendered with respect to the Property, and (iii) the right to exercise such rights and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient (A) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund established under the Trust Agreement, or (B) otherwise to protect the interests of the Owners in the event of a default by the County under the Lease Agreement. All rights assigned by the Authority shall be administered by the Trustee in accordance with the provisions of the Trust Agreement and for the equal and fractional benefit of the Owners of the Certificates.

*Section 3. Acceptance.* The Trustee hereby accepts the assignments made herein for the purpose of securing, equally and fractionally, the payments due pursuant to the Lease Agreement and the Trust Agreement to, and the rights under the Lease Agreement and Trust Agreement of, the Owners of the Certificates delivered pursuant to the Trust Agreement, all subject to the provisions of the Trust Agreement.

*Section 4. Conditions.* This Assignment Agreement shall neither confer rights nor impose duties upon the Trustee beyond those expressly provided in the Trust Agreement. The Trustee assumes no responsibility for the accuracy of the recitals herein.

*Section 5. Amendment.* This Assignment Agreement may not be amended except as permitted under Section 10.01 of the Trust Agreement.

*Section 6. Execution in Counterparts.* This Assignment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

MARIN COUNTY CAPITAL  
IMPROVEMENTS FINANCING  
AUTHORITY

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

Attest:

\_\_\_\_\_  
Deputy Secretary

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

**EXHIBIT A**  
**DESCRIPTION OF THE SITE**

All that certain real property situated in Marin County, State of California, described as follows:

BEGINNING at the general Easterly boundary of the land described in the Deed to the County of Marin, a political subdivision of the State of California, recorded April 26, 1956 in Book 1029 of Official Records, at Page 10, at the Northerly corner of Lot 18 in Block 1 as shown on the Map of "Subdivision 'A' of Golf Links Tract", filed January 14, 1908 in Map Book 2 at Page 107; thence along the Northwest line of Lot 18, South 44° 06' West 160 feet to the Northeast line of Roosevelt Avenue as shown on said map; as shown on said map; thence along said Northeast line North 45° 54' West 50 feet to the Northwest line of Madison Avenue (shown as Lincoln Avenue on said map); thence along said Northwest line, South 44° 06' West 887.5 feet to the Northeast line of the land described in the Deed to the County of Marin recorded February 19, 1969 in Book 2275 of Official Records, at Page 347; thence along said Northeast line and along the Northeast and Southeast boundary of the land described in the Deed to the County of Marin, recorded December 1, 1969 in Book 2341 of Official Records, at Page 640, South 45° 54' East 200 feet and South 44° 06' West 25 feet to the Northeast line of Lot 33 in Block 10 as shown on said Map (2 M 107); thence along the Northeast lines of Lots 28 through 33 in said Block 10, South 45° 54' East 300 feet; thence along the Southeasterly boundary of said Lot 28, South 44° 06' West and its Southwesterly extension 175 feet to the centerline of Golf Avenue as shown on said map; thence along said centerline, South 45° 54' East 25 feet to the Northeasterly extension of the centerline of Ivy Lane as shown on said map; thence along said centerline, South 44° 06' West 25 feet to the Southwest line of said Golf Avenue; thence along said Southwest line, South 45° 54' East 410 feet to the Northwest line of North San Pedro Road (shown as San Pedro Avenue on said Map - 2 M 107); thence Southwesterly along said Northwest line, 675 feet, more or less, to the Northeast terminus of the course "North 44° 04' East 522.58 feet" in the Deed from Henry Scettrini, et ux, to the State of California, recorded June 26, 1952 in Book 750 of Official Records, at Page 64; thence along the general Northerly line of said State land, North 45° 56' West 25 feet, South 44° 04' West 173.58 feet, South 50° 06' 01" West 149.24 feet and South 53° 46' 20" West 17.03 feet to the general Northeasterly line of the land described as "Parcel 2" in the Deed to the State of California, recorded December 15, 1959 in Book 1331 of Official Records, at Page 599; thence along said Northeasterly line, as described therein, "South 87° 24' 28" West 101.51 feet, North 56° 26' 21" West 129.75 feet and North 85° 42' 10" West 216.65 feet; thence along a tangent curve to the right with a radius of 350 feet, through an angle of 51° 22' 47" an arc distance of 313.86 feet; thence North 34° 19' 23" West 127.61 feet and North 40° 05' 51" West 98.45 feet to a line parallel with and distant 110 feet, Easterly, at right angles, from the 'A' line of the Department of Public Works' survey for the State Freeway in Marin County, Road IV-Mrn-1-A; thence along said parallel line, North 29° 10' 11" West 1400.00 feet; thence North 26° 11' 46" West 558.26 feet to the Northerly line of the land described in the Deed to the County of Marin, recorded April 26, 1956 in Book 1024 of Official Records, at Page 7; thence along said Northerly line and along the Northerly line of said County of Marin land described in said Deed (1024/10), North 89° 56' 03" East 252.58 feet, North 27° 56' 03" East 794.64 feet, North 39° 10' East 43.66 feet, North 58° 34' East 586.4 feet to the Southwest terminus of the course "North 61° 05' 00" East 873.75 feet" in Parcel One of the "Agreement for Exchange of Lands", executed by Frieda Smith, et al, recorded January 17, 1961 in Book 1429 of Official Records, at Page 204; thence along the Northerly line of Parcel One and along the Southerly line of Parcel Two in said Agreement, North 61° 05' 00" East 941.74 feet; thence on a curve to the right with a radius of 585.0 feet, through a central angle of 45° 21' 10" an arc distance of 463.06 feet; thence South 73° 33' 50" East 491.44 feet to the most Easterly corner of the land described in said Deed to the County of Marin (1024/10); thence along the exterior boundary of said County land, South 49° 30' West 940.50 feet and continuing along said exterior boundary (1024/10) and the Northeast line of Lots 14 and 15 in said Block 1 (2 M 107), South 45° 54' East 905 feet and South 44° 06' West 2 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within the boundaries of Gallinas Creek.

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of the Marin County Civic Center, located on the Site, at the northeast corner of the intersection of Highway 101 and North San Pedro Road on County-owned property within the City of San Rafael, California.

The Civic Center complex consists of three principal elements which include County government buildings, the fairgrounds and other culturally related facilities, and a park area. The entire site was master planned by renowned architect Frank Lloyd Wright who, at the age of 90 years old, received the commission from the Marin County Board of Supervisors in 1957. The government complex was Wright's last major work and his largest constructed project. It is composed of two buildings, the 580-foot long Administration Building and the 880-foot long Hall of Justice, which are set at a slight angle to each other and joined together by a central rotunda. The rounded ends of the two buildings are built into the side of the hills, where they are not merely placed on parcels of land, but the buildings are integrally connected to the landscape. In 1991, the buildings and surrounding area were granted status as a National Historic Landmark. The Administration Building and Hall of Justice total about 470,000 square feet of assigned and common space.

In addition to and separate from the main Civic Center buildings, the campus includes a variety of other buildings and facilities, including the General Service Building, City of San Rafael Fire Station #7, a U.S. Post Office, a County Jail, a National Guard Armory (adjacent to the Campus), the Marin Veteran's Memorial Auditorium, the Exhibit Hall and Showcase Theatre, the County Fairgrounds, a playground, a lagoon and adjacent park, as well as a network of streets, parking areas, and miscellaneous landscaped and open space areas.

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**LEASE AGREEMENT**

**Dated as of October 1, 2010**

**by and between the**

**MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY,  
as Lessor**

**and the**

**COUNTY OF MARIN, as Lessee**

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(2010 Financing Project)



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## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of October 1, 2010, by and between the MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lessor (the "Authority"), and the COUNTY OF MARIN, a political subdivision, duly organized and existing under and by virtue of the laws of the State of California, as lessee (the "County");

### WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of October 1, 2010 (the "Site and Facility Lease"), the County has leased those certain parcels of real property situated in Marin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (the "Facility" and, with the Site, the "Property"), to the Authority, all for the purpose of enabling the County to (a) finance various capital improvements throughout the geographic boundaries of the County (the "2010 Projects"), and (b) refund the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A and Series B (the "1998 Certificates");

WHEREAS, the Authority proposes to lease the Property to the County pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the County, to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of October 1, 2010, by and between the Authority and the Trustee;

WHEREAS, pursuant to that certain Trust Agreement, dated as of October 1, 2010, by and among the County, the Authority and the Trustee, the Trustee will execute and deliver certificates of participation (the "Certificates") in the Lease Payments; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the County to (a) finance the 2010 Projects, (b) refund the 1998 Certificates, (c) fund a reserve fund for the Certificates, and (d) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Trust Agreement, dated as of October 1, 2010, by and among the County, the Authority and the Trustee.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

Exhibit A: The description of the Site.

Exhibit B: The description of the Facility.

Exhibit C: The schedule of Lease Payments to be paid by the County hereunder with respect to the Property, showing the Lease Payment Date and amount of each such Lease Payment.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the County. The County represents, covenants and warrants to the Authority as follows:

(a) *Due Organization and Existence*. The County is a political subdivision, duly organized and existing under and by virtue of the laws of the State.

(b) *Authorization*. The laws of the State authorize the County to enter into the Site and Facility Lease, this Lease Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out the County's obligations under all of the aforesaid agreements, the County has duly authorized and executed all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the County, enforceable against the County in accordance with their respective terms.

(c) *No Violations*. Neither the execution and delivery of the Site and Facility Lease, this Lease Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the County is now a party or by which the County is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the County, or upon the Property, except Permitted Encumbrances.

(d) *Execution and Delivery*. The County has duly authorized and executed this Lease Agreement in accordance with all applicable laws.

Section 2.2. Representations, Covenants and Warranties of Authority. The Authority represents, covenants and warrants to the County as follows:

(a) *Due Organization and Existence*. The Authority is a joint exercise of powers authority, organized and existing under and by virtue of the laws of the State; has power to enter into the Site and Facility Lease, this Lease Agreement, the Assignment Agreement and the Trust Agreement; is possessed of full power to own and hold, improve and equip real and personal property and to lease and sell the same; has duly authorized the execution and delivery of all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) *No Encumbrances*. The Authority will not pledge the Lease Payments or other amounts derived from the Property and from its other rights under this Lease Agreement and will not mortgage or encumber the Property, except as provided under the terms of this Lease Agreement and the Trust Agreement.

(c) *No Violations*. Neither the execution and delivery of the Site and Facility Lease, this Lease Agreement, the Assignment Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance

whatsoever upon any of the property or assets of the Authority, or upon the Property, except Permitted Encumbrances.

(d) *No Assignments.* Except as provided herein, the Authority will not assign this Lease Agreement, its right to receive Lease Payments from the County or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) *Execution and Delivery.* The Authority has duly authorized and executed this Lease Agreement in accordance with all applicable laws.

## ARTICLE III

### DEPOSIT OF MONEYS

Section 3.1. Deposit of Moneys. On the Closing Date, the Authority shall cause to be deposited with the Trustee the net proceeds of sale of the Certificates, of which amounts estimated to be required to pay Delivery Costs shall be deposited in the Delivery Costs Fund, amounts estimated to be required to pay Project Costs, shall be deposited in the Project Fund, an amount equal to the Reserve Requirement shall be deposited in the Reserve Fund and the amount, together with other moneys, required to refund the 1998 Certificates, shall be transferred to the Escrow Bank for deposit in the Escrow Fund.

Section 3.2. Payment of Project Costs. Payment of Project Costs shall be made from the moneys deposited in the Project Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 3.02 of the Trust Agreement.

Section 3.3. Payment of Delivery Costs. Payment of Delivery Costs shall be made from the moneys deposited in the Delivery Costs Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 3.04 of the Trust Agreement.

## ARTICLE IV

### AGREEMENT TO LEASE; TERM OF THIS LEASE AGREEMENT; LEASE PAYMENTS

#### Section 4.1. Lease.

(a) The Authority hereby leases the Property to the County, and the County hereby leases the Property from the Authority, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the County to the Authority pursuant to the Site and Facility Lease shall not affect or result in a merger of the County's leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

#### Section 4.2. Term of Agreement.

(a) The Term of the Lease Agreement shall commence on the Closing Date, and shall end on August 1, 2040, unless such term is extended as hereinafter provided. If, on August 1, 2040, the Trust Agreement shall not be discharged by its terms or if the Lease Payments or Additional Payments, if any, payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended without the need to execute any amendment to this Section 4.2 until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond August 1, 2050. If, prior to August 1, 2040, the Trust Agreement shall be discharged by its terms, the Term of the Lease Agreement shall thereupon end.

Section 4.3. Possession. The County hereby agrees to accept and take possession of the Property on or prior to the date of recordation of this Lease Agreement. The first Lease Payment shall be due on January 15, 2011.

#### Section 4.4. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Articles VI and X hereof, the County agrees to pay to the Authority, its successors and assigns, as rental for the use and occupancy of the Property during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit C hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be paid. The Lease Payments for the Property payable in any Rental Period shall be for the use of the Property for such Rental Period.

(b) *Effect of Prepayment.* In the event that the County prepays all remaining Lease Payments and all Additional Payments due under Section 4.7 hereof in full pursuant to Article X hereof, subject to Section 4.2(b) hereof, the County's obligations under this Lease Agreement shall thereupon cease and terminate including, but not limited to, the County's obligation to pay Lease Payments under this Section 4.4; subject however, to the provisions of Section 10.1



hereof in the case of prepayment by application of a security deposit. In the event that the County optionally prepays the Lease Payments in part but not in whole pursuant to Section 10.2 hereof or pursuant to Section 10.3 hereof as a result of any insurance or condemnation award with respect to any portion of the Property, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of each remaining Lease Payment shall be reduced in such order as shall be selected by the County in integral multiples of \$5,000; and (ii) the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby redeemed pursuant to Sections 4.01(a) or (b), as the case may be, of the Trust Agreement.

(c) *Rate on Overdue Payments.* In the event the County should fail to make any of the payments required in this Section 4.4, the payment in default shall continue as an obligation of the County until the amount in default shall have been fully paid and the County agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum payable with respect to the Certificates. Such interest, if received, shall be deposited in the Lease Payment Fund or in the Reserve Fund to replenish the Reserve Fund if withdrawals were made therefrom as a result of the default.

(d) *Fair Rental Value.* The Lease Payments for each Rental Period shall constitute the total rental for each such Rental Period and shall be paid by the County in each Rental Period for and in consideration of the right of the use and occupancy and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments for the Property represent the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County and the general public.

(e) *Source of Payments; Budget and Appropriation.* Lease Payments shall be payable from any source of available funds of the County, subject to the provisions of Articles VI and X hereof.

The County covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and for Additional Payments due under Section 4.7 hereof. To that end, the Board shall direct budgetary staff to include in each annual budget proposal to the Board an appropriation sufficient to pay Lease Payments and Additional Payments. The County hereby expresses its present intent to appropriate Lease Payments and Additional Payments due under Section 4.7 hereof during the Term of the Lease Agreement. The covenants on the part of the County herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the County.

(f) *Assignment.* The County understands and agrees that all Lease Payments have been assigned by the Authority to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the County hereby assents to such assignment. The Authority hereby directs the County, and the County hereby agrees to pay to the Trustee at the Principal Corporate Trust Office, all payments payable by the County pursuant to this Section 4.4 and all amounts payable by the County pursuant to Article X hereof.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Authority shall provide the County with quiet use and enjoyment of the Property and the County shall, during such Term, peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease Agreement. The Authority will, at the request of the County and at the County's cost, join in any legal action in which the County asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so. Notwithstanding the foregoing, the Authority shall have the right to inspect the Property as provided in Section 7.2. hereof.

Section 4.6. Title. During the Term of the Lease Agreement, the Authority shall hold leasehold title to the Property and shall hold fee title to those portions of the Property which are newly acquired or constructed and any and all additions which comprise fixtures, repairs, replacements or modifications to the Property, except for those fixtures, repairs, replacements or modifications which are added to the Property by the County at its own expense and which may be removed without damaging the Property and except for any items added to the Property by the County pursuant to Section 5.9 hereof.

If the County prepays the Lease Payments in full pursuant to Article X hereof or makes the security deposit permitted by Section 10.1 hereof, or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, subject to Section 4.2(b) hereof, and pays Additional Payments, if any, all right, title and interest of the Authority in and to the Property shall be terminated. The Authority agrees to take any and all steps and execute and record any and all documents reasonably required by the County to consummate any such transfer of title.

Section 4.7. Additional Payments.

In addition to the Lease Payments, the County shall pay when due the following Additional Payments:

(a) Any fees and expenses incurred by the County in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable.

(b) Any amounts due to the Trustee pursuant to the Trust Agreement for all services rendered under the Trust Agreement and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Trust Agreement.

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the County, the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Trust Agreement.

(d) Any reasonable out-of-pocket expenses of the County in connection with the execution and delivery of this Lease Agreement or the Trust Agreement, or in connection with the execution and delivery of the Certificates, including any and all expenses incurred in connection with the authorization, execution, sale and delivery of the Certificates, or incurred by the Authority in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Trust Agreement, the Certificates or any of the other documents contemplated hereby or thereby, or incurred by the Authority in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration thereof.

## ARTICLE V

### MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County and the County shall pay, or otherwise arrange, for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Authority agrees to provide only the Property, as hereinbefore more specifically set forth. The County waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the County under the terms of this Lease Agreement.

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

The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the County that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority. The County shall provide the Authority with written notice of any such contest and shall provide such updates on the contest as the Authority may reasonably request.

Section 5.2. Modification of Property. The County shall, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the County pursuant to this Section 5.2; provided that if any such lien is established and the County shall first notify the Authority of the County's intention to do so, the County may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to

remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the County.

Section 5.3. Public Liability and Property Damage Insurance. The County shall maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Authority, the County and the Trustee and their respective members, officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County, and may be maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County. Said policy or policies shall provide for indemnification of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.4. Fire and Extended Coverage Insurance; No Earthquake Insurance. The County shall maintain, or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Property constituting structures, if any, by fire and lightning, with extended coverage and vandalism and malicious mischief insurance; *provided, however,* that the County shall not be required to maintain earthquake insurance with respect to the Property. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such portion of the Property, if any. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the County and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.5. Rental Interruption Insurance. The County shall maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by Section 5.4 hereof, if any, in an amount at least equal to two times maximum annual Lease Payments. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable. Such

insurance may be maintained as part of or in conjunction with any other insurance carried by the County and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The County may not satisfy the requirements of this Section 5.5 for rental interruption insurance with self-insurance.

Section 5.6. Title Insurance.

(a) The County shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, an CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the County's leasehold estate in the Property, subject only to Permitted Encumbrances.

(b) The Net Proceeds of such title insurance shall be applied as provided in Section 6.2(c) hereof.

Section 5.7. Insurance Net Proceeds; Form of Policies. Each policy or other evidence of insurance required by Sections 5.3, 5.4, 5.5 and 5.6 hereof shall provide that all proceeds thereunder shall be payable to the Trustee as and to the extent required hereunder, shall name the Trustee as additional insured and shall be applied as provided in Section 6.2 hereof. Insurance must be provided by an insurer rated "A" or better by S&P or A.M. Best Company. The County shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All policies evidencing required insurance shall provide thirty (30) days' prior written notice to the Authority, the County and the Trustee of any cancellation, reduction in amount or material change in coverage. The Trustee shall not be responsible for the sufficiency of any insurance herein required, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The County shall cause to be delivered annually on or before each August 1 to the Trustee a certification, signed by a County Representative, stating compliance with the provisions of Section 5.3 through 5.7 of this Lease Agreement. The Trustee shall be entitled to rely on such certification without independent investigation. The County shall have the adequacy of any insurance reserves maintained by the County or by a joint exercise of powers authority, if applicable, for purposes of the insurance required by Section 5.3 and 5.4 hereof reviewed at least annually, on or before each August 1, by an independent insurance consultant and shall maintain reserves in accordance with the recommendations of such consultant to the extent moneys are available for such purpose and not otherwise appropriated.

Section 5.8. Advances. If the County shall fail to perform any of its obligations under this Article V, the Authority or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as soon as possible, with interest at a rate equal to the rate then payable with respect to the Certificates from the date of the advance to the date of repayment.

Section 5.9. Installation of County's Equipment. The County may, at any time and from time to time in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the County in which neither the Authority nor the Trustee shall have any interest and may be modified or removed by the County at any time provided that the County shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the County from purchasing or leasing items to be installed pursuant to this Section 5.9 under a lease or conditional sale agreement, or subject to a vendor's lien or

security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.10. Liens. The County shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Authority and the County as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the County shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The County shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Private Activity Bond Limitation. The County shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.12. Federal Guarantee Prohibition. The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Section 5.13. Rebate Requirement. The County shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Certificates and the Lease Agreement.

Section 5.14. No Arbitrage. The County shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates or the Lease Agreement to be “arbitrage bonds” within the meaning of section 148 of the Code.

Section 5.15. Maintenance of Tax-Exemption. The County shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.16. No Condemnation. The County hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to the Property. The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Certificates are then subject to redemption, the principal and interest components of the Certificates Outstanding through the date of their redemption, or (ii) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates to the first available redemption date in accordance with the Trust Agreement.

## ARTICLE VI

### DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

#### Section 6.1. Eminent Domain.

(a) If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the County and the Authority, and so certified to by the parties to the Trustee, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property, except to the extent of special funds, such as amounts in the Reserve Fund available for the payment of Lease Payments.

(b) The County hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the County will not exercise the power of condemnation with respect to the leased property. The County further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the County should fail or refuse to abide by such covenant and condemns the leased property, the appraised value of the leased property shall not be less than the greater of (i) if such Certificates are then subject to redemption, the principal and interest components of the Certificates outstanding through the date of their redemption, or (ii) if such Certificates are not then subject to redemption, the amount necessary to defease such Certificates to the first available redemption date in accordance with the Trust Agreement.

#### Section 6.2. Application of Net Proceeds.

(a) *From Insurance Award.* The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Property constituting structures, if any, by fire or other casualty shall be paid by the County to the Trustee, as assignee of the Authority under the Assignment Agreement, deposited in the Insurance and Condemnation Fund held by the Trustee and applied as set forth in Section 7.01 of the Trust Agreement.

(b) *From Eminent Domain Award.* The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be paid by the County to the Trustee, as assignee of the Authority under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 7.02 of the Trust Agreement.

(c) *From Title Insurance.* The Net Proceeds of any title insurance award shall be paid to the Trustee, as assignee of the Authority under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 7.03 of the Trust Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or

destruction, there is substantial interference with the use and occupancy by the County of the Property or any portion thereof (other than any portions of the Property described in Section 5.2 hereof) to the extent to be agreed upon by the County and the Authority and communicated by a County Representative to the Trustee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed (giving due consideration to the factors identified in the last sentence of Section 4.4(d)), based upon any appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a County Representative to the Trustee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the County waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund, if cash funded, and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments. If an abatement event has occurred but remedied, the County shall be required to extend the Term of this Lease Agreement, as described in Section 4.2, so that amounts abated are recouped.



## ARTICLE VII

### DISCLAIMER OF WARRANTIES; ACCESS; INDEMNIFICATION

Section 7.1. Disclaimer of Warranties. THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE COUNTY OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE AUTHORITY OR ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE COUNTY'S USE OF THE PROPERTY.

Section 7.2. Access to the Property. The County agrees that the Authority and any County Representative, and the Authority's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The County further agrees that the Authority, any County Representative, and the Authority's successors or assigns, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the County to perform its obligations hereunder.

Section 7.3. Release and Indemnification Covenants. The County shall and hereby agrees to indemnify and save the Authority and the Trustee and their officers, agents, directors, employees, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the County, (ii) any breach or default on the part of the County in the performance of any of its obligations under this Lease Agreement or the Trust Agreement, (iii) any act or omission of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or omission of any sublessee of the County with respect to the Property, (v) the authorization of payment of Project Costs, or (vi) the authorization of payment of the Delivery Costs. Such indemnification shall include the costs and expenses of defending any claim or liability arising under this Lease Agreement or the Trust Agreement and the transactions contemplated thereby. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct, negligence or breach of duty under this Lease Agreement by the Authority, its officers, agents, directors, employees, successors or assigns.

## ARTICLE VIII

### ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. Assignment by the Authority. The Authority's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the County under this Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement.

Section 8.2. Assignment and Subleasing by the County. This Lease Agreement may not be assigned by the County. The County may sublease the Property or any portion thereof, but only with the written consent of the Authority and subject to, and delivery to the Authority of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the County to make Lease Payments hereunder shall remain obligations of the County;

(b) The County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) No such sublease by the County shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the Constitution and laws of the State; and

(d) The County shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

Notwithstanding the foregoing, the County may sublease the Property to the Authority in connection with a future certificates of participation or lease revenue bond financing without the necessity to comply with any of the foregoing conditions, so long as the total of the unpaid principal component of the Lease Payments and the principal component of the lease payments to be paid with respect to such future certificates of participation or lease revenue bond financing does not exceed the value of the Property.

### Section 8.3. Amendment of Lease Agreement.

(a) *Substitution of Site or Facility.* The County shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility (a "Substitute Facility") for the Site (the "Former Site"), or a portion thereof, and/or the Facility (the "Former Facility"), or a portion thereof, provided that the County shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the County shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the County shall file with the Authority and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a

description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the County shall file with the Authority and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the County shall file with the Authority and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The County shall certify in writing to the Authority and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the County, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the County is permitted to lease under the laws of the State;

(vi) The County delivers to the Trustee and the Authority evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Property following such substitution is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to Section 12.03 of the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(vii) The Substitute Site and/or Substitute Facility shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement;

(viii) The County shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(ix) The County shall certify that the Substitute Site and/or the Substitute Facility is essential to the County as was the Former Site and/or the Former Facility;

(x) The County shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the County or the Authority; and

(xi) The County shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

(b) *Release of Site.* The County shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The County shall file with the Authority and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The County delivers to the Trustee and the Authority evidence (which may be insurance values or any other reasonable basis of valuation and need not require an appraisal) that the value of the Site, as revised by such release, is equal to or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee and the Authority that the indemnification provided pursuant to Section 12.03 of the Trust Agreement applies with respect to the Site, as revised by such release;

(iii) Such release shall not cause the County to violate any of its covenants, representations and warranties made herein and in the Trust Agreement;

(iv) The County shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release; and

(v) The County shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the County or the Authority.

(c) *Generally.* The Authority and the County may at any time amend or modify any of the provisions of this Lease Agreement, but only (i) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates, or (ii) without the consent of any of the Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Authority and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Certificates under the Code, in the opinion of Bond Counsel.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be “events of default” under this Lease Agreement and the terms “Events of Default” and “Default” shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the County to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Lease Agreement (including failure to request appropriation pursuant to Section 4.4(e) hereof) or under the Trust Agreement, other than as referred to in clause (a) of this Section 9.1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Authority, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Authority, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. The Trustee shall have the right to re-enter and re-let the Property and to terminate this Lease Agreement.

Whenever any Event of Default referred to in Section 9.1 hereof shall have happened and be continuing, it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; *provided, however*, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the County is expressly made a condition and upon the breach thereof, the Authority may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate this Lease Agreement; *provided*, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Authority, the County shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event such rent and/or damages shall be payable to the Authority at the time and in the manner as herein provided, to wit:

(a) In the event the Authority does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the County agrees to and shall

remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, in the event the Authority is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority. The County hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the County to enter upon and re-lease the Property in the event of default by the County in the performance of any covenants herein contained to be performed by the County and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place within Marin County, for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The County hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the County that may be in or upon the Property. The County agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Authority to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Authority in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner hereinafter provided for in paragraph (b) hereof.

(b) In an Event of Default hereunder, the Authority at its option may terminate this Lease Agreement and re-lease all or any portion of the Property. In the event of the termination of this Lease Agreement by the Authority at its option and in the manner hereinafter provided on account of default by the County (and notwithstanding any re-entry upon the Property by the Authority in any manner whatsoever or the re-leasing of the Property), the County nevertheless agrees to pay to the Authority all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Authority from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Authority shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the County shall be or become effective by operation of law, or otherwise, unless and until the Authority shall have given written notice to the County of the election on the part of the Authority to terminate this Lease Agreement. The County covenants and agrees that no surrender of the Property and/or of the remainder of the Term of the Lease Agreement or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

Section 9.3. No Remedy Exclusive. No remedy herein is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power

or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party; *provided, however*, that the Trustee shall not be required to expend its own funds for any payment described in this Section 9.4.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6. Application of Proceeds. All net proceeds received from the re-lease or other disposition of the Property under this Article IX, and all other amounts derived by the Authority or the Trustee as a result of an Event of Default hereunder, shall be transferred to the Trustee promptly upon receipt thereof and after payment of all fees and expenses of the Trustee, including indemnifications and attorneys fees, shall be deposited by the Trustee in the Lease Payment Fund to be applied to the Lease Payments in order of payment date.

Section 9.7. Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article IX have been assigned by the Authority to the Trustee under the Assignment Agreement, to which assignment the County hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement and herein.

Section 9.8. No Right to Terminate for Authority Default. The County shall not have the right to terminate this Lease Agreement as a remedy for a default by the Authority in the performance of its obligations hereunder.

## ARTICLE X

### PREPAYMENT OF LEASE PAYMENTS

Section 10.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the County may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(b) of the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters, together with interest to accrue thereon and, if required, all or a portion of moneys or Defeasance Obligations or cash then on deposit and interest earnings thereon in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a County Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such County Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters, be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid County Representative's certificate.

In the event of a deposit pursuant to this Section 10.1 as to all Lease Payments and the payment of all fees, expenses and indemnifications owed to the Trustee, all obligations of the County under this Lease Agreement shall cease and terminate, excepting only the obligation of the County to make, or cause to be made, all payments from the deposit made by the County pursuant to this Section 10.1 and the obligations of the County pursuant to Section 5.13 hereof and title to the Property shall vest in the County on the date of said deposit automatically and without further action by the County or the Authority. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments provided for by this Section 10.1 and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the County for the Property. Upon said deposit, the Authority will execute or cause to be executed any and all documents as may be necessary to confirm title to the Property in accordance with the provisions hereof. In addition, the Authority hereby appoints the County as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Property in the County.

Section 10.2. Prepayment Option. The Authority hereby grants an option to the County to prepay the principal component of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments as set forth in Exhibit C hereto, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Said option may be exercised with respect to Lease Payments due on and after July 15, \_\_\_\_, in whole or in part on any date, commencing July 15, \_\_\_\_\_. Said option shall be exercised by the County by giving written notice to the Authority and the Trustee of the exercise of such option at least forty-five (45) days prior to said prepayment date, or such lesser number of



days acceptable to the Trustee in the sole discretion of the Trustee. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such order of payment date as shall be selected by the County. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the County to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

Section 10.3. Mandatory Prepayment From Net Proceeds of Insurance, Title Insurance or Eminent Domain. The County shall be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Property theretofore deposited in the Lease Payment Fund for such purpose pursuant to Article VI hereof and Article VII of the Trust Agreement. The County and the Authority hereby agree that such Net Proceeds shall be applied first to the payment of any delinquent Lease Payments, and thereafter shall be credited towards the County's obligations under this Section 10.3. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the County to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

Section 10.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full under this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, remaining amounts on deposit in the Lease Payment Fund or the Reserve Fund shall be credited towards the amounts then required to be so prepaid.

## ARTICLE XI

### MISCELLANEOUS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in first-class form with postage fully prepaid:

If to the Authority:                      Marin County Capital Improvements Financing Authority  
c/o County of Marin  
3501 Civic Center Drive, Room 225  
San Rafael CA 94903  
Attention: Director of Finance  
Phone: (415) 499-6989

If to the County:                         County of Marin  
3501 Civic Center Drive, Room 225  
San Rafael CA 94903  
Attention: Director of Finance  
Phone: (415) 499-6989

If to the Trustee:                         U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Corporate Trust Services  
Phone: (415) 273-4517

The Authority, the County and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2 Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority and the County and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the County hereby agrees that the Lease Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.5. Further Assurances and Corrective Instruments. The Authority and the County agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intentions of this Lease Agreement.

Section 11.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.8. Authority and County Representatives. Whenever under the provisions of this Lease Agreement the approval of the Authority or the County is required, or the Authority or the County is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authority Representative and for the County by a County Representative, and each party hereto shall be authorized to rely upon any such approval or request.

Section 11.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

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

MARIN COUNTY CAPITAL  
IMPROVEMENTS FINANCING  
AUTHORITY

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

Attest:

\_\_\_\_\_  
Deputy Secretary

COUNTY OF MARIN

By \_\_\_\_\_  
County Administrator

Attest:

\_\_\_\_\_  
Deputy Clerk of the Board of Supervisors

## EXHIBIT A

### DESCRIPTION OF THE SITE

All that certain real property situated in Marin County, State of California, described as follows:

BEGINNING at the general Easterly boundary of the land described in the Deed to the County of Marin, a political subdivision of the State of California, recorded April 26, 1956 in Book 1029 of Official Records, at Page 10, at the Northerly corner of Lot 18 in Block 1 as shown on the Map of "Subdivision 'A' of Golf Links Tract", filed January 14, 1908 in Map Book 2 at Page 107; thence along the Northwest line of Lot 18, South 44° 06' West 160 feet to the Northeast line of Roosevelt Avenue as shown on said map; as shown on said map; thence along said Northeast line North 45° 54' West 50 feet to the Northwest line of Madison Avenue (shown as Lincoln Avenue on said map); thence along said Northwest line, South 44° 06' West 887.5 feet to the Northeast line of the land described in the Deed to the County of Marin recorded February 19, 1969 in Book 2275 of Official Records, at Page 347; thence along said Northeast line and along the Northeast and Southeast boundary of the land described in the Deed to the County of Marin, recorded December 1, 1969 in Book 2341 of Official Records, at Page 640, South 45° 54' East 200 feet and South 44° 06' West 25 feet to the Northeast line of Lot 33 in Block 10 as shown on said Map (2 M 107); thence along the Northeast lines of Lots 28 through 33 in said Block 10, South 45° 54' East 300 feet; thence along the Southeasterly boundary of said Lot 28, South 44° 06' West and its Southwesterly extension 175 feet to the centerline of Golf Avenue as shown on said map; thence along said centerline, South 45° 54' East 25 feet to the Northeasterly extension of the centerline of Ivy Lane as shown on said map; thence along said centerline, South 44° 06' West 25 feet to the Southwest line of said Golf Avenue; thence along said Southwest line, South 45° 54' East 410 feet to the Northwest line of North San Pedro Road (shown as San Pedro Avenue on said Map - 2 M 107); thence Southwesterly along said Northwest line, 675 feet, more or less, to the Northeast terminus of the course "North 44° 04' East 522.58 feet" in the Deed from Henry Scettrini, et ux, to the State of California, recorded June 26, 1952 in Book 750 of Official Records, at Page 64; thence along the general Northerly line of said State land, North 45° 56' West 25 feet, South 44° 04' West 173.58 feet, South 50° 06' 01" West 149.24 feet and South 53° 46' 20" West 17.03 feet to the general Northeasterly line of the land described as "Parcel 2" in the Deed to the State of California, recorded December 15, 1959 in Book 1331 of Official Records, at Page 599; thence along said Northeasterly line, as described therein, "South 87° 24' 28" West 101.51 feet, North 56° 26' 21" West 129.75 feet and North 85° 42' 10" West 216.65 feet; thence along a tangent curve to the right with a radius of 350 feet, through an angle of 51° 22' 47" an arc distance of 313.86 feet; thence North 34° 19' 23" West 127.61 feet and North 40° 05' 51" West 98.45 feet to a line parallel with and distant 110 feet, Easterly, at right angles, from the 'A' line of the Department of Public Works' survey for the State Freeway in Marin County, Road IV-Mrn-1-A; thence along said parallel line, North 29° 10' 11" West 1400.00 feet; thence North 26° 11' 46" West 558.26 feet to the Northerly line of the land described in the Deed to the County of Marin, recorded April 26, 1956 in Book 1024 of Official Records, at Page 7; thence along said Northerly line and along the Northerly line of said County of Marin land described in said Deed (1024/10), North 89° 56' 03" East 252.58 feet, North 27° 56' 03" East 794.64 feet, North 39° 10' East 43.66 feet, North 58° 34' East 586.4 feet to the Southwest terminus of the course "North 61° 05' 00" East 873.75 feet" in Parcel One of the "Agreement for Exchange of Lands", executed by Frieda Smith, et al, recorded January 17, 1961 in Book 1429 of Official Records, at Page 204; thence along the Northerly line of Parcel One and along the Southerly line of Parcel Two in said Agreement, North 61° 05' 00" East 941.74 feet; thence on a curve to the right with a radius of 585.0 feet, through a central angle of 45° 21' 10" an arc distance of 463.06 feet; thence South 73° 33' 50" East 491.44 feet to the most Easterly corner of the land described in said Deed to the County of Marin (1024/10); thence along the exterior boundary of said County land, South 49° 30' West 940.50 feet and continuing along said exterior boundary (1024/10) and the Northeast line of Lots 14 and 15 in said Block 1 (2 M 107), South 45° 54' East 905 feet and South 44° 06' West 2 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within the boundaries of Gallinas Creek.

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of the Marin County Civic Center, located on the Site, at the northeast corner of the intersection of Highway 101 and North San Pedro Road on County-owned property within the City of San Rafael, California.

The Civic Center complex consists of three principal elements which include County government buildings, the fairgrounds and other culturally related facilities, and a park area. The entire site was master planned by renowned architect Frank Lloyd Wright who, at the age of 90 years old, received the commission from the Marin County Board of Supervisors in 1957. The government complex was Wright's last major work and his largest constructed project. It is composed of two buildings, the 580-foot long Administration Building and the 880-foot long Hall of Justice, which are set at a slight angle to each other and joined together by a central rotunda. The rounded ends of the two buildings are built into the side of the hills, where they are not merely placed on parcels of land, but the buildings are integrally connected to the landscape. In 1991, the buildings and surrounding area were granted status as a National Historic Landmark. The Administration Building and Hall of Justice total about 470,000 square feet of assigned and common space.

In addition to and separate from the main Civic Center buildings, the campus includes a variety of other buildings and facilities, including the General Service Building, City of San Rafael Fire Station #7, a U.S. Post Office, a County Jail, a National Guard Armory (adjacent to the Campus), the Marin Veteran's Memorial Auditorium, the Exhibit Hall and Showcase Theatre, the County Fairgrounds, a playground, a lagoon and adjacent park, as well as a network of streets, parking areas, and miscellaneous landscaped and open space areas.

## EXHIBIT C

### SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>	<u>Annual Lease Payment</u>
01/15/11				
07/15/11				
01/15/12				
07/15/12				
01/15/13				
07/15/13				
01/15/14				
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01/15/36				

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>	<u>Annual Lease Payment</u>
07/15/36				
01/15/37				
07/15/37				
01/15/38				
07/15/38				
01/15/39				
07/15/39				
01/15/40				
07/15/40				

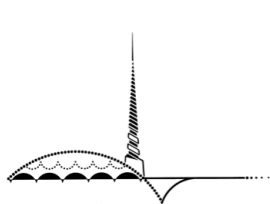


PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 16, 2010

NEW ISSUE—FULL BOOK ENTRY

RATINGS:  
Moody's: "\_\_\_\_"  
S&P: "\_\_\_\_"  
(See "RATINGS" herein)

Subject to compliance by the County with certain covenants, in the opinion of Quint & Thimmig LLP, San Francisco, California, Special Counsel, interest with respect to the Certificates (i) is excludable from gross income of the owners thereof for federal income tax purposes and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the further opinion of Special Counsel, the Lease Agreement is a "qualified tax-exempt obligations" under section 265(b)(3) of the Code. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein for a more complete discussion.



\$ \_\_\_\_\_\*  
**Certificates of Participation**  
**(2010 Financing Project)**  
**Evidencing Direct, Undivided Fractional Interests of the Owners**  
**Thereof in Lease Payments to be Made by the**  
**COUNTY OF MARIN, CALIFORNIA**  
**as the Rental for Certain Property Pursuant to a Lease Agreement**  
**with the Marin County Capital Improvements Financing Authority**

Dated: Date of Delivery

Due: August 1, as set forth below

The \$ \_\_\_\_\_\* Certificates of Participation (2010 Financing Project) (the "Certificates"), are being executed and delivered to provide funds to (i) finance capital improvements throughout the geographic boundaries of Marin County, California (the "County"), (ii) refund the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A and Series B (the "1998 Certificates"), (iii) fund a reserve fund for the Certificates, and (iv) pay costs incurred in connection with executing and delivering the Certificates. The Certificates will evidence direct, undivided fractional interests of the owners thereof in Lease Payments (as defined herein) to be made by the County to the Marin County Capital Improvements Financing Authority (the "Authority") for the use and occupancy of the Property (as defined herein) under and pursuant to a Lease Agreement, dated as of October 1, 2010, by and between the Authority and the County (the "Lease Agreement"). The Authority will assign its right to receive Lease Payments from the County under the Lease Agreement and its right to enforce payment of the Lease Payments when due or otherwise protect its interest in the event of a default by the County thereunder to U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"), for the benefit of the registered owners of the Certificates.

The Certificates will be executed and delivered in book-entry form only, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (referred to herein as "DTC"). Purchasers of the Certificates (the "Beneficial Owners") will not receive physical certificates representing their interest in the Certificates. Interest with respect to the Certificates accrues from their date of delivery, and is payable semiannually by check mailed on each February 1 and August 1, commencing February 1, 2011. The Certificates may be executed and delivered in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest with respect to the Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates. (See "THE CERTIFICATES—Book-Entry-Only System" herein).

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

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

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE COUNTY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION 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.

**MATURITY SCHEDULE\***

CUSIP Prefix: \_\_\_\_\_†

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
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Bids for the purchase of the Certificates will be received by the County on Tuesday, September 28, 2010, *electronically only*, through the I-Deal LLC BiDCOMP/PARITY® system, between 9:00 A.M. and 9:30 A.M., Pacific Daylight time. The Certificates will be sold pursuant to the terms of sale set forth in the Official Notice of Sale, dated September 16, 2010.

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

*The Certificates will be offered when, as and if delivered and received by the Underwriter subject to approval by Quint & Thimmig LLP, San Francisco, California, as Special Counsel. Certain matters will be passed upon for the County by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel. It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about October 13, 2010.*

Dated: September \_\_, 2010

\*Preliminary, subject to change.

† Copyright 2010, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the Certificates. The County is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Certificates or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.

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

**COUNTY OF MARIN, CALIFORNIA**

<http://www.co.marin.ca.us/>

**MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY**

**COUNTY BOARD OF SUPERVISORS**

Judy Arnold, *President*, District 5  
Susan L. Adams, *Vice President*, District 1  
Steve Kinsey, *2<sup>nd</sup> Vice President*, District 4  
Harold C. Brown Jr., *Boardmember*, District 2  
Charles McGlashan, *Boardmember*, District 3

**COUNTY OFFICIALS**

Matthew H. Hymel, *County Administrator*  
Michael Smith, *Treasurer-Tax Collector*  
Mark J. Walsh, *Director of Finance*  
Patrick Faulkner, *County Counsel*

**AUTHORITY GOVERNING BOARD**

Judy Arnold, *Chair*  
Susan L. Adams, *Vice Chair*  
Harold C. Brown Jr., *Boardmember*  
Steve Kinsey, *Boardmember*  
Charles McGlashan, *Boardmember*

**AUTHORITY OFFICIALS**

Matthew H. Hymel, *Executive Director*  
Michael Smith, *Treasurer*  
Patrick Faulkner, *Authority Counsel*

**SPECIAL SERVICES**

*Financial Advisor*  
Wulff Hansen & Company  
San Francisco, California

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

*Trustee and Escrow Bank*  
U.S. Bank National Association  
San Francisco, California

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

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

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.

The information set forth herein has been obtained from the County and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease, or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Director Finance for further information. See "INTRODUCTION—Other Information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the County's forecasts in any way. Neither the County nor the Authority is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or do not occur.

The execution, sale and delivery of the Certificates has not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The County maintains a website. Unless specifically indicated otherwise, the information presented on such website is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Certificates.

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	DTC'S BOOK-ENTRY ONLY SYSTEM
	FORM OF CONTINUING DISCLOSURE CERTIFICATE

[LOCATION MAP TO COME]

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**CERTIFICATES OF PARTICIPATION  
(2010 Financing Project)  
Evidencing Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the  
COUNTY OF MARIN, CALIFORNIA  
as the Rental for Certain Property  
Pursuant to a Lease Agreement with the  
Marin County Capital Improvements Financing Authority**

**INTRODUCTION**

This introduction does not purport to be complete and reference is made to the body of this Official Statement, appendices and the documents referred to herein for more complete information with respect to matters concerning the captioned Certificates. Potential investors are encouraged to read this entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement and in APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS.

**General**

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the execution, sale and delivery of \$ \_\_\_\_\_\* aggregate principal amount of Certificates of Participation (2010 Financing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2010 (the "Trust Agreement"), by and among the County of Marin (the "County"), the Marin County Capital Improvements Financing Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee").

Proceeds of the Certificates will be used to (a) finance various capital improvements throughout the geographic boundaries of the County (the "2010 Projects"), (b) refund, on a current basis, the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A (the "1998 Series A Certificates"), and the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series B (the "1998 Series B Certificates" and, with the 1998 Series A Certificates, the "1998 Certificates"), (c) fund a reserve fund for the Certificates, and (d) pay costs incurred in connection with executing and delivering the Certificates. See "PLAN OF FINANCING."

The County will lease the site of the Marin County Civic Center (the "Site") and the improvements thereon (collectively, the "Facility" and together with the Site, the "Property") to the Authority pursuant to a Site and Facility Lease, dated as of October 1, 2010 (the "Site and Facility Lease"), between the County and the Authority. The Authority will lease the Property back to the County pursuant to a Lease Agreement, dated as of October 1, 2010 (the "Lease Agreement"). The Certificates are payable solely from and secured by certain lease payments ("Lease Payments") to be made by the County to the Authority pursuant to the Lease Agreement. See "SOURCE OF PAYMENT FOR THE CERTIFICATES" and "THE PROPERTY."

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\* Preliminary, subject to change.

Interest with respect to the Certificates is payable on February 1 and August 1 of each year, commencing February 1, 2011. The Certificates will mature in the amounts and on the dates and bear interest at the rates shown on the cover of this Official Statement. See "THE CERTIFICATES."

The Certificates will be delivered in fully registered form only, in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as the depository for the Certificates and all payments due with respect to the Certificates will be made to Cede & Co. Ownership interests in the Certificates may be purchased only in book-entry form. See "THE CERTIFICATES—Book-Entry Only System" and APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

### **Source of Payment for the Certificates**

The Certificates represent direct, undivided fractional interests of the Owners thereof in the Lease Payments to be paid by the County to the Authority pursuant to the Lease Agreement. Lease Payments are calculated to be sufficient to permit the payment of the principal and interest with respect to the Certificates when due. The Lease Payments are payable by the County from its general fund for the right to use and possess the Property. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction there is substantial interference with the use and occupancy by the County of the Property or any portion thereof. The County will covenant under the Lease Agreement to take such action as necessary to include the Lease Payments in its annual budget and to make all necessary appropriations therefor (subject to abatement under certain circumstances described in the Lease Agreement). Pursuant to an Assignment Agreement, dated as of October 1, 2010 (the "Assignment Agreement"), by and between the Authority and the Trustee, the Authority will assign to the Trustee, for the benefit of the Owners of the Certificates, certain of its rights under the Lease Agreement, including its right to receive Lease Payments from the County for the purpose of securing the payment of principal and interest with respect to the Certificates. See "SOURCE OF PAYMENT FOR THE CERTIFICATES" and "RISK FACTORS."

A Reserve Fund equal to the Reserve Requirement will be established and maintained by the Trustee pursuant to the Trust Agreement. Money in the Reserve Fund will be used by the Trustee in the event amounts in the Lease Payment Fund are insufficient to pay principal and/or interest with respect to the Certificates. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Reserve Fund."

THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE COUNTY OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

### **The County**

The County is located in the north San Francisco Bay Area of California, across the Golden Gate Bridge from San Francisco. As of January 1, 2010 the population was approximately 260,651. The County seat is San Rafael and the largest employer is the County government. The County is governed by the County Board of Supervisors (the "County Board"). The County's General Fund budget for fiscal year 2010-11 includes revenues of

approximately \$350 million and a beginning available fund balance of approximately \$24.8 million. See "THE COUNTY," "COUNTY FINANCIAL INFORMATION" and APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY.

### **Continuing Disclosure**

The County will covenant in a Continuing Disclosure Certificate to prepare and deliver an annual report to the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system. See "CONTINUING DISCLOSURE" and APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

### **Summaries of Documents**

This Official Statement contains descriptions of the Certificates, the Trust Agreement, the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and various other agreements and documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Copies of the various documents described herein are available for inspection during business hours at the corporate trust office of the Trustee at One California Street, Suite 1000, San Francisco, CA 94111.

### **Other Information**

This Official Statement speaks only as of its date as set forth on the cover hereof, the information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

Unless otherwise expressly noted, all references to internet websites in this Official Statement, including without limitation, the County's website, are shown for reference and convenience only and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the County and the County makes no representation regarding the accuracy or completeness of the information therein.



## SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of the proceeds from the sale of the Certificates and other moneys:

### Sources

Par amount of the Certificates  
Plus: Original Net Premium  
Less: Released 1998 Moneys  
Total Sources

---

---

### Uses

Deposit to Project Fund (1)  
Deposit to Escrow Fund (2)  
Deposit to Reserve Fund (3)  
Deposit to Delivery Costs Fund (4)  
Total Uses

---

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- (1) Amounts deposited in the Project Fund will be applied to the financing of the 2010 Projects. See PLAN OF FINANCING—2010 Projects.
- (2) Amounts deposited in the Escrow Fund will be applied to the redemption of the 1998 Certificates. See PLAN OF FINANCING—Refunding of the 1998 Certificates.
- (3) Equal to the Reserve Requirement being maximum annual Lease Payments occurring in the year ending August 1, \_\_\_\_.
- (4) Delivery Costs include the Underwriter's discount, fees and expenses of Special Counsel, Disclosure Counsel and the Trustee, printing expenses, rating fees, title insurance and other costs.

## PLAN OF FINANCING

Proceeds of the Certificates will be used to (a) finance the 2010 Projects, (b) refund the 1998 Certificates, (c) fund a reserve fund for the Certificates, and (d) pay costs incurred in connection with executing and delivering the Certificates.

### 2010 Projects

A portion of the proceeds of the Certificates will be used to finance capital improvements including one or more of the following:

The County owns 43 buildings, with approximately 1.1 million square feet, highlighted by Frank Lloyd Wright's National Historic Landmark Marin County Civic Center. Many of these buildings are more than 20 years of age and in need of modernization and/or new systems. The County estimates that over the next 10 years there is a range of \$43 to \$57 million in deferred maintenance and code upgrades that will be needed to extend the useful life of these facilities.

The Marin County Fire Department has a number of older or obsolete facilities that will need upgrading or rebuilding over the next 10-20 years with an estimate of the range of costs from \$43 to \$68 million, not including any land acquisition.

The County has been planning a new Emergency Operations Facility (EOF) project that will meet California essential service facility standards that will house the Marin County Sheriff Department's Emergency Operations Center and other County programs that need to be available after a major seismic event. Costs for this project can range from \$58 to \$75 million.

## **Refunding of the 1998 Certificates**

A portion of the proceeds of the Certificates will be used to effect a current refunding of the outstanding 1998 Series A Certificates, currently outstanding in the principal amount of \$15,875,000, and to effect a current refunding of the outstanding 1998 Series B Certificates, currently outstanding in the principal amount of \$1,590,000. The 1998 Certificates were executed and delivered to refund certain outstanding certificates of participation delivered in 1991 (the "1991 Certificates") and to finance certain capital projects for the County, including the seismic retrofit of the County's Hall of Justice, the acquisition of a substation for the County Sheriff's department, construction of an addition to the County Juvenile Hall and for the expansion and remodeling of the County firehouse. The 1991 Certificates were executed and delivered to finance the construction of the County Jail and the acquisition of two office buildings.

A portion of the proceeds of the Certificates, in an amount equal to the full amount required to redeem the 1998 Certificates, including accrued interest with respect to the 1998 Certificates to the redemption date, will be deposited in an escrow fund (the "Escrow Fund") held in trust by U.S. Bank National Association, as escrow bank, under an escrow deposit and trust agreement with the County. The amounts deposited in the Escrow Fund will be applied to the redemption of the 1998 Certificates on November 1, 2010, at the redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest.

Upon the delivery of the Certificates and the deposit in the Escrow Fund of moneys sufficient to provide for the refunding of the 1998 Certificates, the 1998 Certificates will be deemed defeased and no longer outstanding. The holders of the 1998 Certificates will be entitled to payment solely out of the moneys deposited in the Escrow Fund.

## **PROPERTY**

Pursuant to the Site and Facility Lease, the County will lease the Property to the Authority. Pursuant to the Lease Agreement, the Authority will, in turn, lease the Property back to the County. See APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SITE AND FACILITY LEASE and APPENDIX A—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

The Property consists of the Marin County Civic Center, located at the northeast corner of the intersection of Highway 101 and North San Pedro Road on County-owned property within the City of San Rafael, California.

The Civic Center complex consists of three principal elements which include County government buildings, the fairgrounds and other culturally related facilities, and a park area. The entire site was master planned by renowned architect Frank Lloyd Wright who, at the age of 90 years old, received the commission from the County Board in 1957. The government complex was Wright's last major work and his largest constructed project. It is composed of two buildings, the 580-foot long Administration Building and the 880-foot long Hall of Justice, which are set at a slight angle to each other and joined together by a central rotunda. The rounded ends of the two buildings are built into the side of the hills, where they are not merely placed on parcels of land, but the buildings are integrally connected to the landscape. In 1991, the buildings and surrounding area were granted status as a National Historic Landmark. The Administration Building and Hall of Justice total about 470,000 square feet of assigned and common space.

In addition to and separate from the main Civic Center buildings, the campus includes a variety of other buildings and facilities, including the General Service Building, City of San Rafael Fire Station #7, a U.S. Post Office, a County Jail, a National Guard Armory (adjacent to the Campus), the Marin Veteran's Memorial Auditorium, the Exhibit Hall and Showcase Theatre, the County Fairgrounds, a playground, a lagoon and adjacent park, as well as a network of streets, parking areas, and miscellaneous landscaped and open space areas.

For a description of certain terms of the Lease Agreement see "SOURCE OF PAYMENT FOR THE CERTIFICATES" and APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

Pursuant to the Lease Agreement, the County may substitute the Property, in whole or in part, by other properties, upon the satisfaction of certain conditions. For more information regarding the substitution of property see "SOURCE OF PAYMENT FOR THE CERTIFICATES—Substitution of Site or Facility" and APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT.

The County has not granted any security interest in the Property for the benefit of the Certificates and there is no remedy of foreclosure on the Property upon the occurrence of an Event of Default under the Lease Agreement. For a discussion of remedies upon an Event of Default under the Lease Agreement, see "RISK FACTORS—Limited Recourse on Lease Agreement Default" and "—Limitations on Remedies."

## ANNUAL DEBT SERVICE

The following table shows the scheduled annual debt service for the Certificates:

Year Ending August 1	Principal	Interest	Total
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
TOTAL			

## THE CERTIFICATES

### General

The Certificates will be executed and delivered in the aggregate principal amount and will mature on the dates and interest with respect thereto will be payable at the rates per annum as set forth on the cover of this Official Statement. The Certificates will be delivered in the form of fully registered Certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. Interest with respect to the Certificates will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on February 1 and August 1 of each year, commencing February 1, 2011 (each an "Interest Payment Date"), until maturity or earlier redemption thereof. The Certificates will be initially executed, delivered and registered in the name of "Cede & Co." as nominee of DTC and will be evidenced by one Certificate maturing on each of the maturity dates in a denomination corresponding to the total principal therein designated to mature on such date. See "THE CERTIFICATES—Book-Entry Only System."

Interest with respect to the Certificates will be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date (i.e., the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day) and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before January 15, 2011, in which event interest with respect thereto will be payable from its dated date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) days prior to such special record date.

Payment of interest due with respect to any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Registration Books as of such Regular Record Date or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

## **Redemption**

*Optional Redemption.* The Certificates maturing on or before August 1, 2020, are not subject to optional redemption prior to maturity. The Certificates maturing on and after August 1, 2021, are subject to optional redemption, in whole or in part on any date on or after August 1, 2020, at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption from the proceeds of the optional prepayment of Lease Payments made by the County pursuant to the Lease Agreement, without premium.

*Mandatory Sinking Fund Redemption.* The Certificates maturing on August 1, \_\_\_\_, are subject to mandatory redemption in part on August 1 in each year on and after August 1, \_\_\_\_, to and including August 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year  
(August 1)

Principal Amount of  
Certificates to be Redeemed

---

†Maturity.

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

Year  
(June 1)

Principal Amount of  
Certificates to be Redeemed

---

†Maturity.

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

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

*Notice of Redemption.* Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption will be given by the Trustee on behalf and at the expense of the County, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Registration Books or at such other address as is furnished in writing by such Owner to the

Trustee; *provided, however*, that neither the failure to receive such notice nor any defect in any notice will affect the sufficiency of the proceedings for the redemption of the Certificates.

*Effect of Redemption.* If notice of redemption has been given as described above, the Certificates or portions of Certificates so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, interest with respect to such Certificates or portions of Certificates will cease to be payable.

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

### **Transfer and Exchange of Certificates**

The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of such Certificate for cancellation at the Principal Corporate Trust Office, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The County shall pay any costs of the Trustee incurred in connection with such transfer, except that the Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer (i) any Certificates or portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificates selected for redemption.

Certificates may be exchanged, upon surrender thereof, at the Principal Corporate Trust Office for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates shall be surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The County shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange (i) any Certificate or any portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificate selected for redemption.

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

The Certificates will be initially executed, delivered and registered as one fully registered certificate for each maturity, without coupons, in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Certificates. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive physical certificates representing their interest in the Certificates purchased. Principal and interest will be paid to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein. So long as DTC's book-entry system is in effect with respect to the Certificates, notices to Owners of the Certificates by the County or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and

then to the beneficial owners of the Certificates, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. See APPENDIX F—DTC'S BOOK-ENTRY ONLY SYSTEM.

In the event that such book-entry system is discontinued with respect to the Certificates, the County will cause the Trustee to execute and deliver replacements in the form of registered certificates and, thereafter, the Certificates will be transferable and exchangeable on the terms and conditions provided in the Trust Agreement. In addition, the following provisions would then apply: Payment of interest due with respect to any Certificate on any Interest Payment Date will be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Registration Books as of such Regular Record Date or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request will remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

## **SOURCE OF PAYMENT FOR THE CERTIFICATES**

### **General**

Each Certificate represents a direct, undivided fractional interest in the Lease Payments. Pursuant to the Lease Agreement, the County will lease the Property from the Authority and agree to make Lease Payments. See "PROPERTY." Upon satisfaction of certain conditions set forth in the Lease Agreement, the County may substitute the Property with other properties. See "Substitution of Site or Facility" below.

As security for the Certificates, the Authority will assign to the Trustee for the payment of principal and interest with respect to the Certificates, the Authority's rights, title and interest in the Lease Agreement (with certain exceptions), including the right to receive Lease Payments to be made by the County under the Lease Agreement. The Lease Payments are designed to be sufficient, in both time and amount, to pay when due, the principal and interest with respect to the Certificates. The Lease Payments are payable by the County from any source of available funds.

THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE COUNTY OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.



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

Pursuant to the Lease Agreement, the County has agreed to make Lease Payments for the lease of the Property which are calculated to be sufficient to pay principal and interest due with respect to the Certificates. The County will also pay as additional payments (“Additional Payments”), amounts required for the payment of all costs and expenses incurred by the County to comply with the provisions of the Trust Agreement and the Lease Agreement or in connection with the execution and delivery of the Certificates. The County has covenanted under the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Payments in its annual budget and to make the necessary annual appropriations for all such payments. Under certain circumstances described under the Lease Agreement, however, Lease Payments are subject to abatement during periods of substantial interference with the County’s use and occupancy of the Property or any portion thereof. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Abatement.”

## **Insurance**

The County is required to keep or cause to be kept casualty insurance against loss or damage by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, in an amount at least equal to one hundred percent (100%) of the replacement cost of the Property. Such insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. The County is not required by the Lease Agreement to maintain earthquake coverage with respect to the Property and the County does not expect to purchase such coverage.

To insure against loss of rental income caused by perils mentioned above, the County is required to maintain, or cause to be maintained throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property as a result of any of the hazards described above in an amount equal to two times the maximum annual Lease Payments.

Public liability and property damage insurance coverage is required in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the County and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the County. The net proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

The County shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, a CLTA title insurance policy in the amount of not less than the principal amount of the Certificates, insuring the County’s leasehold estate in the Property, subject only to Permitted Encumbrances.

See APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT—Insurance.

## **Abatement**

Pursuant to the Lease Agreement, Lease Payments will be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the County of the Property or any portion thereof (other than certain portions of the Property which have been modified by the County as described in the Lease Agreement) to the extent to be agreed upon by the County and the Authority and communicated by a County Representative to the Trustee. The parties agree that amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in an exhibit attached to the Lease Agreement, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed (giving due consideration to the factors identified related to fair rental value as discussed in the Lease Agreement), based upon the opinion of an MAI appraiser with expertise in valuing such properties, or based upon any other appropriate method of valuation, in which event the Lease Payments will be abated such that they represent said fair rental value. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as communicated by a County Representative to the Trustee. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the County waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement. See "SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance," APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Insurance and APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement—Abatement of Lease Payments in the Event of Damage or Destruction.

## **Eminent Domain**

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

## **Reserve Fund**

The Trust Agreement provides that the Trustee will establish and maintain the Reserve Fund in an amount equal to the Reserve Requirement. "Reserve Requirement" means, as of any date of calculation, an amount equal to \$\_\_\_\_\_, which is equal to the least of (a) 10% of the principal amount of the Certificates, or (b) the maximum amount of Lease Payments

coming due in the current or any future year, or (c) 125% of average annual Lease Payments; *provided, however*, that if the Certificates are partially refunded, such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded, as specified in a certificate of a County Representative delivered to the Trustee. Except as otherwise expressly provided in the Trust Agreement, all money in the Reserve Fund will be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the County. After the August 1, 2022, principal payment, the Reserve Requirement will reduce to the maximum amount of Lease Payments coming due in any year thereafter.

### **Optional Prepayment**

Pursuant to the Lease Agreement, the County has an option to prepay the principal components of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium. See "THE CERTIFICATES—Redemption—Optional Redemption."

Said option may be exercised with respect to Lease Payments due on and after July 15, 2021, in whole or in part on any date, commencing July 15, 2020. Said option shall be exercised by the County by giving written notice to the Authority and the Trustee of the exercise of such option at least forty-five (45) days prior to said prepayment date (or such fewer number of days as shall be Acceptable to the Trustee). In the event of prepayment in part, the partial prepayment will be applied against Lease Payments in such order of payment date as will be selected by the County. Lease Payments due after any such partial prepayment will be in the amounts set forth in a revised Lease Payment schedule which will be provided by, or caused to be provided by, the County to the Trustee and which will represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment. The Trustee agrees to notify the Authority in the event of any prepayment of Lease Payments, as provided in the Trust Agreement.

### **Mandatory Prepayment from Net Proceeds of Insurance, Title Insurance or Eminent Domain**

The County will be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Property theretofore deposited in the Lease Payment Fund for such purpose pursuant to the Lease Agreement and the Trust Agreement. The County and the Authority agree that such Net Proceeds will be applied first to the payment of any delinquent Lease Payments, and thereafter will be credited towards the County's obligations under the mandatory prepayment provisions of the Lease Agreement. Lease Payments due after any such partial prepayment will be in the amounts set forth in a revised Lease Payment schedule which will be provided by, or caused to be provided by, the County to the Trustee and which will represent an adjustment to the schedule set forth in the Lease Agreement taking into account said partial prepayment. See "THE CERTIFICATES—Redemption—Extraordinary Redemption from Net Proceeds of Insurance, Title Insurance, Condemnation or Eminent Domain Award."

### **Substitution of Site or Facility**

*Substitution of Site or Facility.* The County shall have, and is granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") and/or a substitute facility (a "Substitute Facility") for the Site (the

“Former Site”), or a portion thereof, and/or the Facility (the “Former Facility”), or a portion thereof, provided that the County shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the County shall file with the Authority and the Trustee an amendment to the Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Facility, the County shall file with the Authority and the Trustee an amendment to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iii) The County shall certify in writing to the Authority and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the County, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the County is permitted to lease under the laws of the State;

(iv) The County delivers to the Trustee and the Authority evidence that the value of the Property following such substitution is equal to or greater than the then Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(v) The Substitute Site and/or Substitute Facility shall not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement or in the Trust Agreement;

(vi) The County shall obtain an amendment to the title insurance policy required pursuant to Lease Agreement which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(vii) The County shall certify that the Substitute Site and/or the Substitute Facility is essential to the County as was the Former Site and/or the Former Facility;

(viii) The County shall provide notice of the substitution to any rating agency then rating the Certificates which rating was provided at the request of the County; and

(ix) The County shall furnish the Authority and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

*Release of Site.* The County shall have, and is granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The County shall file with the Authority and the Trustee an amendment to the Lease Agreement which describes the Site, as revised by such release;

(ii) The County delivers to the Trustee and the Authority evidence that the value of the Site, as revised by such release, is equal to or greater than the then Outstanding

principal amount of the Certificates and confirms in writing to the Trustee and the Authority that the indemnification provided pursuant to the Trust Agreement applies with respect to the Site, as revised by such release;

(iii) Such release shall not cause the County to violate any of its covenants, representations and warranties made in the Lease Agreement and in the Trust Agreement;

(iv) The County shall obtain an amendment to the title insurance policy required pursuant to the Lease Agreement which describes the Site, as revised by such release; and

(v) The County shall provide notice of the release to any rating agency then rating the Certificates which rating was provided at the request of the County.

### **Amendment of Lease Agreement**

The Authority and the County may, at any time, amend or modify any of the provisions of the Lease Agreement, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates, or (b) without the consent of any of the Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved in the Lease Agreement to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Lease Agreement, or in any other respect whatsoever as the Authority and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Certificates under the Code, in the opinion of Bond Counsel.

## **THE COUNTY**

### **Introduction**

The County is one of the original 27 counties of California, created February 18, 1850, following adoption of the Constitution of 1849 and just months before the state was admitted to the Union. The County is located in the north San Francisco Bay Area of California, across the Golden Gate Bridge from San Francisco. Geographically, the county forms a large, southward-facing peninsula, with the Pacific Ocean to the west, San Pablo Bay and San Francisco Bay to the east, and – across the Golden Gate – the city of San Francisco to the south. The County's northern border is with Sonoma County.

Most of the County's population resides on the eastern side, with a string of communities running along San Francisco Bay, from Sausalito to Tiburon to Corte Madera to San Rafael. The interior contains large areas of agricultural and open space; West Marin, through which State Route 1 runs alongside the California coast, contains many small unincorporated communities whose economies depend on agriculture and tourism.

As of January 1, 2010, the population was 260,651. The County seat is San Rafael and the largest employer is the County government. The County is governed by the County Board. The County's General Fund budget for fiscal year 2010-11 includes revenues of approximately \$350 million and a beginning available fund balance of approximately \$24.8 million.

See APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY.

### **Government and Administration**

The County is governed by a five-member County Board elected to serve four-year terms. Other elected officials include the Assessor-Clerk-Recorder, District Attorney, Sheriff and Treasurer-Tax Collector. As a result of the passage of Measure B by County voters in November 2008, the offices of Auditor-Controller and Treasurer-Tax Collector will be fully consolidated by January 2011 into an appointed Director of Finance position.

The County Administrator is appointed by the County Board and administers the day-to-day business of the County, providing research, information and recommendations, and aiding its executive function by providing management guidance and assistance. The County Administrator's Office (CAO) provides overall Countywide coordination of programs and services. The CAO annually prepares and monitors implementation of the budget adopted by the County Board, prepares the County's State and Federal Legislative Plan for the County Board, oversees implementation of the County's Strategic Plan and provides guidance for organizational development. The CAO is also responsible for direct oversight of Finance, Information Systems, Human Resources, Risk Management and Facilities Planning programs.

Averaging just over 2,100 full-time equivalent employees, the County government provides a full range of public services including public safety, roads and facilities, social services, administrative services, health services and leisure services. Typically, the department heads that run these operations, other than the elected department heads, are appointed by the County Board.

### **Financial and Accounting Information**

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. County resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The various funds are grouped into fund categories as described below under the caption "COUNTY FINANCIAL INFORMATION" and in APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009.

## COUNTY FINANCIAL INFORMATION

### Budgetary Process

The County is required by State law to adopt a balanced budget by July 1 of each fiscal year. Preparation of the annual budget requires an intensive effort covering a period of over nine months. Ongoing dialogue with the departments, advisory commissions and the County Board is critical to the development of a meaningful budget document. As part of the budget process, departments evaluate their accomplishments for the preceding year and determine next steps for the coming fiscal year to further implement the goals and desired outcomes of the department. The Proposed Budget document articulates the intentions of the departments for the coming year, detailing long-term goals and objectives and the associated initiatives for which funding is being requested. The budget strives to be thorough, clear and transparent.

The process begins in December with budget instructions issued to departments by the County Administrator. The various departments develop departmental budget requests by early February. After the County Administrator reviews the various departmental requests, the County Administrator prepares the County recommended budget, which is summarized by program and service areas, and submits it to the County Board prior to budget hearings in June. The County operates beginning July 1, the start of the fiscal year. After its adoption, department managers, the Department of Finance and the County Administrator's staff review and analyze revenue and expenditure detail throughout the year to identify variances from the budget.

In planning for and preparing the annual budget each year, prudent fiscal decisions are made that will sustain the long-term health and well-being of the County organization. Accordingly, the County Administrator strives to make fiscal recommendations in the Proposed Budget that adhere to financial guidelines approved by the County Board, including a reliance on use of one-time funds only for one-time purposes; cost-recovery through fees; generally speaking, not "backfilling" reduced state or federal revenues; and maintaining a minimum of 5% of operating budget in contingency or budget uncertainty reserves.

The County generally requires a reliance on no more than 5% of fund balance to finance General Fund operations. At mid-year, the County Administrator employs a robust mid-year budget and performance review process with departments, changing budget at mid-year to ensure that at least 5% of fund balance will be achieved by year-end. This process ensures that budget year planning relies on ongoing sources to finance ongoing uses. Several budget workshops per year are conducted to keep County Board apprised of budget performance and issues.

Budget information is presented for the general and special revenue funds. This budget data is prepared on the modified accrual basis consistent with comparable actual amounts. Budget appropriations represent original amounts adjusted by budget transfers and appropriation amendments.

Encumbrance accounting is utilized during the year for budget control purposes. However, encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather reserves of fund balances. The County does, however, honor the contracts represented by year-end encumbrances. Unencumbered budget appropriations lapse at the end of the Fiscal year.

Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the County Board. Any deficiency of

budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

## General Fund Budgets

Set forth in the following table is a summary statement of the adopted and final General Fund budget for fiscal year ended June 30, 2010, and the adopted General Fund budget for the fiscal year ending June 30, 2011.

**Table 1**  
**County of Marin**  
**General Fund Budgets**  
**For the Fiscal Year Ended June 30, 2010 and the Fiscal Year Ending June 30, 2011**

	FY Ending June 30, 2010			FY Ending June 30, 2011
	Budgeted Amounts Adopted	Budgeted Amounts Final	Variance with Final Budget Positive (Negative)	Budgeted Amounts Adopted
<u>Revenues:</u>				
Taxes, vehicle license fees and franchises	153,229,255	167,449,569	14,220,314	150,146,429
Licenses and permits	5,314,146	5,870,574	556,428	6,445,449
Fines, forfeitures & penalties	4,613,040	6,895,409	2,282,369	6,251,000
Revenue from money & property	4,392,575	4,428,945	36,370	4,568,973
Aid from governmental agencies	142,036,156	162,257,765	20,221,609	137,547,959
Charges for services	41,716,522	47,093,951	5,377,429	43,268,710
Tobacco settlement & miscellaneous Contributions	6,259,004	6,396,506	137,502	5,862,145
Other financing sources	3,900,000	5,534,097	1,634,097	3,975,047
Total Revenues	361,460,698	405,926,816	44,466,118	358,065,712
<u>Expenditures:</u>				
Salaries and Benefits	241,755,309	242,213,033	522,725	240,801,591
Services and Supplies	90,898,155	101,427,251	10,464,094	87,992,532
Other Charges	34,550,644	37,008,163	2,457,519	35,658,774
Capital Assets	2,203,938	1,454,668	(749,270)	1,452,314
Other Financing Uses	6,806,541	16,584,349	9,777,808	8,882,786
Contingencies	9,800,000	0	(9,800,000)	8,100,000
Total Expenditures	386,014,587	398,687,464	12,672,877	382,887,997
Net change in budgetary fund balances	(24,553,889)	7,239,352		(24,822,285)
Budgetary fund balances, July 1	24,553,889	24,553,889		24,822,285
Budgetary fund balances, June 30	0	31,793,241		0

Source: County of Marin Director of Finance.

## Financial Statements

The County's Audited Financial Statements for the fiscal year ended June 30, 2009, which have been audited by Gallina LLP Certified Public Accountants (the "Auditor"), Roseville, California, are included in APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009. The County has not



requested nor has the Auditor given consent to the inclusion in such appendix of its report on such financial statements, nor have such accountants reviewed or performed any audit procedures in connection with the preparation of this Official Statement. The County reports that there has been no material adverse change in the County's financial position since June 30, 2009.

The following financial information was compiled from the County's Audited Financial Statements and from the office of the Director of Finance. The financial and statistical information set forth herein does not purport to be a summary of the County's Audited Financial Statements. The County's Audited Financial Statements should be read in its entirety. The County's Audited Financial Statements are available on the County's website at [www.co.marin.ca.us/nav/ServiceList.cfm?&ServDeptCd=AC](http://www.co.marin.ca.us/nav/ServiceList.cfm?&ServDeptCd=AC). The information on such website is not incorporated herein by such reference or otherwise. The Audited Financial Statements of the County for the year ended June 30, 2009, is attached to this Official Statement as APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009. The following data are for information purposes only and do not constitute the complete financial statements of the County.

The cash information presented for June 30, 2010 was compiled from the books and records of the County Director of Finance's office. Currently, cash information presented is unaudited. The County's 2010 Audited Financial Statements are expected to be available in December 2010.

The following table shows components of the County's General Fund balance sheet revenues, expenditures and changes in fund balance for a nine year period beginning June 30, 2005 through June 30, 2009.

**Table 2**  
**County of Marin**  
**Summarized General Fund Financial Information for the Last Five Years (1)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash	\$156,200,059	\$152,324,268	\$131,562,182	\$187,878,148	\$128,056,811
Other Assets	36,636,256	29,622,150	34,626,676	33,191,602	38,951,085
Total Assets	<u>\$192,836,315</u>	<u>\$181,946,418</u>	<u>\$166,188,858</u>	<u>\$221,069,750</u>	<u>167,007,896</u>
Total Liabilities	\$ 21,331,558	\$ 22,826,561	\$ 22,409,089	\$ 11,718,795	\$ 16,210,443
Beginning Fund Balance	159,119,857	143,779,769	209,350,955	150,797,453	120,188,037
Revenue	374,044,631	392,557,788	351,973,071	432,044,870	366,116,994
Expenditure	-354,148,605	-358,494,337	-337,421,807	-405,404,576	-318,734,684
Other Financing Source (Uses)	-7,511,126	-18,723,363	-45,380,664 (2)	9,438,188	-16,772,894
Change in Fund Balance (including adjustments)	12,384,900	15,340,088	-65,571,186	58,553,502	30,609,416
Ending Fund Balance	<u>171,504,757</u>	<u>159,119,857</u>	<u>143,779,769</u>	<u>209,350,955</u>	<u>150,797,453</u>
Total Fund Liabilities and Fund Balance	<u>\$192,836,315</u>	<u>\$181,946,418</u>	<u>\$166,188,858</u>	<u>\$221,069,750</u>	<u>\$167,007,896</u>
Financial Indicators					
Percentage Cash to Ending Fund Balance	91.08%	95.73%	91.50%	89.74%	84.92%
Percentage Revenue to Ending Fund Balance	45.85%	40.53%	40.85%	48.46%	41.19%
Percentage Expenditure to Ending Fund Balance	48.43%	44.39%	42.61%	51.64%	47.31%
Percentage change in Cash	2.54%	15.78%	-29.97%	46.71%	19.13%
Percentage change in Ending Fund Balance	7.78%	10.67%	-31.32%	38.83%	25.47%

Source: County of Marin Audited Financial Reports for fiscal years 2005 through 2009.

(1) This reporting is summary data only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement.

(2) Transfer out of \$37.3 million used to finance the Health & Wellness Campus in a capital project fund

## 2008-09 Fiscal Year Summary

At the end of the County's 2008-09 fiscal year, the assets for governmental activities exceeded its liabilities by \$1,513,746,736 (net assets). Of this amount, \$77,080,634 represents unrestricted net assets, which will be available to meet the County's ongoing obligations to citizens and creditors. Restricted net assets of \$96,059,870 may be used for the County's ongoing obligations related to programs with external restrictions. The remaining \$1,340,606,232 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (invested in capital assets, net of related debt). County total net assets for governmental activities decreased by \$36,617,906.

Property tax revenues decreased slightly for fiscal year ended June 30, 2009. Housing prices in the County have come under moderate pressure and, as a result, property tax revenues are not expected to increase substantially for the foreseeable future.

Expenses related to Governmental activities decreased by \$7,328,797 to \$491,086,167. This represents a 1.5% decrease. Due to the ongoing downward pressure on revenues to the County, budgets were strictly reviewed as to necessity and productivity which resulted in the budget realignment.

Public Protection expenses increased from the 2008 fiscal year, increasing from \$159,494,067 to \$169,921,297. Health and sanitation expenses decreased from the 2008 fiscal year, from \$97,826,891 to \$96,157,874.

At the end of the County's 2008-09 fiscal year, the General Fund showed \$171,504,757 in total fund balance, with \$30,724,820 unreserved/undesignated. This represents an increase of \$1,863,025 from the previous year. Revenue collected in the General Fund for County Services decreased by \$18,513,157 to \$374,044,631, a decrease of 4.7%.

### **2009-10 Fiscal Year Summary**

At the end of the County's 2009-10 fiscal year, the General Fund assets exceeded its liabilities by \$191,632,029 (fund balance). Of this amount, \$38,912,196 represents unreserved undesignated fund balance, which will be available to meet the County's ongoing obligations to citizens and creditors. Reserved fund balance of \$49,492,634 is not available for the County's ongoing obligations because of external restrictions. The remaining \$103,227,199 represents the County's intended designations that could be changed to pay for ongoing operations if the Board of Supervisors desired. County total General Fund fund balance increased by \$20,127,272.

Revenues increased by \$19,853,149 to \$393,897,780, this represents a 5.3% increase. Expenditures increased by \$22,928,347 to \$377,076,952, this represents a 6.4% increase.

### **Outlook for Fiscal Year 2010-11**

The County's fiscal year 2010-11 budget projects the receipt of approximately 38% of its total revenues from Federal and State aid. As a provider of State and federally mandated services, dependent upon intergovernmental revenues, the County's fiscal health is necessarily dependent upon federal and State budget appropriations. The County currently anticipates being able to budget the necessary sums for all projected expenditures for fiscal year 2010-11 and the near future. The following are economic factors and assumptions that were used in developing the fiscal year 2010-11 budget:

- Property Tax collections are estimated to decrease 1.8%-2.0% from fiscal year 2009-10 levels, relatively stable compared to surrounding counties and the state overall.
- The County unemployment rate (not seasonally adjusted) was steady over the past year, measuring 8.2% as of June 30, 2010, unchanged from June 30, 2009. Statewide unemployment measured 12.2% as of June, 2010 (increasing from 11.6% from June, 2009).
- In the first negotiated contract with labor units, agreement was reached for a 0% increase in wages effective July 1, 2010. Remaining bargaining units are still in negotiation.
- The 2010-11 final budget for the General Fund represents a decrease of \$5.5 million from 2009-10 – or 1.5% - primarily due to a planned decrease in expenditures across most programs as a result of revenue decreases in property and other tax revenues – as well as increases in employer pension contribution rates due primarily to -19.8% Marin County Employees Retirement Association (MCERA) investment earnings through June 30, 2009. Comparatively, CalPERS returned -23.4% for the same period.

- Over the past three years, the County has reduced 180 positions (roughly 9% of its workforce), achieving \$25 million in expenditure reductions, and an additional \$5 million in new revenues, to balance its budget. A hiring freeze since 2007, requiring analysis before filling vacancies to ensure consistency with long-term strategy, has enabled 90% of these position reductions to be achieved without layoffs.

- The County adopted a Long-Term Restructuring Plan in January, 2010 to adapt to the economic downturn with a focus on sustainability; identifying ongoing savings to reduce long-term costs; making service tradeoffs based on community and organizational needs; and engaging the public and employees regarding budget reductions and for addressing emerging issues.

## **State Funding of Counties**

Counties are the principal agents for providing services on behalf of the State, particularly in the areas of public health, welfare, judicial and corrections programs, as well as providers of local services in a variety of areas, including law enforcement, roads, parks, libraries, agriculture and various social service programs. Substantial portions of many of these services are implementations of State mandated programs and State administered federal programs supported by State and federal revenues. The tension between counties and the State is often the adequacy of State provided revenue for State mandated programs. Historically, the County has been able to reduce expenditures when necessary to match available funding sources, as required by law.

Currently, approximately 38% of the County's General Fund Budget consists of payments from other government agencies including the State of California. The financial condition of the State has an impact on the level of these revenues. In the past several years the State has turned to counties to help solve the State's budget problems. The federal government provides approximately 9% of the County's General Fund budget. The Health and Human Services department receives substantial state and federal funds for assistance payments and social services programs. The County Board has instructed the County Administrator to ensure that programs funded with intergovernmental revenues live within any reduced allocations as a primary budget management strategy.

In connection with the issuance by the State of its deficit reduction bonds under Proposition 57, the State created a dedicated revenue stream secured by certain local sales taxes through a mechanism called the "Triple Flip." Under this method, beginning in fiscal year 2004-05, the State would take 25% of the local government 1% sales tax (cities & counties), to continue for nine years. Each January (six months into the fiscal year), the State would require that counties take property tax which was earmarked for schools and pay back the first six months of the sales tax takeaway to the local governments. The State would then have the counties pay the estimated next six months in May. The difference between the estimated and actual sales tax in one year would be corrected in the following year's payments. Then, the State, using State General Fund monies, would pay back the schools. The State repayment of County sales tax in fiscal year 2009-10 was \$646,888.

In addition to the Triple Flip, which delayed the receipt of Sales Tax to local jurisdictions, the State of California cut the Motor Vehicle License Fees (VLF) that the citizens had to pay late in fiscal year 2003-04. The local share was then effectively cut by 67.5%. The State agreed to pay a VLF backfill to the local jurisdictions. This agreement has no defined end date. Again, the State had the counties take property tax from the schools to pay the local governments the VLF backfill and then the State General Fund would reimburse the schools for

their lost property tax. The State payment for VLF backfill to the County for fiscal year 2008-09 was \$24.3 million and in fiscal year 2009-10 was \$24.7 million.

## Sales Taxes

The State collects a tax on retail transactions within the County and rebates 1% to the County. The allocation is in addition to the half-cent sales tax allocated for public safety purposes pursuant to Proposition 172. Sales and use taxes contributed approximately \$2.5 million to the County's General Fund revenues in fiscal year 2008-09, equating to approximately 0.6% of total General Fund revenues for that fiscal year and \$2.5 million to the County's General Fund revenues in fiscal year 2009-10, again equating to approximately 0.6% of total General Fund revenues for that fiscal year. Sales and use taxes for calendar 2010 are expected to continue the downward pressure caused by the recession. The following table illustrates, for unincorporated areas of the County only, the historical taxable sales and sales tax receipts to the General Fund for the past five years as well as computed annual rate of change for such periods.

**Table 4**  
**County of Marin**  
**Historical Taxable Sales and Sales Tax Receipts**  
**2006-2010**  
(dollars in thousands)

Year	Historical Taxable Sales (1)	Sales Tax Receipts (2)	Rate of Change Sales Tax Receipts
2006	\$329,581	\$2,205	(15.5%)
2007	344,387	2,926	32.7%
2008	329,498	2,865	(2.1%)
2009	271,998 (3)	2,578	(10.0%)
2010	271,231 (3)	2,571	(0.3%)

Source: County of Marin Director of Finance.

(1) Taxable Sales for unincorporated areas of the County only; presented on a calendar year basis.

(2) Sales Tax Receipts are for unincorporated areas of the County only; on a fiscal year basis.

(3) Estimated.

Among the information set forth in APPENDIX A—GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY is a profile of total taxable sales within the County for the past five years on a calendar year basis as reported by the State Board of Equalization.

## Property Taxes

The County collects property taxes against all property on the secured roll in two annual installments. Property taxes are derived on the basis of an ad valorem tax levied against the current assessed valuation of property in the County. For the fiscal year ended June 30, 2010, property taxes contributed \$102.7 million to the County. Of that amount, property taxes contributed approximately \$92.2 million to General Fund revenues, equating to approximately 23.4% of total General Fund revenues for that fiscal year. Property tax revenues increased by \$5.2 million for the 2008-09 and by \$1.5 million for the 2009-10 fiscal year.

Out of the \$92.3 million in the General Fund, \$24.7 million pertains to property tax in lieu of vehicle license fee, and \$646,900 pertains to property tax in lieu of sales tax. See "State Funding of Counties" above. The assessed valuation of property in the County is established by the County Assessor except for public utility property which is assessed by the State Board

of Equalization. Assessed valuations are reported at 100% of the full value of the property as defined in Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A."

Taxes are levied for each fiscal year on taxable real and personal property, which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The secured roll is that part of the assessment roll containing State-assessed property and property the taxes on which are a lien on real property sufficient in the opinion of the County Assessor to secure payment of the taxes. Other property is assessed on the "unsecured roll." Property taxes on the secured roll are due in two installments on November 1 and February 1 of each fiscal year and, if unpaid, become delinquent on December 10 and April 10 respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of one and one-half percent per month to the time of redemption plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

## Assessed Valuation

The following table represents a five year history of assessed valuation in the County.

**Table 5**  
**County of Marin**  
**Assessed Value of Taxable Property**

Fiscal Year	(1) Secured Roll	(2) Unsecured Roll	(3) Exemptions	Net Assessed Valuations	(4) Total Direct Tax Rate
2006	\$45,027,710,448	\$1,475,508,860	\$1,480,651,770	\$45,022,567,538	1%
2007	\$49,034,109,911	\$1,429,600,744	\$1,591,865,759	\$48,871,844,896	1%
2008	\$52,421,716,072	\$1,409,966,119	\$1,669,047,614	\$52,162,634,577	1%
2009	\$55,451,069,486	\$1,449,358,501	\$1,731,003,722	\$55,169,424,265	1%
2010	\$56,421,874,227	\$1,488,474,565	\$1,825,609,625	\$56,084,739,167	1%

Source: Marin County Property Tax Records

- (1) Secured property is generally the real property, defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included in secured roll are unitary properties, including railroads and utilities which cross the county and are assessed by the State Board of Equalization.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools, supplies, mobile homes and aircraft.
- (3) Exempt properties include numerous full and partial exclusions/exemptions.
- (4) Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value. Additionally, Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds and special assessments.

## Tax Levies, Collections and Delinquencies

The County levies and collects all property taxes for property falling within its taxing boundaries. The County General Fund secured tax levy and year-end delinquencies for fiscal years 2005-06 through 2009-10 are shown below:

**Table 6**  
**County of Marin**  
**Secured Tax Levies and Delinquencies**  
**Fiscal Years 2005-06 through 2009-10**

Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2004-05	\$524,690,020	\$ 5,897,575	1.12%
2005-06	577,806,084	7,732,232	1.34
2006-07	629,700,284	12,656,260	2.01
2007-08	678,352,268	17,910,865	2.64
2008-09	714,937,471	21,048,777	2.94

Source: California Municipal Statistics, Inc.

(1) County's share of County-wide secured tax levy.

## The Teeter Plan

The County Board has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code.

Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities. The Teeter Plan provides for a tax distribution procedure in which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and related interest and proceeds from the sales of tax-defaulted properties (which can be sold after five years of delinquency). In addition to avoiding a complex tax redemption distribution system for all taxing agencies, the Teeter Plan provides the County with a new income stream generated from the payment of penalties and interest. The County estimates that as of June 30, 2010, the total prior and current years' delinquent property taxes and assessments outstanding will be \$28,700,098.

Once adopted by the County, the Teeter Plan remains in effect unless the County orders its discontinuance or prior to the commencement of any subsequent fiscal year the County receives a petition for its discontinuance adopted by resolution of two-thirds of the participating revenue districts in the County. Further, the County, may by resolution adopted not later than July 15 of any subsequent fiscal year after a public hearing, discontinue the Teeter Plan as to any tax levying or assessment levying agency if the rate of the secured tax delinquency in that agency in any year exceeds three percent of the total of all taxes and assessments levied on the secured rolls for that agency.

In order to finance the outstanding tax receivables at the end of any given year, the County general fund enters into an agreement with the County Treasurer to internally finance the outstanding tax receivables with the overall funds within the County treasury. This is evidenced by a signed note.



The following table represents the twenty largest taxpayers of local secured property taxes within the County:

**Table 7**  
**County of Marin**  
**Twenty Largest Taxpayers 2009-10**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2009-10 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Novato FF Property LLC	Commercial	\$ 275,706,000	0.50%
2.	Skywalker Properties Ltd.	Commercial	219,340,493	0.40
3.	SR Corporate Center	Commercial	128,953,018	0.23
4.	Corte Madera Village LLC	Commercial	126,606,480	0.23
5.	Northgate Mall Associates	Commercial	112,797,140	0.20
6.	Spieker Properties	Commercial	109,495,579	0.20
7.	Stellar Larkspur Partners	Apartments	95,856,626	0.17
8.	770 Tamalpais Dr. Inc.	Commercial	92,250,607	0.17
9.	Biomarin Pharmaceutical Inc.	Industrial	86,760,391	0.16
10.	Hines San Rafael LLC	Commercial	82,587,760	0.15
11.	Steven J. Scarpa	Apartments	71,203,703	0.13
12.	Strawberry Village Retail	Commercial	69,356,169	0.13
13.	Inland Western Larkspur LLC	Commercial	65,252,696	0.12
14.	Tracey Cove LP	Apartments	62,139,842	0.11
15.	JCC Cal Properties LLC	Commercial	55,243,873	0.10
16.	Stellar Corte Madera	Apartments	51,529,021	0.09
17.	Robert Dickson Trust	Commercial	44,375,323	0.08
18.	Downtown Novato Investors LLC	Commercial	43,795,448	0.08
19.	Lexington Wood Hollow	Commercial	43,058,340	0.08
20.	Tishman Speyer Archstone-Smith	Apartments	41,607,383	0.08
			<u>\$1,877,915,892</u>	<u>3.40%</u>

Source: California Municipal Statistics, Inc.

(1) 2009-10 Local Secured Assessed Valuation: \$55,159,327,717

### Outstanding Obligations

As of June 30, 2010, the County was obligated to make payments on approximately \$140,860,000 of then currently outstanding aggregate principal amount of long-term obligations payable from its General Fund.

The following table summarizes the County's outstanding long-term General Fund obligations.

**Table 8**  
**County of Marin**  
**Long-Term General Fund Obligations**

<u>Issue Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Balance at June 30, 2009</u>
1998A Certificates of Participation (1)	7/7/98	2022	\$24,725,000	\$ 15,875,000
1998B Certificates of Participation (1)	7/7/98	2011	22,110,000	1,590,000
2001 Certificates of Participation	11/29/01	2014	14,100,000	11,915,000
Taxable Pension Obligation Bonds, Series 2003	5/15/03	2026	112,805,000	111,480,000
Total Long-Term General Fund Obligations				<u>\$140,860,000</u>

Source: The County.

(1) These certificates will be refunded with proceeds of the Certificates.

The County is a party to equipment leases and operating leases requiring annual lease payments by the County. See APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009.

### **Statement of Direct and Overlapping Debt**

Contained within the County are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds. Set forth below is a statement of direct and overlapping debt as of September 1, 2010 (the “Debt Statement”), prepared by California Municipal Statistics, Inc. The Debt Statement is included for general information purposes only. The County has not reviewed the Debt Statement for completeness or accuracy and makes no representations in connection therewith.

The Debt Statement generally includes long term obligations sold in the public credit markets by public agencies other than the County whose boundaries overlap the boundaries of the County in whole or in part. Such long term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the debt statement.

**Table 9**  
**County of Marin**  
**Direct and Overlapping Debt**  
**As of September 1, 2010**

2009-10 Assessed Valuation: \$56,851,129,941 (includes unitary utility valuation)  
Redevelopment Incremental Valuation: 3,867,320,453  
Adjusted Assessed Valuation: \$52,983,809,488

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/10</u>
Marin Community College District	100. %	\$127,895,000
Novato Unified School District	100.	95,020,000
Shoreline Joint Unified School District	52.778	7,808,505
Petaluma Joint Union High School District	1.003	316,190
San Rafael High School District	100.	53,320,315
Tamalpais Union High School District	100.	167,530,000
Kentfield School District	100.	19,275,000
Mill Valley School District	100.	39,179,602
Reed Union School District	100.	42,685,000
San Rafael School District	100.	61,823,301
Other School Districts	100.	74,469,480
Town of Fairfax	100.	6,214,000
City of Novato	100.	19,930,000
City of San Anselmo	100.	8,645,000
City of Sausalito	100.	15,203,894
Strawberry Recreation and Park District Zone No. 4	100.	1,335,000
Public Utility Districts	100.	240,877
County Water Districts	100.	237,000
Community Facilities Districts	100.	91,662,113
1915 Act Bonds	100.	<u>24,588,058</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$857,378,335</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
<b>Marin County Pension Obligations</b>	<b>100. %</b>	<b>\$111,480,000</b>
<b>Marin County General Fund Obligations</b>	<b>100.</b>	<b>35,909,112 (1)</b>
Marin County Transit District General Fund Obligations	100.	219,185
Marin Community College District General Fund Obligations	100.	2,900,834
Novato Unified School District Certificates of Participation	100.	495,000
Dixie School District Certificates of Participation	100.	285,000
San Rafael School District General Fund Obligations	100.	4,185,000
Sausalito School District Certificates of Participation	100.	2,635,000
City of Novato Certificates of Participation and Pension Obligations	100.	20,103,438
Town of Corte Madera General Fund Obligations	100.	10,423,485
Other School District General Fund Obligations	0.139-100.	1,977,995
Other Cities and Towns Certificates of Participation	100.	17,917,267
Marinwood Community Services District Certificates of Participation	100.	849,745
Fire Protection District Certificates of Participation	100.	7,956,331
Other Special District General Fund Obligations	100.	<u>880,455</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$218,217,847</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$1,075,596,182 (2)</b>

(1) Excludes certificates of participation to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.51%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$147,389,112) ..... 0.28%**

Combined Total Debt ..... 2.03%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

## OTHER COUNTY FINANCIAL INFORMATION

### Liabilities under Self-Insurance and Risk Management

*Workers' Compensation.* The County is permissibly self-insured for the first \$1,000,000 of workers' compensation claims per occurrence. The County provides for excess workers' compensation insurance above the \$1,000,000 retention through a policy with Arch Insurance Company (AM Best Rate A XV), with statutory limits (optimum no limit coverage per claim). The independent actuarial analysis (August 2009), concludes that given program assets, as of June 30, 2009, the program is funded between 65 and 70% confidence levels.

The actuarially determined outstanding claims liability and claims including incurred but not reported claims, adjustment expense liability (at 80 percent confidence level, after recognition of anticipated investment income) as of June 30, 2009 is \$18,613,000.

The following represents changes in those aggregate liabilities for the fund at June 30, 2009.

	2009	2008
Liability Balance, Beginning of Fiscal Year	\$17,781,000	\$17,781,000
Current year claims and changes in estimates	3,513,118	3,158,558
Claim payments	(2,681,118)	(3,158,558)
Liability Balance, End of Fiscal Year	<u>\$18,613,000</u>	<u>\$17,781,000</u>

*General Liability.* The County maintains a self-insured retention (SIR) of \$1,000,000 per occurrence for its general liability program. Losses, which exceed the SIR, are covered by an excess insurance policy through Everest National Insurance Company (AM Best Rated A+ XV) first layer and Allied World National Assurance Company (AM Best Rated A XV) second layer, for combined limit of \$25 Million. The independent actuarial analysis (August 2009), concludes that given program assets, as of June 30, 2009, the program is funded above the 90% confidence level.

The actuarially determined outstanding claims liability and claims including incurred but not reported claims, adjustment expense liability (at 80 percent confidence level, after recognition of anticipated investment income) as of June 30, 2009 is \$5,172,000.

The following represents changes in those aggregate liabilities for the fund at June 30, 2009.

	2009	2008
Liability Balance, Beginning of Fiscal Year	\$4,339,000	\$4,329,000
Current year claims and changes in estimates	1,695,000	2,780,544
Claim payments	(862,000)	(2,770,544)
Liability Balance, End of Fiscal Year	<u>\$5,172,000</u>	<u>\$4,339,000</u>

### Employees' Retirement Plan

*Plan Description.* The County's retirement plan is administered by the Board of Retirement of the Marin County Employees' Retirement Association (MCERA) a multiple-employer retirement system governed by the 1937 Act of the California Government Code. It covers employees eligible for membership and provides retirement, disability, death and survivor benefits based upon specified percentages of final compensation as well as annual

cost-of-living adjustments after retirement. Contributions are made by both the County and the employees.

In addition to the County's retirement plan, the Employees' Retirement Association administers the plans of the City of San Rafael, the Novato Fire Protection District, and are performed for several of these other special districts. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

*Funding Policy.* Members are required to contribute to the County's plan, based on their age at the time of entry into the Plan. Under the provisions of the County's pension plan, pension benefits vest after five years of credited service. The County's annual contributions are actuarially determined. The following assumptions were used in the most recent actuarial valuation as of June 30, 2009.

- Real rate of return is assumed to be 4% per year.
- Cost of Living Adjustment is capped maximum at 3.8%
- Rate of salary increase is assumed to be 4% for the general plan and safety plan

The actuarial assumptions used in determining contribution requirements are the same as those used to compute the pension benefit obligation.

*Annual Pension Cost.* For the fiscal year ended June 30, 2008, the County's annual pension cost was \$39,656,000.

Funding of the Plan is determined under the "entry age normal" method, which provides for funding of annual normal cost and the unfunded prior service costs over a period of 21 years. This includes amortization of the unfunded present value of credited projected benefits. All administrative costs of the system are borne by MCERA.

**Three-Year Trend Information (in thousands)**

Year Ending June 30:	Annual Pension Cost (APC)	Percentage of APC Contributed
2008	\$39,656	100.0%
2007	42,416	100.0%
2006	36,870	100.0%

In addition to the annual required contribution, the County recognized an additional expense of \$4,700,210, the current year amortization relating to the County's net pension asset. The change in the pension asset is as follows:

Net pension asset, beginning of year	\$89,303,950
Net pension asset, end of year	\$84,603,740

**Funded Status of County Defined Benefits Pension Plan (in thousands)**

Valuation Date (Most Recent Data Available) June 30:	Actuarial Value of Plan Assets	Actual Accrued Liability	Unfunded Accrued Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$1,111,115	\$1,280,206	\$169,091	86.80%	\$173,735	97.33%
2007	\$1,013,543	\$1,141,736	\$128,193	88.80%	\$159,177	80.50%
2006	\$ 908,767	\$1,090,344	\$181,578	83.00%	\$149,527	121.40%

**Other (than pensions) Postemployment Benefits (OPEB) Plan**

*Plan Description.* The County sponsors, and the Marin County Employees' Retirement Association provides administrative services for, a single-employer defined-benefit postemployment healthcare plan (the Plan) to provide medical and dental insurance benefits to eligible retired employees. Benefit provisions are established and may be amended by the County.

Under the current practice, the County allows eligible service and disability retirees and their dependents to continue health coverage in the County's medical and dental plans. The County pays a portion of the premiums based on date of hire.

- For retirees hired before October 1, 1987 (Plan 1), the County pays 100% of the eligible retiree's single health plan premiums.
- For retirees hired between October 1, 1987 and September 30, 1993 (Plan 2), the County pays the retiree's single health plan premiums up to \$2,275 per year.
- For retirees hired between October 1, 1993 and December 31, 2007 (Plan 3), the County pays the retiree's single premium up to a dollar cap based on years of service at retirement, where the dollar cap is reviewed each year. Through January 1, 2007 the cap was increased to cover single Blue Cross Prudent Buyer Classic and Delta Dental premiums. Due to the amount of unfunded liability the County faces, the Board of Supervisors has implemented a policy to limit annual increases in the maximum allocation for Plan 3 to no more than 3%, subject to annual approval regarding whether any increase will be granted and, if so, the amount of the increase.
- For retirees hired on or after January 1, 2008 (Plan 4), the County pays \$150 per year of service up to \$3,000 per year for the retiree's single health plan premiums only.
- Retirees eligible for Plans 1 and 2 may elect Plan 3 instead; and retirees eligible for Plans 1, 2, or 3 may elect Plan 4 instead.
- Certain of the County's medical plans have premium structures that result in subsidies of retiree claim costs from premiums paid for employees by the County.

*Funding Policy.* Contribution policy is determined by the County. The County's Plan has been funded on a pay-as-you-go basis. For fiscal year 2008-09, the County contributed \$11,031,301 in premium payments for retirees.

In addition, the County is studying various options for prefunding the Plan and has set aside cash in the General Fund for that purpose. As of June 30, 2009, the total set aside for retirement rate stabilization is \$4,000,000.

*Annual Other Postemployment Benefit Cost and Net Obligation.* The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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 normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a rolling period not to exceed thirty years. Both the ARC and the Funded Status information have been based on the assumption that the Plan 3 cap would increase over time to cover increases in Blue Cross Prudent Buyer Classic and Delta Dental premiums.

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.

Annual required contribution	\$ 41,265,000
Interest on net OPEB obligation	1,568,850
Adjustment to annual required contribution	—
Annual OPEB cost (expense)	<u>42,833,850</u>
Benefit payments made (adjusted for mid-year payment)	<u>(11,031,301)</u>
Increase in net OPEB obligation	31,802,549
Net OPEB obligation - beginning of year	<u>31,377,000</u>
Net OPEB obligation - end of year	<u><u>\$63,179,549</u></u>

The County's annual OPEB cost, the percentage of Annual OPEB Cost contributed to the Plan, and the net postemployment healthcare plan obligation were as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>End of Year Net OPEB Obligation</u>
2009	\$42,833,850	25.75%	\$63,179,549
2008	\$41,265,000	24.00%	\$31,377,000

*Funded Status.* The July 1, 2005, funded status was:

Actuarial Accrued Liability (AAL)	\$ 378,183,000
Actuarial Value of Plan Assets	—
Unfunded Actuarial Accrued Liability (UAAL)	<u>378,183,000</u>
Funded Ratio (Actuarial value of plan assets/AAL)	0%
Covered Payroll (active plan members)	129,763,000
UAAL as a Percentage of Covered Payroll	291.4%

*Actuarial Methods and Assumptions.* Actuarial calculations reflect a long-term perspective. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

Actuarially determined amounts are subject to constant revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 employer and plan members to that point.

In the June 30, 2005 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and a 4.0% inflation rate. Salary scale and demographic assumptions for withdrawal, mortality, disability, and retirement rates were based on the MCERA June 30, 2005 actuarial valuation assumptions.

The unfunded actuarial accrued liability was amortized over an open period of 30 years as a level percentage of payrolls.

**Schedule of Funding Progress Postemployment Healthcare Plan (in thousands)**

Actuarial Valuation Date:	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/05	\$ --	\$310,945	\$310,945	0%	\$ 129,763	239.6%

**Investments of County Funds; County Pool**

The County Investment Pool represents moneys entrusted to the County Treasurer-Tax Collector Treasurer by the County and schools and special districts within the County. State law requires that all moneys of the County, school districts and certain special districts be held by the County Treasurer-Tax Collector.

Moneys deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. All income is distributed to the participants based on the average daily balance.

The County Statement of Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made. A copy of the County's Statement of Investment Policy is attached as APPENDIX C—COUNTY STATEMENT OF INVESTMENT POLICY. The Investment Policy is submitted to the County Board annually.

Funds on deposit with the County Treasurer-Tax Collector Treasurer are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, no one investment of operating funds can exceed two years and the average maturity of pooled investment cannot exceed one year.

The County Investment Pool has never invested in derivatives or reverse repurchase agreements and such investments are not allowed by the County's Statement of Investment Policy.



As of June 30, 2010, the County Investment Pool had \$789,963,320.71 in assets under management. The portfolio structure of the County Investment Pool as of June 30, 2010, was as follows:

Local Agency Investment Fund	\$ 232,759.85
Money Market Funds	20,018,266.88
Federal Agency Issues – Coupon	261,222,350.83
Federal Agency Issues – Discount	508,489,943.15
TOTAL	<u>\$789,963,320.71</u>

The average days to maturity as of June 30, 2010, were 281 days.

The County believes that the County Investment Pool is prudently invested and that the investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

In 1994, the County received its first rating from Fitch Ratings ("Fitch") on the County Investment Pool, which have been reaffirmed periodically by Fitch, most recently in October 2009. The current Fitch rating on the County Investment Pool is "AAA/V1+." The County Investment Pool's "AAA" rating reflects the high credit quality of the portfolio assets, appropriate management oversight and operational capabilities. The pool's "V1+" volatility rating reflects low market risk and a capacity to return stable principal value to participants, as well as to meet anticipated cash flow needs, even in adverse interest rate environments. Portfolio valuation reports are submitted to Fitch on a monthly basis.

Fitch managed fund credit ratings are an assessment of the overall credit quality of a fund's portfolio. Ratings are based on an evaluation of several factors, including credit quality and diversification of assets in the portfolio, management strength, and operational capabilities. Fitch managed fund market risk ratings are an assessment of relative market risks and total return stability in the portfolio. Market risk ratings are based on, but not limited to, analysis of interest rate, derivative, liquidity, spread, and leverage risk. Fitch's managed fund credit and market risk ratings are based on information provided to Fitch by the County. Fitch does not verify the underlying accuracy of this information. These ratings do not constitute recommendations to purchase, sell or hold any security.

For additional information concerning the County investments, see APPENDIX A—AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009, and APPENDIX C--COUNTY STATEMENT OF INVESTMENT POLICY.

## Labor Relations

There are 11 formal labor units, listed in Table 10 below, representing County employees. Supervisors, management, confidential employees, certain attorneys and certain other employees are not represented by an exclusive bargaining agent. Salaries and benefits are determined through a process of “meet and confer” with representatives from each of these classifications. The aggregate total of represented employees is 2,931, though the County budgets just over 2,100 full-time equivalent (FTE) positions. The aggregate total of non-represented employees is 352. All employees’ salaries are subject to periodic renegotiation.

**Table 10**  
**County of Marin**  
**Labor Relations**

Labor Organization	Contract Expiration
IATSE Local 16	6/30/10
Marin County Deputy Sheriff’s Association	6/30/11
Marin County Fire Operations Battalion Chiefs’ Association	6/30/11
Marin County Fire Department Firefighters’ Association	6/30/11
Marin County Management Employees’ Association	6/30/12
Marin County Probation Manager’s Association	6/30/10
Marin County Sheriff’s Staff Officers’ Association	6/30/11
Marin Association of Public Employees	6/30/10
SEIU Local 1021 – Nurses	6/30/10
Teamsters Local 856 – Deputy Probation Officers	6/30/10
Teamsters Local 856 – Deputy DA’s	6/30/11

Source: County of Marin.

## THE AUTHORITY

The Authority is a joint exercise of powers authority duly formed under a Joint Exercise of Powers Agreement dated as of June 1, 1991, and entered into by the County and the Marin County Redevelopment Agency (the “Members”) pursuant to the laws of the State. The Authority was formed for the purpose of providing a vehicle for the financing or refinancing of all or a prescribed portion of the cost and expense of acquisition, construction and installation of authorized public capital improvements of the Members through any financing procedure legally available to the Members. The Authority has determined to provide assistance to the County by entering into the Lease Agreement, the Assignment Agreement and the Trust Agreement in order to provide for the financing of the 2010 Projects and the refunding of the 1998 Certificates.

## **RISK FACTORS**

INVESTMENT IN THE CERTIFICATES INVOLVES ELEMENTS OF RISK. THE FOLLOWING SECTION DESCRIBES CERTAIN SPECIFIC RISK FACTORS AFFECTING THE PAYMENT AND SECURITY OF THE CERTIFICATES. THE FOLLOWING DISCUSSION OF RISKS IS NOT MEANT TO BE AN EXHAUSTIVE LIST OF THE RISKS ASSOCIATED WITH THE PURCHASE OF THE CERTIFICATES AND THE ORDER OF DISCUSSION OF SUCH RISKS DOES NOT NECESSARILY REFLECT THE RELATIVE IMPORTANCE OF THE VARIOUS RISKS. POTENTIAL INVESTORS ARE ADVISED TO CONSIDER THE FOLLOWING FACTORS ALONG WITH ALL OTHER INFORMATION IN THIS OFFICIAL STATEMENT IN EVALUATING THE CERTIFICATES. THERE CAN BE NO ASSURANCE THAT OTHER RISK FACTORS NOT DISCUSSED UNDER THIS CAPTION WILL NOT BECOME MATERIAL IN THE FUTURE.

### **Limited Obligations with Respect to the Certificates**

The obligation of the County to make Lease Payments under the Lease Agreement does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the County to make Lease Payments pursuant to the Lease Agreement constitutes an indebtedness of the County, State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations. The obligation of the County to make Lease Payments is in consideration of the County's right to the continued use and possession of the Property. In the event of failure of such use and possession, the County's obligation may be abated in whole or in part as described in this Official Statement, except to the extent of special funds, such as proceeds of rental interruption insurance, amounts in the Reserve Fund and/or the Lease Payment Fund.

Although the Lease Agreement does not create a pledge, lien or encumbrance under the funds of the County, the County is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds, and the County has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments and Additional Payments.

### **Real Estate Volatility**

Changes in the County's assessed valuation have occurred and will continue to occur while the Certificates are outstanding. Economic and other factors beyond the County's control, such as a general market decline in land values, reclassification of property to a class that is exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, terrorist activities, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the County and could thereby result in a decrease in the general revenues of the County.

### **Abatement**

The Lease Agreement provides that the obligation of the County to pay Lease Payments will be abated during any period in which, by reason of any damage, destruction or taking by eminent domain or condemnation with respect to any portion of the Property, there is substantial interference with the County's right to use and possession of such portion of the Property. Such abatement will continue with such damage, destruction or taking and end with

the substantial completion of the replacement or repair; provided, however, that during abatement, available moneys on deposit in the Reserve Fund and the Lease Payment Fund, and other special sources of money, including without limitation proceeds of rental interruption insurance, will be applied to pay the Lease Payments. See “SOURCE OF PAYMENT FOR THE CERTIFICATES—Insurance” and “SOURCE OF PAYMENT FOR THE CERTIFICATES—Abatement.” In the event that the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the County’s rental interruption insurance will be available in lieu of Lease Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the Property or a redemption of the Certificates in whole (see “THE CERTIFICATES—Redemption—Extraordinary Redemption from Net Proceeds of Insurance, Title Insurance, Condemnation or Eminent Domain Award”), a default on the Certificates may occur if there is an insufficient amount of funds in the Reserve Fund to make up for the deficit.

### **Risk of Uninsured Loss**

The County covenants under the Lease Agreement to maintain certain insurance policies on the Property. These insurance policies do not cover all types of risk. The Property could be damaged or destroyed due to a casualty for which the Property is uninsured. Additionally, the Property could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Lease Payments could occur and could continue indefinitely. There can be no assurance that the providers of the County’s liability and rental interruption insurance will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. There can be no assurances that amounts received as proceeds from insurance or from condemnation of the Property will be sufficient to redeem the Certificates.

### **County General Fund**

*In General.* The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of, and taxes and other governmental charges levied against, the Property) are payable from funds lawfully available to the County. If the amounts which 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, based on the perceived needs of the County. See “COUNTY FINANCIAL INFORMATION” for a more detailed discussion of revenues deposited in and expenditures from the County’s General Fund. 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. For more information regarding California Constitutional limits on expenditures see “LIMITATIONS ON REVENUES AND APPROPRIATIONS—Appropriations Limitations: Article XIII B.”

*Risk of Decreased Revenues.* A variety of national, state or regional factors, which are beyond the control of the County’s fiscal policies, as well as the County’s fiscal policies could reduce the amount of the County’s General Fund revenues. To the extent that County revenues decrease, the funds available to pay Lease Payments could decrease.

### **State Finances**

The State of California is experiencing significant financial and budgetary stress. State budgets are affected by national and state economic conditions and other factors over which

the County has no control. The State's financial condition and budget policies affect communities and local public agencies throughout California. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budget. As discussed in further detail under the caption "STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION," the State's proposed 2009-10 budget contains a number of measures which impact the County's finances.

### **Limited Recourse on Lease Agreement Default**

If an event of default occurs and is continuing under the Lease Agreement, there will be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. The remedies provided for in the Lease Agreement include, in addition to all other remedies provided at law, authorizing the Trustee to re-enter and re-let the Property or, without terminating the Lease Agreement, collecting each installment of rent as it becomes due and holding the County liable therefor. If the Trustee does not terminate the Lease Agreement, the Trustee may 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 cities in California, including a limitation on enforcement of judgments against funds or property needed to serve the public welfare and interest and could prove both expensive and time-consuming.

The Lease Agreement permits the Trustee, as the Authority's assignee, to take possession of and re-let the Property in the event of a default by the County under the Lease Agreement. However, due to the fact that the Property serves essential governmental purposes, a court may determine to not permit such remedy to be exercised. Even if such remedy may be exercised, no assurance can be given that the Trustee could readily re-let the Property for rents which are sufficient to enable it to pay debt service on the Certificates in full when due.

### **Limitations on Remedies**

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal, interest, and premium, if any, with respect to the Certificates or to preserve the tax-exempt status of interest with respect to the Certificates.

Special Counsel has limited its opinion as to the enforceability of the Certificates and the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Certificates are not subject to acceleration in the event of the breach of any covenant or duty under the Trust Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

Enforceability of the rights and remedies of the owners of the Certificates, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles 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 Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers

inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State.

### **Investment of Funds**

The Reserve Fund and all other funds held under the Trust Agreement are required to be invested in Permitted Investments as provided under the Trust Agreement, respectively. See APPENDIX E—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS. All investments, including Permitted Investments, authorized by law from time to time for investment by the County contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement could have a material adverse effect on the security for the Certificates.

### **Future Initiative and Legislation**

As discussed herein under “LIMITATIONS ON REVENUES AND APPROPRIATIONS,” the State’s Constitutional initiative process has resulted in the adoption of measures which pose certain limits on the ability of cities and local agencies to generate revenues, through property taxes or otherwise. From time to time, other initiative measures could be adopted, affecting the County’s ability to generate revenues and to increase appropriations. No assurances can be given as to the potential impact of any future initiative or legislation on the finances and operations of the County.

### **Loss of Tax Exemption**

In order to maintain the exclusion from gross income for federal income tax purposes of the interest with respect to the Certificates, the County has covenanted to comply with the applicable requirements of section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. The interest with respect to the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date of execution and delivery of the Certificates as a result of acts or omissions of the County in violation of its covenants. Should such an event of taxability occur, the Certificates are not subject to acceleration, redemption or any increase in interest rates and will remain Outstanding until maturity or until redeemed under one of the redemption provisions contained in the Trust Agreement. See “TAX MATTERS.”

### **Secondary Market**

There can be no assurance that there will be a secondary market for the Certificates, or if a secondary market exists, that such Certificates 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, pricing of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could substantially differ from the original purchase price.

## **CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS**

### **Article XIII A**

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) 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 school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

### **Article XIII B**

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In May 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local

government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in May 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter approved change can only be effective for a maximum of four years.

The County Board adopted the annual appropriation limit for the fiscal year 2009-10 of \$253,863,370. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the 2009-10 Adopted Budget, the funds subject to limitation total \$125,179,325 (total General Operating Budget minus non-proceeds of taxes and debt service) and are \$128,684,045 below the Article XIII B limit.

## **Proposition 46**

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.



## **Proposition 62**

Proposition 62 was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid.

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

## **Proposition 218**

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. However, the County does not presently believe that the potential financial impact on the County as a result of the provisions of Proposition 218 will adversely

affect the County's ability to pay its debt obligations and perform its other obligations payable from the General Fund as and when due.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax that the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held within two years of November 5, 1996. The County has not enacted, imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. SB 919 provides that the initiative powers extended to voters under Article XIII C likely excludes actions construed as impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or SB 919, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund monies not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges. The County is unable to predict whether the courts will ultimately interpret the initiative provision to be limited to property related local taxes, assessments, fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to pay the Certificates as and when due or any of its other obligations payable from the General Fund.

Article XIII D of Proposition 218 adds several new requirements to make it more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 as any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as

a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay the Certificates as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIID also adds several provisions, including notice requirements and restrictions on use, affecting “fees” and “charges” which are 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 a user fee or charge for a property related service.” The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIID of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will not adversely affect the ability of the County to pay the principal of and interest on the Certificates as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

The County has a clean water enterprise fund which is self-supporting from fees and charges that may ultimately be determined to be property related for purposes of Article XIID of Proposition 218. Further, the fees and charges of the County’s enterprise funds, including those which are not property related for purposes of Article XIID of Proposition 218, may be determined to be fees and charges subject to the initiative power as provided in Article XIIC of Proposition 218, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

#### **Proposition 1A (2004)**

Proposition 1A (2004), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, 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 (2004) 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 State Legislature. Proposition 1A (2004) provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A

(2004) also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A (2004) requires the State, beginning 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.

Through the adoption of the 2009-10 fiscal year Budget, the State elected to suspend Prop 1A payments to cities, counties, and special districts. The State adopted legislation allowing the California Statewide Communities Development Authority ("CSCDA") to securitize those receivables. The State agreed to cover all issuance expenses so that the agencies would receive 100% of the suspended Prop 1A monies. The County enrolled and obtained County Board adoption of resolutions and sales agreements for the County, acting in behalf of itself and its component, the Marin Free Libraries, as well as the Marin County Water Resources Agency and its component zones. Since County Service Areas are considered separately contracting special districts, a separate resolution, sales agreement, opinion of counsel, and take down opinion, as well as numerous other documents would be required for each. Some CSAs had Prop 1A suspensions of as little as \$11 and a total applicable to the group as a whole of approximately \$33,000, the County determined that those CSAs could function until the state repays those funds in three years.

### **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 predicted by the County.

## **STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION**

*The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the budget may be found at the Department of Finance website, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." An impartial analysis of the budget is posted by the LAO 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 information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriter, and the County and the Underwriter take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.*

### **The 2009-10 State Budget**

*The State Budget Package.* On November 5, 2008, a special session of the State Legislature was called to deal with a budget deficit that had arisen since the 2008-09 budget was adopted, principally as a result of a shortfall in revenues. This special session extended through February 19, 2009, at which time the Legislature voted to approve a budget package (the "State Budget Package") addressing the State's multi-year \$42 billion deficit, which included \$15 billion in State spending reductions, \$12.8 billion in temporary tax increases

(including an increase in the vehicle license fee and an increase in State sales and income taxes), \$11.4 billion in borrowing and a \$1 billion reserve. The State Budget Package included revisions to the 2008-09 budget and adoption of the 2009-10 budget, covering a 17-month period ending July 1, 2010, addressing spending reductions, revenue increases, economic stimulus and increasing governmental efficiency. Certain measures required voter approval at a special statewide election held on May 19, 2009. The Governor signed the State Budget Package on February 20, 2009.

Key provisions of the State Budget Package included approximately \$7.4 billion in reductions in Proposition 98 funding in fiscal year 2008-09 achieved through \$2.4 billion in program reductions and \$5 billion in Proposition 98 funding deferrals and fund swaps (see “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Expenditures and Appropriations” for information on Proposition 98 funding). The State Budget Package provided for total Proposition 98 funding of \$54.9 billion in fiscal year 2009-10. To mitigate education program reductions, the State Budget Package provided for categorical funding flexibility over 5 years, allowing the transfer of funds from 40 categorical programs to the general fund, commencing in 2008-09. In addition, categorical ending balances could be used for general purpose activities in fiscal year 2008-09 and 2009-10 with certain exclusions.

*The May Proposal.* On May 14, 2009, the Governor released a proposed revision to the State Budget Package (the “May Proposal”). (Typically, the May Proposal proposes changes to the budget proposed by the Governor in January; however, with the State Budget Package signed in February 2009 including a budget for fiscal year 2009-10, the May Proposal proposed changes to the previously enacted State Budget Package). The May Proposal identified a \$21 billion projected budget shortfall arising since the State Budget Package was enacted. The \$21 billion shortfall was due to 1) updated estimates reducing expected revenues in fiscal years 2008-09 and 2009-10 by \$12.5 billion, 2) the rejection by voters of the propositions on the May 19, 2009 ballot resulting in a \$5.8 billion shortfall, and 3) \$3.1 billion of other changes including lower property taxes leading to increased Proposition 98 funding requirements. To address the shortfall, the Governor proposed \$21 billion of solutions, including \$10 billion of spending reductions, \$7.5 billion of borrowing, and \$3.5 billion of revenue actions. Significant spending reductions included, among other items, reducing fiscal years 2008-09 and 2009-10 Proposition 98 funding by \$5 billion.

*The 2009-10 State Budget Revision.* On July 1, 2009, the State entered the 2009-10 fiscal year without significant revisions to the State Budget Package. In response, the Governor declared a fiscal emergency and called a special session of the State Legislature in order to address the projected 2009-10 budget deficit. Additionally, the State began to issue warrants in lieu of cash payments to certain vendors. Although the State Constitution requires the public school system receive the first distribution of moneys from all State revenues, there can be no assurance that the State’s financial difficulties will not result in payment delays to K-14 education agencies.

On July 28, 2009, the Governor signed the 2009-10 budget revision bill package (the “2009-10 State Budget Revision”) into law. The 2009-10 State Budget Revision incorporated \$23.7 billion in budget solutions, including K-14 spending reductions of \$6.5 billion, health spending reductions of \$2.3 billion, higher education spending reductions of \$2.0 billion, local government and employee compensation reductions of \$1.8 billion each, other spending reductions of \$3.6 billion, increased revenues of \$3.5 billion, and additional borrowing of \$2.2 billion. Fiscal year 2009-10 State general fund expenditures in the Budget Revision are \$84.6 billion, further reduced from the proposed May Proposal figure of \$91.0 billion, with an ending reserve of approximately \$500 million.

Somewhat offsetting the reductions in the State budget is the impact of the American Recovery and Reinvestment Act signed into federal law on February 17, 2009. A report issued by the entitled “Federal Economic Stimulus Package: Fiscal Effect on California” estimates that the State will receive over \$31 billion in aid and billions more in competitive grants. The California Legislative Analyst’s Office estimates that about \$29.8 billion of these funds will be available in 2008-09 and 2009-10 to relieve the State’s budgetary problems. Of this amount, education-related programs will receive nearly \$8 billion. The full text of the Budget Revision and other information concerning the 2009-10 State budget may be found at the State Department of Finance website, [www.dof.ca.gov](http://www.dof.ca.gov).

### **The Proposed 2010-11 State Budget; May Revision**

*Overview.* On January 8, 2010, the Governor released his proposed 2010-11 State budget. With billions of dollars of temporary budget solutions implemented in 2009-10 set to expire and the State economy recovering slowly, the Governor projected, at that time, a General Fund deficit of \$18.9 billion at the end of fiscal year 2010-11 without corrective action. The Governor declared a state of fiscal emergency on January 8, 2010, calling the State Legislature into special session to begin taking action on his proposed solutions. The solutions adopted in the special session, combined with additional federal funds and administrative actions, slightly reduced the size of the projected deficit.

In March 2010, additional payment deferrals from the State to K-12 school districts for fiscal year 2010-11 were enacted in a series of bills as part of legislation to provide additional cash management flexibility to the State (the “Cash Management Bills”). The Cash Management Bills authorize deferral of certain payments during fiscal year 2010-11 for school districts not to exceed \$2.5 billion in aggregate at any one time.

On May 14, 2010, the Governor released his revision to the proposed 2010-11 State budget (the “2010-11 May Revision”). The Governor projected a General Fund deficit of \$17.9 billion by the end of fiscal year 2010-11 without corrective action; this figure is comprised of a fiscal year 2009-10 shortfall of \$7.7 billion and a fiscal year 2010-11 shortfall of \$10.2 billion. The 2010-11 May Revision includes \$19.1 billion in budget solutions for fiscal years 2009-10 and 2010-11 to create a \$1.2 billion reserve. Approximately 66% of the Governor’s budget solutions relies on program spending reductions, approximately 18% relies on funding or flexibility to be provided by actions of the federal government, approximately 11% consists of various fund shifts, some of which require voter approval, and less than 5% consists of new revenues.

The 2010-11 May Revision projects that the State will have sufficient cash to repay the entire \$8.8 billion of revenue anticipation notes in May and June 2010 as scheduled. In addition to budget solutions, the State will need to obtain external financing early in fiscal year 2010-11. Additional cash solutions may be required to reduce the need for external borrowing. At the Governor’s direction, the State Department of Finance has begun working with the State Controller’s Office and the State Treasurer’s Office to develop additional cash solutions as needed to meet the State’s financial obligations.

*The State General Fund.* State General Fund expenditures are proposed to be \$83.4 billion in fiscal year 2010-11 in the 2010-11 May Revision, a decrease of 3.5% from a revised fiscal year 2009-10 State General Fund expenditures estimate of \$86.5 billion. State General Fund revenues are proposed to be \$91.5 billion in fiscal year 2010-11, an increase of 5.7% from a revised fiscal year 2009-10 State General Fund revenues estimate of \$86.5 billion. The fiscal

year 2010-11 year-end reserve is proposed to be \$1.2 billion, or 1.4% of the General Fund revenues.

The following table identifies historical and proposed State General Fund revenues and expenditures.

**State General Fund Under the 2010-11 Proposed State Budget  
(Dollars in Millions)**

	2008-09 Final	2009-10 Estimated	2010-11 Proposed
Prior Year Fund Balance	\$2,314	(\$5,361)	(\$5,305)
Revenues and Transfers	82,772	86,521	91,451
Total Resources Available	\$85,086	\$81,160	\$86,146
Expenditures	90,940	86,465	83,404
Ending Fund Balances	(\$5,855)	(\$5,305)	\$2,742
Encumbrances	1,537	1,537	1,537
Reserve	(\$7,391)	(\$6,842)	\$1,205

Source: State Legislative Analyst's Office.

The \$19.1 billion of budget solutions for fiscal years 2009-10 and 2010-11 incorporated in the 2010-11 May Revision includes:

- Reducing Proposition 98 spending, including elimination of child care (\$4.3 billion)
- Reducing State employee pay and staffing, and shift pension costs of employees (\$2.1 billion)
- Eliminating CalWORKs program, which provides welfare-to-work services to low-income families (\$1.2 billion)
- Implementing various changes to Medi-Cal (\$0.9 billion)
- Reducing inmate medical care costs (\$0.8 billion)
- Reducing In-Home Support Services (\$0.8 billion)
- Reducing county mental health realignment funds by 60% (\$0.6 billion)
- Federal funding flexibility in Medi-Cal and other programs (\$3.4 billion)
- Loans, loan extensions, transfers and funding shifts (\$2.6 billion)
- Scoring additional revenues (\$0.9 billion)

*Legislative Analyst's Office Comments.* The State Legislative Analyst's Office commented that the revenue and expenditure assumptions in the 2010-11 May Revision are realistic, though it noted that the State Legislature has placed an \$11 billion water bond proposal on the November 2010 ballot. It is anticipated that the ballot will include 10 initiatives; if approved by the voters, certain measures could improve the State budget situation, while others could reverse budget-balancing decisions. Further, the State Legislative Analyst's Office expressed concerns regarding the legality of the proposed Proposition 98 re-benching and the ability of the State to support the proposed K-14 funding levels.

The full text of the 2010-11 May Revision may be found at the State Department of Finance website, [www.dof.ca.gov](http://www.dof.ca.gov), and the Legislative Analyst's Office overview of the 2010-11 May Revision may be found at [www.lao.ca.gov](http://www.lao.ca.gov).

## **Future Budgets**

The County cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the County will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools as budgeted. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the County.

For more information on the State Budget, please refer to the California Department of Finance's website at [www.dof.ca.gov](http://www.dof.ca.gov) and/or to the Legislative Analyst's Office's website at [www.lao.ca.gov](http://www.lao.ca.gov). Neither the County nor the Underwriter assumes any responsibility for the accuracy of any information presented on the aforementioned websites.

## **Federal Stimulus Information**

The County anticipates approximately \$12.1 million in total American Recovery and Reinvestment Act of 2009 ("ARRA") federal stimulus funding since FY 2008-09. The largest allocations are in Health & Human Services programs (\$6.8 million) and for local road projects (\$4.6 million). In total, approximately \$7 million has been received thus far. The amounts actually received by the County may be more or less than the amounts currently anticipated.

## **ABSENCE OF LITIGATION**

At the time of delivery of and payment for the Certificates, the County will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the County or the Authority affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates, any agreement entered into between the County and any purchaser of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease or any other applicable agreements or any action of the County or the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the County or the Authority or their authority with respect to the Certificates or any action of the County or the Authority contemplated by any of said documents, nor, to the knowledge of the County or the Corporation, is there any basis therefor.

## **CONTINUING DISCLOSURE**

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the County has entered into an agreement with U.S. Bank National Association, as Trustee and Dissemination Agent (the "Dissemination Agent"), for the benefit of holders of the Certificates to provide certain financial information and operating data relating to the County and the balances of funds relating to the Certificates, by not later than April 1 of each fiscal year commencing with the report for the 2009-10 fiscal year (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events, if deemed by the County to be material. The Annual Information and notices of material events will be filed by the County or



the Dissemination Agent, with the Municipal Securities Rulemaking Board (the “MSRB”), via its Electronic Municipal Market Access (“EMMA”) system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX G—FORM OF CONTINUING DISCLOSURE CERTIFICATE. The County has, in the past, filed reports that do not sufficiently meet the continuing disclosure requirements of the 1998 Certificates, or, in some cases, has failed to make the required filings. The County has made a reasonable effort to become current on its continuing disclosure requirements. On a going forward basis, the annual reports will be filed on behalf of the County by the Trustee, as dissemination agent.

### **FINANCIAL ADVISOR**

The County has retained Wulff, Hansen & Co., San Francisco, California, as financial advisor (the “Financial Advisor”) in connection with the execution and delivery of the Certificates. The fees of the Financial Advisor are contingent upon the sale and delivery of the Certificates.

### **LEGAL MATTERS**

All legal matters in connection with the execution and delivery of the Certificates are subject to the approval of Quint & Thimmig LLP, San Francisco, California, Special Counsel. Special Counsel’s opinion with respect to the Certificates will be substantially in the form set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL. Certain legal matters will also be passed on for the County by Quint & Thimmig LLP, as Disclosure Counsel, for the County and the Authority by the County Counsel. The fees and expenses of Special Counsel and Disclosure Counsel are contingent upon the execution and delivery of the Certificates.

### **TAX MATTERS**

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

Subject to the County’s compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Special Counsel, interest with respect to the Certificates (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest with respect to the Certificates is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Special Counsel expects to deliver an opinion at the time of delivery of the Certificates in substantially the form set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL.

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

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest with respect to the Certificates.

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

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

Owners of Certificates who dispose of Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Certificates in the initial public offering, but at a price different from the Issue Price, or purchase Certificates subsequent to the initial public offering, should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Certificate for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Certificates.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Certificate. Investors who purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of

bond premium and its effect on the Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

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

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

Payments of interest with respect to, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Certificates, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Certificates may result in other state and local tax consequences to certain taxpayers. Special Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Special Counsel expects to deliver upon the delivery of the Certificates is set forth in APPENDIX D—FORM OF OPINION OF SPECIAL COUNSEL.

## UNDERWRITING

The Certificates were sold, by competitive bidding on September 28, 2010, to \_\_\_\_\_ (the "Underwriter") at a true interest rate of \_\_\_\_%. The purchase price to be paid by the Underwrite is \$\_\_\_\_\_ (equal to the principal amount of the Certificates of \$\_\_\_\_\_, plus/less a net original issue premium/discount of \$\_\_\_\_\_). The Underwriter intends to offer the Certificates to the public initially at the prices set forth on the cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

## **RATINGS**

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned the rating of "\_\_\_" and "\_\_\_", respectively, to the Certificates. Such ratings reflect only the views of Moody's and S&P and an explanation of the significance of such ratings may be obtained from Moody's and S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Moody's and/or S&P, if in the judgment of Moody's and/or S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

## **FINANCIAL STATEMENTS**

The County's Audited Financial Statements for fiscal year ended June 30, 2009, which include the County's 2008-09 audited financial statements and the Independent Auditor's Report issued by the Auditor regarding such financial statements, are set forth in APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009. The Auditor was not requested to consent to the inclusion of its report in Appendix B and it has not undertaken to update financial statements included in Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

## **ADDITIONAL INFORMATION**

All of the preceding summaries of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Certificates.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

The County will furnish a certificate dated the date of delivery of the Certificates, from an appropriate officer of the County, to the effect that to the best of such officer's knowledge and belief, and after reasonable investigation, (i) neither the Official Statement or any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement, and the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the County

has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under the Trust Agreement at and prior to the date of the issuance of the Certificates.

The execution and delivery of the Official Statement by the County have been duly authorized by the County Board on behalf of the County.

COUNTY OF MARIN

By \_\_\_\_\_  
County Administrator

## APPENDIX A

### GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY

#### Population

With an area of 606 square miles (including 201 square miles of public lands and 86 square miles of water/wetlands), and a January 1, 2010, population of approximately 260,651, the County's population is one of the most stable in the Bay Area. The table below illustrates the relative increase in population in the County, the State of California and the nation since 2000.

#### COUNTY OF MARIN, STATE OF CALIFORNIA AND UNITED STATES POPULATION

Year	County of Marin (1)	% Change	California (1)	% Change	United States (2)	% Change
2000	247,289	--	33,873,086	--	281,421,906	—
2001	248,903	0.64%	34,430,970	1.65%	285,039,803	1.29%
2002	249,813	0.36	35,063,959	1.84	287,726,647	0.94
2003	250,453	0.25	35,652,700	1.68	290,210,914	0.86
2004	250,840	0.15	36,199,342	1.53	292,892,127	0.92
2005	251,634	0.32	36,676,931	1.32	295,560,549	0.91
2006	252,963	0.53	37,087,005	1.12	298,362,973	0.95
2007	254,532	0.63	37,463,609	1.04	301,290,332	0.98
2008	256,640	0.78	37,871,509	1.10	304,059,724	0.92
2009	258,602	0.82	38,255,508	1.08	307,006,550	0.97
2010	260,651	0.79	38,648,090	1.03	Not Available	

(1) Population shown as of January 1 of every year, except for 2000 which is shown as of April of that year.

(2) Population shown as of July 1 of every year, except for 2000 which is shown as of April of that year.

Sources: California Department of Finance for information relating to the County and the State, and the United States Census Bureau for information relating to the United States.

## Employment

The County's unemployment rate has consistently been one of the lowest in California, and continues to be among the lowest level of all Bay Area Counties at 9.0% as of June 2010, compared to the State unemployment level of 12.3% during the same month. The table below illustrates unemployment levels in the County compared to State and national unemployment levels for the past five years.

### COUNTY OF MARIN, STATE OF CALIFORNIA AND UNITED STATES CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL A AVERAGES <sup>(1)</sup>

Year	Area	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2005	County	129,300	124,300	5,000	3.9%
	State	17,544,800	16,592,200	952,600	5.4
	United States	149,320,000	141,730,000	7,591,000	5.1
2006	County	131,300	126,700	4,600	3.5%
	State	17,718,500	16,851,600	866,900	4.9
	United States	151,428,000	144,427,000	7,001,000	4.6
2007	County	132,700	127,900	4,800	3.6%
	State	17,970,800	17,011,000	959,800	5.3
	United States	153,124,000	146,047,000	7,078,000	4.6
2008	County	133,000	126,800	6,200	4.7%
	State	18,251,600	16,938,300	1,313,200	7.2
	United States	154,287,000	145,362,000	8,924,000	5.8
2009	County	132,100	121,700	10,300	7.8%
	State	18,250,200	16,163,900	2,086,200	11.4
	United States	154,142,000	139,877,000	14,265,000	9.3

Source: California Employment Development Department for County and State figures. United States Bureau of Labor Statistics for United States figures.

## Personal Income

The County enjoys one of the highest levels of effective buying income in the Bay Area and in the entire United States. The table below compares the County effective income with that of the State and the United States.

### COUNTY OF MARIN, STATE OF CALIFORNIA AND UNITED STATES EFFECTIVE BUYING INCOME

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2005	Marin County	\$ 9,505,593	\$61,624
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	Marin County	\$ 10,057,702	\$64,365
	California	764,120,962	46,275
	United States	6,107,092,244	41,255
2007	Marin County	\$ 10,585,120	\$67,799
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	Marin County	\$ 10,769,315	\$68,816
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Marin County	\$ 10,508,733	\$71,591
	California	844,823,319	49,736
	United States	6,571,536,768	43,252

Source: Nielsen Claritas, Inc.



## Major Employers Within the County

The table below demonstrates the scope and diversity of the County's 25 largest employers.

### COUNTY OF MARIN TWENTY FIVE LARGEST EMPLOYERS

Entity	Location	Type of Business
Autodesk Inc.	San Rafael	Computer Software-Manufacturers
Bay Area Sea Kayakers	San Rafael	Membership Sports & Recreation Clubs
Cagwin & Dorward Landscape	Novato	Landscape Contractors
California Alpine Club	Mill Valley	Wedding Chapels
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Corrections Dept	San Quentin	State Govt-Correctional Institutions
Dominican University of California	San Rafael	Schools-Universities & Colleges Academic
Fireman's Fund Insurance Co	Novato	Insurance
Kaiser Permanente Medical Ctr	San Rafael	Hospitals
Leon's Bar B'Q Inc	Mill Valley	Food Products-Retail
Macy's	Corte Madera	Department Stores
Marin Community College	Kentfield	Schools-Universities & Colleges Academic
Marin County Health & Human	San Rafael	County Government-Social/Human Resources
Marin General Hospital	Greenbrae	Hospitals
Marin Group	Sausalito	Product Development & Marketing
Marin Independent Journal	Novato	Newspapers (Publishers/Mfrs)
MHN Inc	San Rafael	Health Plans
Nordstrom	Corte Madera	Department Stores
Novato Community Hospital	Novato	Hospitals
Renewal by Andersen	San Rafael	Windows
San Rafael Human Resources	San Rafael	Government Offices-City, Village & Twp
Sonnen Motorcars-Audi-VW	San Rafael	Automobile Dealers-New Cars
Township Building Svc Co	Novato	Janitor Service
Westamerica Bank	San Rafael	Banks
YMCA	San Rafael	Youth Organizations & Centers

Source: State of California Employment Development Department.

## Employment by Industry

Over the past several decades, the County has evolved from a bedroom community for San Francisco businesses to a more self-sufficient, diversified business community. The County has developed a community of small entrepreneur businesses that are service, professional, technical and scientific in operation. The table below illustrates the continued growth of the County's employment base and the contribution of the key economic sectors.

### COUNTY OF MARIN WAGE AND SALARY EMPLOYMENT BY INDUSTRY ANNUAL AVERAGE

	2004	2005	2006	2007	2008
Industry Employment					
Total Farm	700	600	700	500	500
Total Nonfarm	108,900	108,200	108,000	108,500	109,000
Subtotal	109,700	108,800	108,700	109,000	109,500
Goods Producing					
Manufacturing	2,600	2,500	2,400	2,100	2,100
Other	8,600	8,500	8,000	8,400	8,000
Subtotal Goods Producing	11,200	11,000	10,400	10,500	10,100
Service Providing					
Trade, Transportation and Utilities	19,200	18,800	18,300	18,500	18,300
Information	3,300	3,100	2,200	2,400	2,300
Financial Activities	9,400	9,300	9,200	8,800	8,200
Professional and Business Services	18,600	18,500	19,600	19,500	20,300
Education and Health Services	15,500	15,600	15,800	15,700	16,100
Leisure and Hospitality	12,700	12,600	12,700	13,000	13,400
Other	4,900	4,600	4,800	5,000	5,000
Government	14,400	14,700	15,000	15,100	15,500
Subtotal Service Providing	97,700	97,200	97,600	97,900	98,900

Source: California Employment Development Department.

## Construction Activity

The level of construction activity in the County as measured by total building permit valuations and the annual unit total of new residential and nonresidential permits since 2005 are shown below.

### COUNTY OF MARIN BUILDING PERMIT ACTIVITY

	2005	2006	2007	2008	2009
Valuation (in thousands)					
Residential	\$326,433	\$242,107	\$279,504	\$220,551	\$200,127
Non-residential	76,122	95,262	112,538	202,478	115,501
Total Valuation	\$402,555	\$337,369	\$392,042	\$423,029	\$315,627
New Dwelling Units:					
Single Family	326	155	151	147	65
Multiple Family	150	51	10	25	97
Total Units	476	206	161	172	162

Source: Construction Industry Research Board

## Commercial Activity

The following table presents retail and total taxable transactions for the County from 2004 through 2008.

### COUNTY OF MARIN TAXABLE TRANSACTIONS BY SECTOR (Amount in Thousands)

	2004	2005	2006	2007	2008 (1)
Apparel Stores	\$ 147,996	\$ 155,305	\$ 156,944	\$ 163,447	\$ 201,280
General Merchandise Stores	443,059	446,920	461,184	460,821	402,168
Specialty Stores	458,035	479,661	490,874	-- (2)	-- (2)
Food Stores	188,711	195,817	201,870	209,609	213,437
Eating and Drinking Places	382,842	395,421	409,938	435,046	442,979
Home Furnishings and Appliances	199,625	209,690	202,529	199,860	206,525
Building Materials	336,812	337,508	338,773	329,500	277,548
Automotive	841,368	864,068	896,243	608,934	486,808
Service Stations	-- (3)	-- (3)	-- (3)	308,446	337,412
Other Retail Stores	75,895	81,353	86,441	585,804	505,997
Total Retail Stores	\$3,074,343	\$3,165,743	\$3,244,796	\$3,301,467	\$3,074,694
Business and Personal Services	186,793	191,287	180,523	184,488	199,636
All Other Outlets	792,379	814,414	859,945	911,226	884,569
Total All Outlets(3)	\$4,053,515	\$4,171,444	\$4,285,264	\$4,397,181	\$4,158,899

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

(1) Most recent annual data available.

(2) Starting 2007, Specialty Stores Group is included in All Other Retail Stores Group; Service Stations is reported separately from Automotive.

(3) Totals may not add up due to independent rounding.

## Education

The number of public schools in the County are provided in the table below. For the 2008-09 academic year, approximately 29,550 students were enrolled in grades K through 12 in the public schools in the County.

### COUNTY OF MARIN NUMBER OF PUBLIC SCHOOLS (Academic Year 2008-09)

Level	No. of Schools
Elementary Schools (K-8)	45
Middle / Junior High Schools (6-8)	11
High Schools (9-12)	9
Continuation Schools	2
Alternative Education, Independent Study	6
Charter Schools	2
Total	75

Source: Marin County Office of Education.

Community colleges in California are locally operated and administered. They offer Associate of Arts and Associate of Science degrees and have extensive vocational curricula. There is one community college district in the County, the Marin Community College District, known as the College of Marin, with an enrollment of approximately 9,000 credit and noncredit students at two campuses in the cities of Kentfield and Novato. The Dominican University of

California, a four year private university with more than 2,000 undergraduate and graduate students, is located in the City of San Rafael, in the County.

## **APPENDIX B**

### **AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The Auditor was not requested to consent to the inclusion of its report in this Appendix B and it has not undertaken to update financial statements included in this Appendix B. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

**APPENDIX C**  
**COUNTY STATEMENT OF INVESTMENT POLICY**

**APPENDIX D**  
**FORM OF SPECIAL COUNSEL OPINION**

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Supervisors of the  
County of Marin  
3501 Civic Center Drive  
San Rafael California 94903

OPINION:       \$ \_\_\_\_\_ \* Certificates of Participation (2010 Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the County of Marin, as the Rental for Certain Property Pursuant to a Lease Agreement with the Marin County Capital Improvements Financing Authority

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Members of the Board of Supervisors:

We have acted as special counsel in connection with the delivery by the County of Marin (the "County"), of its \$ \_\_\_\_\_ \* Lease Agreement, dated as of October 1, 2010, by and between the Marin County Capital Improvements Financing Authority (the "Authority") and the County (the "Lease Agreement"), pursuant to the California Government Code. The Authority has, pursuant to the Assignment Agreement, dated as of October 1, 2010 (the "Assignment Agreement"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including its right to receive a portion of the lease payments made by the County thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of October 1, 2010, by and among the Trustee, the Authority and the County (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the County contained in the Lease Agreement and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The County is duly created and validly existing as a political subdivision organized and existing under the laws of the State of California with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement has been duly authorized, executed and delivered by the County and is an obligation of the County valid, binding and enforceable against the County in accordance with its terms.

3. The Trust Agreement and the Assignment Agreement are valid, binding and enforceable in accordance with their terms.

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\* Preliminary, subject to change.

4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments to be made by the County are payable from general funds of the County lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. Subject to the County's compliance with certain covenants, interest with respect to the Certificates (i) is excludable from gross income of the owners thereof for federal income tax purposes and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates. Ownership of the Certificates may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

Ownership of the Certificates may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Assignment Agreement and the Trust Agreement may be subject to the Bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the County and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,



**APPENDIX E**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

[TO COME]

## APPENDIX F

### DTC'S BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix F, concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system, has been furnished by DTC for use in official statements and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, 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 F. 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. Information Furnished by DTC Regarding its Book-Entry Only System*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates (as used in this Appendix E, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. 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 has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) 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 the 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

10. The County 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.

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

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the COUNTY OF MARIN (the "County") in connection with the execution and delivery of \$ \_\_\_\_\_\* County of Marin, California, Certificates of Participation (2010 Financing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of October 1, 2010, by and among U.S. Bank National Association, as trustee (the "Trustee"), the County and the Marin County Capital Improvements Financing Authority (the "Trust Agreement"). The County covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Beneficial Owners and bondholders in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"*Dissemination Agent*" shall mean U.S. Bank National Association or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation. In the absence of such a designation, the County shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository system located at [www.emma.msrb.org](http://www.emma.msrb.org) for documents filed with the MSRB pursuant to the Rule, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean 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 which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

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

"*Repository*" shall mean each National Repository and each State Repository, if any.

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

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\* Preliminary, subject to change.

“State” shall mean the State of California.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Certificate, there is no State Repository.

### Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report to MSRB.* The County shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the County’s fiscal year (which currently ends on June 30), commencing with the report for the 2009-2010 Fiscal Year, which is due not later than April 1, 2011, provide to the Participating Underwriter and to file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* 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(d).

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to EMMA, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the County.

(d) *Report of Non-Compliance.* If the County is unable to provide an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, 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, 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) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with the laws of the State and including all statements and information prescribed for inclusion therein by the Controller of the State. If the County’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited final statements of the County, the Annual Report shall also include an update of the following information for the then current fiscal year:

- (i) General Fund Budget;
- (ii) General Fund Statement of Actual Revenues, Expenditures and Changes in Fund Balance;
- (iii) Historical Taxable Sales and Sales Tax Receipts;
- (iv) Assessed Valuation;
- (v) Secured Tax Levies and Delinquencies;
- (vi) Ten Largest Taxpayers;
- (vii) General Fund Long-Term Obligations Outstanding;
- (viii) Employer Contribution Rates to Retirement System, UAAL and Funded Ratios –Safety Plan; and

- (ix) Employer Contribution Rates to Retirement System, UAAL and Funded Ratios – Miscellaneous Plan.

(c) 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.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the County shall provide such further information, if any, as may be necessary to make the specifically required statements or information (as set forth herein), in the light of the circumstances under which they are made, not misleading.

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

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

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

(b) *Determination of Materiality of Listed Events.* Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) *Notice to Dissemination Agent.* If the County has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly notify the Dissemination Agent (if other than the County) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) *Notice of Listed Events.* The County shall file, or cause the Dissemination Agent to file, a notice of the occurrence of a Listed Event, if material, with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, with a copy to the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) (defeasances) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Certificate holders of affected Certificates.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this 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 defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5.

## Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The initial Dissemination Agent shall be U.S. Bank National Association. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the County, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the County from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the County, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the County or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the County.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the County that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Certificate holders in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Certificate holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Certificate holders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the County shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Certificate holder or Beneficial Owner 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. 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. All of the immunities, indemnities, and exceptions from liability in Article IX of the Trust Agreement insofar as they relate to the Trustee shall apply to the Dissemination Agent in this Disclosure Certificate. 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, and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of the disclosure of information pursuant to the Disclosure Certificate or arising out of or in the exercise of 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 hereunder and shall not be deemed to be acting in any fiduciary capacity for the County, the owner of a Certificate, or any other party. The Dissemination Agent shall have no liability to any party for any monetary damages or other financial liability of any kind whatsoever related to or arising from any breach of this Disclosure Certificate. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Certificate. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written direction from the County or an opinion of Bond Counsel. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent or the Trustee and payment of the Certificates.

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

Section 14. Fees and Expenses.

(a) The Dissemination Agent shall be entitled to payment and reimbursement from the County for its services and all advances, counsel fees and other expenses reasonably made and incurred by the Dissemination Agent.



(b) The Dissemination Agent may rely on and shall be protected in acting and refraining from acting upon any direction from the County or an opinion of nationally recognized bond counsel.

Date: [Closing Date]

COUNTY OF MARIN

By \_\_\_\_\_  
County Administrator

ACKNOWLEDGED:

U.S. BANK NATIONAL ASSOCIATION, as  
Dissemination Agent

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

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: County of Marin

Name of Issue: Certificates of Participation (2010 Financing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the County of Marin, as the Rental for Certain Property Pursuant to a Lease Agreement with the Marin County Capital Improvements Financing Authority

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate dated [Closing Date], furnished by the County in connection with the Issue. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION,  
Dissemination Agent

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

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**SITE AND FACILITY LEASE**

**Dated as of October 1, 2010**

**by and between the**

**COUNTY OF MARIN, as Lessor**

**and the**

**MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY,  
as Lessee**

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(2010 Financing Project)

## SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of October 1, 2010, is by and between the COUNTY OF MARIN, a political subdivision, duly organized and existing under and by virtue of the laws of the State of California, as lessor (the "County"), and the MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as lessee (the "Authority");

### WITNESSETH:

WHEREAS, the Authority intends to assist the County to (a) finance various capital improvements throughout the geographic boundaries of the County (the "2010 Projects"), and (b) refund the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A and Series B (the "1998 Certificates"), by leasing certain land and improvements to the County pursuant to a Lease Agreement, dated as of October 1, 2010, a memorandum of which is recorded concurrently herewith (the "Lease Agreement"); and

WHEREAS, the County proposes to enter into this Site and Facility Lease with the Authority as a material consideration for the Authority's agreement to lease such land and improvements to the County;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The County hereby leases to the Authority and the Authority hereby leases from the County, on the terms and conditions hereinafter set forth, those certain parcels of real property situated in Marin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and those certain improvements on the Site more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility").

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of Marin County, State of California, and shall end on June 1, 2040, unless such term is extended or sooner terminated as hereinafter provided. If, on June 1, 2040, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid, or provision shall not have been made for their payment, then the term of this Site and Facility Lease shall be extended until such Lease Payments or Additional Payments (as defined in the Lease Agreement), if any, shall be fully paid or provision made for such payment. If, prior to June 1, 2050, all Lease Payments shall be fully paid or provision made for such payment in accordance with Section 4.4 or 10.1 of the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Advance Rental Payment. The County agrees to lease the Site and the Facility to the Authority in consideration of the payment by the Authority of an advance rental payment of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The County and the Authority agree that by reason of the sale of the Certificates and deposit of proceeds pursuant to the provisions of the Trust Agreement, dated as of July 1, 2010, by and among the County, the Authority and U.S. Bank National Association, as trustee thereunder (the "Trust Agreement"),

the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Authority shall use the Site and the Facility solely for the purpose of leasing the Site and the Facility to the County pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the County under the Lease Agreement, the Authority and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. County's Interest in the Site and the Facility. The County covenants that it is the owner in fee of the Site and the Facility.

Section 7. Assignments and Subleases. Unless the County shall be in default under the Lease Agreement, the Authority may not assign its rights under this Site and Facility Lease or sublet the Site or the Facility, except as provided in the Lease Agreement.

Section 8. Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Site and the Facility at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Authority agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Site and the Facility in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the County.

Section 10. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the County may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the County shall have no right to terminate this Site and Facility Lease as a remedy for such default; *provided, however*, that so long as any Certificates are Outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Authority to the Trustee under the Assignment Agreement shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Authority, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Site subject to the provisions of the Lease Agreement and the Trust Agreement.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Authority are solely liabilities of the Authority and the County hereby releases each and every, member, director, officer, employee and agent of the Authority of and from any personal or individual liability under this Site and Facility Lease. No member, director, officer, employee or agent of the Authority shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Authority hereunder.

Section 13. Taxes. All assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Site and the Facility (including both land and improvements) will be paid in accordance with the Lease Agreement.

Section 14. Eminent Domain. In the event the whole or any part of the Site or the Facility thereon is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Certificates including the unpaid principal and interest with respect to any then outstanding Certificates and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the County.

Section 15. Use of the Proceeds. The County and the Authority hereby agree that the lease to the Authority of the County's right and interest in the Site and the Facility pursuant to Section 1 serves the public purposes of the County by providing funds to enable the County to finance the Project.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the County, addressed to the County in care of the Director of Finance, County of Marin, 3501 Civic Center Drive, Room 225, San Rafael CA 94903, or if to the Authority, addressed to the Authority in care of the Director of Finance of the County, County of Marin, 3501 Civic Center Drive, Room 225, San Rafael CA 94903, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the County and the Authority and their respective successors and assigns.

Section 19. Amendment. This Site and Facility Lease may not be amended except as permitted under Section 10.01 of the Trust Agreement.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 21. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 22. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the County and the Authority have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

COUNTY OF MARIN

By \_\_\_\_\_  
County Administrator

Attest:

\_\_\_\_\_  
Deputy Clerk of the Board of Supervisors

MARIN COUNTY CAPITAL  
IMPROVEMENTS FINANCING  
AUTHORITY

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

Attest:

\_\_\_\_\_  
Deputy Secretary

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]



**EXHIBIT A**

**DESCRIPTION OF THE SITE**

All that certain real property situated in Marin County, State of California, described as follows:

BEGINNING at the general Easterly boundary of the land described in the Deed to the County of Marin, a political subdivision of the State of California, recorded April 26, 1956 in Book 1029 of Official Records, at Page 10, at the Northerly corner of Lot 18 in Block 1 as shown on the Map of "Subdivision 'A' of Golf Links Tract", filed January 14, 1908 in Map Book 2 at Page 107; thence along the Northwest line of Lot 18, South 44° 06' West 160 feet to the Northeast line of Roosevelt Avenue as shown on said map; as shown on said map; thence along said Northeast line North 45° 54' West 50 feet to the Northwest line of Madison Avenue (shown as Lincoln Avenue on said map); thence along said Northwest line, South 44° 06' West 887.5 feet to the Northeast line of the land described in the Deed to the County of Marin recorded February 19, 1969 in Book 2275 of Official Records, at Page 347; thence along said Northeast line and along the Northeast and Southeast boundary of the land described in the Deed to the County of Marin, recorded December 1, 1969 in Book 2341 of Official Records, at Page 640, South 45° 54' East 200 feet and South 44° 06' West 25 feet to the Northeast line of Lot 33 in Block 10 as shown on said Map (2 M 107); thence along the Northeast lines of Lots 28 through 33 in said Block 10, South 45° 54' East 300 feet; thence along the Southeasterly boundary of said Lot 28, South 44° 06' West and its Southwesterly extension 175 feet to the centerline of Golf Avenue as shown on said map; thence along said centerline, South 45° 54' East 25 feet to the Northeasterly extension of the centerline of Ivy Lane as shown on said map; thence along said centerline, South 44° 06' West 25 feet to the Southwest line of said Golf Avenue; thence along said Southwest line, South 45° 54' East 410 feet to the Northwest line of North San Pedro Road (shown as San Pedro Avenue on said Map - 2 M 107); thence Southwesterly along said Northwest line, 675 feet, more or less, to the Northeast terminus of the course "North 44° 04' East 522.58 feet" in the Deed from Henry Scettrini, et ux, to the State of California, recorded June 26, 1952 in Book 750 of Official Records, at Page 64; thence along the general Northerly line of said State land, North 45° 56' West 25 feet, South 44° 04' West 173.58 feet, South 50° 06' 01" West 149.24 feet and South 53° 46' 20" West 17.03 feet to the general Northeasterly line of the land described as "Parcel 2" in the Deed to the State of California, recorded December 15, 1959 in Book 1331 of Official Records, at Page 599; thence along said Northeasterly line, as described therein, "South 87° 24' 28" West 101.51 feet, North 56° 26' 21" West 129.75 feet and North 85° 42' 10" West 216.65 feet; thence along a tangent curve to the right with a radius of 350 feet, through an angle of 51° 22' 47" an arc distance of 313.86 feet; thence North 34° 19' 23" West 127.61 feet and North 40° 05' 51" West 98.45 feet to a line parallel with and distant 110 feet, Easterly, at right angles, from the 'A' line of the Department of Public Works' survey for the State Freeway in Marin County, Road IV-Mrn-1-A; thence along said parallel line, North 29° 10' 11" West 1400.00 feet; thence North 26° 11' 46" West 558.26 feet to the Northerly line of the land described in the Deed to the County of Marin, recorded April 26, 1956 in Book 1024 of Official Records, at Page 7; thence along said Northerly line and along the Northerly line of said County of Marin land described in said Deed (1024/10), North 89° 56' 03" East 252.58 feet, North 27° 56' 03" East 794.64 feet, North 39° 10' East 43.66 feet, North 58° 34' East 586.4 feet to the Southwest terminus of the course "North 61° 05' 00" East 873.75 feet" in Parcel One of the "Agreement for Exchange of Lands", executed by Frieda Smith, et al, recorded January 17, 1961 in Book 1429 of Official Records, at Page 204; thence along the Northerly line of Parcel One and along the Southerly line of Parcel Two in said Agreement, North 61° 05' 00" East 941.74 feet; thence on a curve to the right with a radius of 585.0 feet, through a central angle of 45° 21' 10" an arc distance of 463.06 feet; thence South 73° 33' 50" East 491.44 feet to the most Easterly corner of the land described in said Deed to the County of Marin (1024/10); thence along the exterior boundary of said County land, South 49° 30' West 940.50 feet and continuing along said exterior boundary (1024/10) and the Northeast line of Lots 14 and 15 in said Block 1 (2 M 107), South 45° 54' East 905 feet and South 44° 06' West 2 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within the boundaries of Gallinas Creek.

## **EXHIBIT B**

### **DESCRIPTION OF THE FACILITY**

The Facility consists of the Marin County Civic Center, located on the Site, at the northeast corner of the intersection of Highway 101 and North San Pedro Road on County-owned property within the City of San Rafael, California.

The Civic Center complex consists of three principal elements which include County government buildings, the fairgrounds and other culturally related facilities, and a park area. The entire site was master planned by renowned architect Frank Lloyd Wright who, at the age of 90 years old, received the commission from the Marin County Board of Supervisors in 1957. The government complex was Wright's last major work and his largest constructed project. It is composed of two buildings, the 580-foot long Administration Building and the 880-foot long Hall of Justice, which are set at a slight angle to each other and joined together by a central rotunda. The rounded ends of the two buildings are built into the side of the hills, where they are not merely placed on parcels of land, but the buildings are integrally connected to the landscape. In 1991, the buildings and surrounding area were granted status as a National Historic Landmark. The Administration Building and Hall of Justice total about 470,000 square feet of assigned and common space.

In addition to and separate from the main Civic Center buildings, the campus includes a variety of other buildings and facilities, including the General Service Building, City of San Rafael Fire Station #7, a U.S. Post Office, a County Jail, a National Guard Armory (adjacent to the Campus), the Marin Veteran's Memorial Auditorium, the Exhibit Hall and Showcase Theatre, the County Fairgrounds, a playground, a lagoon and adjacent park, as well as a network of streets, parking areas, and miscellaneous landscaped and open space areas.

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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## **TERMINATION AGREEMENT**

**Dated as of October 13, 2010**

**by and among the**

**COUNTY OF MARIN, CALIFORNIA**

**the**

**MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY,**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Successor Trustee**

---

Relating to the Refunding of the  
County of Marin  
Certificates of Participation  
(1998 Capital Improvement Projects), Series A  
and  
County of Marin  
Certificates of Participation  
(1998 Capital Improvement Projects), Series B

## TERMINATION AGREEMENT

This TERMINATION AGREEMENT is dated as of October 13, 2010, and is by and among the COUNTY OF MARIN, CALIFORNIA (the "County"), the MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY, (the "Authority"), U.S. BANK NATIONAL ASSOCIATION, as successor to U.S. Bank Trust National Association, as trustee (the "1998 Trustee").

### WITNESSETH:

WHEREAS, the County and the Authority have heretofore entered into an Lease Agreement, dated as of June 1, 1998 (the "1998 Lease"), pursuant to which the Authority and the County entered into a transaction for the lease financing of certain facilities, including the site thereof (the "1998 Project"), and the County agreed to make certain lease payments (the "1998 Lease Payments") to the Authority;

WHEREAS, pursuant to an Assignment Agreement, dated as of June 1, 1998 (the "1998 Assignment Agreement"), by and between the Authority and the 1998 Trustee, the Authority assigned to the 1998 Trustee, among other things, its rights to receive 1998 Lease Payments from the County under the 1998 Lease and the right to exercise such rights and remedies conferred on the Authority under the 1998 Lease to enforce payment of the 1998 Lease Payments;

WHEREAS, pursuant to a Trust Agreement, dated as of June 1, 1998, by and among the County, the Authority and the 1998 Trustee, the 1998 Trustee agreed, among other matters, to execute and deliver certificates of participation (the "1998A Certificates" and the "1998B Certificates" and, collectively, the "1998 Certificates") representing undivided fractional interests of the owners thereof to receive 1998 Lease Payments made by the County;

WHEREAS, the 1998 Lease Agreement provides that in the event that the County deposits, or causes the deposit on its behalf of moneys for the prepayment of the 1998 Lease Payments, then all of the obligations of the County under the 1998 Lease Agreement and all of the security provided by the County for such obligations, excepting only the obligation of the County to make the 1998 Lease Payments from said deposit, shall cease and terminate, and unencumbered title to the 1998 Project shall be vested in the County without further action by the County or the Authority;

WHEREAS, the County has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the County at this time to refinance the County's obligation to make the 1998 Lease Payments under the 1998 Lease Agreement and, as a result thereof, to provide for the payment of the 1998 Certificates to and including November 1, 2010, and on such date to provide for the 1998 Certificates maturing on and after August 1, 2011, and to that end, the Authority proposes to lease certain real property and improvements from the Authority pursuant to that certain Lease Agreement, dated as of October 1, 2010 (the "Lease Agreement"), a memorandum of which has been recorded concurrently herewith;

WHEREAS, to obtain moneys to make such deposit, the Authority proposes to assign and transfer certain of its rights under the Lease Agreement to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of October 1, 2010, by and between the Authority and the Trustee, which has been recorded concurrently herewith, and to enter into that certain Trust Agreement, dated as of October 1,

2010 (the "Trust Agreement"), by and among the Authority, the County and the Trustee, whereby the Trustee agrees to execute and deliver certificates of participation in the principal amount of \$\_\_\_\_\_ (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments made by the County under the Lease Agreement; and

WHEREAS, upon delivery of the Certificates and deposit of a portion of the proceeds for prepayment of the 1998 Lease Payments, the 1998 Lease Agreement and the agreements related thereto need not be maintained (except as otherwise provided below), and the parties hereto now desire to provide for the termination of such documents as provided herein.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree:

*Section 1. Termination.*

(a) By virtue of the deposit of a portion of the proceeds of the Certificates for prepayment of the 1998 Lease Payments, all obligations of the County under the 1998 Lease Agreement shall cease and terminate, excepting only the obligation of the County to make, or cause to be made, all payments from such deposit and title to the 1998 Project shall vest in the County on the date of said deposit automatically and without further action by the County or the Authority. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the prepayment of the 1998 Lease Payments.

(a) Site and Facility Lease, and Amendment No. 1 thereto, dated as June 1, 1998, by and between the County and the Authority, recorded on July 7, 1998, as Recorder's Serial No. 1998-0047740 Marin County Records;

(b) 1998 Lease Agreement and Amendment No. 1 thereto, recorded on July 7, 1998, as Recorder's Serial No. 1998-0047741 Marin County Records; and

(c) 1998 Assignment Agreement, recorded on July 7, 1998, as Recorder's Serial No. 1998-0047742 Marin County Records.

*Section 2. Execution in Counterparts.* This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Termination Agreement.

COUNTY OF MARIN PUBLIC  
IMPROVEMENT AUTHORITY

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

Attest:

\_\_\_\_\_  
Deputy Secretary

COUNTY OF MARIN

By \_\_\_\_\_  
County Administrator

Attest:

\_\_\_\_\_  
Deputy Clerk of the Board of Supervisors

U.S. BANK NATIONAL ASSOCIATION,  
as 1998 Trustee

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

NOTARY ACKNOWLEDGMENTS TO BE INSERTED

**EXHIBIT A**  
**DESCRIPTION OF THE SITE**

All that certain real property situated in Marin County, State of California, described as follows:

BEGINNING at the general Easterly boundary of the land described in the Deed to the County of Marin, a political subdivision of the State of California, recorded April 26, 1956 in Book 1029 of Official Records, at Page 10, at the Northerly corner of Lot 18 in Block 1 as shown on the Map of "Subdivision 'A' of Golf Links Tract", filed January 14, 1908 in Map Book 2 at Page 107; thence along the Northwest line of Lot 18, South 44° 06' West 160 feet to the Northeast line of Roosevelt Avenue as shown on said map; as shown on said map; thence along said Northeast line North 45° 54' West 50 feet to the Northwest line of Madison Avenue (shown as Lincoln Avenue on said map); thence along said Northwest line, South 44° 06' West 887.5 feet to the Northeast line of the land described in the Deed to the County of Marin recorded February 19, 1969 in Book 2275 of Official Records, at Page 347; thence along said Northeast line and along the Northeast and Southeast boundary of the land described in the Deed to the County of Marin, recorded December 1, 1969 in Book 2341 of Official Records, at Page 640, South 45° 54' East 200 feet and South 44° 06' West 25 feet to the Northeast line of Lot 33 in Block 10 as shown on said Map (2 M 107); thence along the Northeast lines of Lots 28 through 33 in said Block 10, South 45° 54' East 300 feet; thence along the Southeasterly boundary of said Lot 28, South 44° 06' West and its Southwesterly extension 175 feet to the centerline of Golf Avenue as shown on said map; thence along said centerline, South 45° 54' East 25 feet to the Northeasterly extension of the centerline of Ivy Lane as shown on said map; thence along said centerline, South 44° 06' West 25 feet to the Southwest line of said Golf Avenue; thence along said Southwest line, South 45° 54' East 410 feet to the Northwest line of North San Pedro Road (shown as San Pedro Avenue on said Map - 2 M 107); thence Southwesterly along said Northwest line, 675 feet, more or less, to the Northeast terminus of the course "North 44° 04' East 522.58 feet" in the Deed from Henry Scettrini, et ux, to the State of California, recorded June 26, 1952 in Book 750 of Official Records, at Page 64; thence along the general Northerly line of said State land, North 45° 56' West 25 feet, South 44° 04' West 173.58 feet, South 50° 06' 01" West 149.24 feet and South 53° 46' 20" West 17.03 feet to the general Northeasterly line of the land described as "Parcel 2" in the Deed to the State of California, recorded December 15, 1959 in Book 1331 of Official Records, at Page 599; thence along said Northeasterly line, as described therein, "South 87° 24' 28" West 101.51 feet, North 56° 26' 21" West 129.75 feet and North 85° 42' 10" West 216.65 feet; thence along a tangent curve to the right with a radius of 350 feet, through an angle of 51° 22' 47" an arc distance of 313.86 feet; thence North 34° 19' 23" West 127.61 feet and North 40° 05' 51" West 98.45 feet to a line parallel with and distant 110 feet, Easterly, at right angles, from the 'A' line of the Department of Public Works' survey for the State Freeway in Marin County, Road IV-Mrn-1-A; thence along said parallel line, North 29° 10' 11" West 1400.00 feet; thence North 26° 11' 46" West 558.26 feet to the Northerly line of the land described in the Deed to the County of Marin, recorded April 26, 1956 in Book 1024 of Official Records, at Page 7; thence along said Northerly line and along the Northerly line of said County of Marin land described in said Deed (1024/10), North 89° 56' 03" East 252.58 feet, North 27° 56' 03" East 794.64 feet, North 39° 10' East 43.66 feet, North 58° 34' East 586.4 feet to the Southwest terminus of the course "North 61° 05' 00" East 873.75 feet" in Parcel One of the "Agreement for Exchange of Lands", executed by Frieda Smith, et al, recorded January 17, 1961 in Book 1429 of Official Records, at Page 204; thence along the Northerly line of Parcel One and along the Southerly line of Parcel Two in said Agreement, North 61° 05' 00" East 941.74 feet; thence on a curve to the right with a radius of 585.0 feet, through a central angle of 45° 21' 10" an arc distance of 463.06 feet; thence South 73° 33' 50" East 491.44 feet to the most Easterly corner of the land described in said Deed to the County of Marin (1024/10); thence along the exterior boundary of said County land, South 49° 30' West 940.50 feet and continuing along said exterior boundary (1024/10) and the Northeast line of Lots 14 and 15 in said Block 1 (2 M 107), South 45° 54' East 905 feet and South 44° 06' West 2 feet to the point of beginning.

EXCEPTING THEREFROM that portion lying within the boundaries of Gallinas Creek.



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**TRUST AGREEMENT**

**Dated as of October 1, 2010**

**by and among**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee,**

**the**

**MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY**

**and the**

**COUNTY OF MARIN, CALIFORNIA**

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(2010 Financing Project)

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EXHIBIT A:	DEFINITIONS
EXHIBIT B:	FORM OF THE CERTIFICATES
EXHIBIT C:	DESCRIPTION OF THE 2010 PROJECT

## TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of October 1, 2010, by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), the MARIN COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and the COUNTY OF MARIN, a political subdivision, organized and existing under the laws of the State of California (the "County");

### WITNESSETH:

WHEREAS, the County and the Authority have entered into a lease agreement, dated as of the date hereof (the "Lease Agreement"), whereby the Authority has agreed to lease certain real property and improvements (collectively, the "Property") to the County and the County has agreed to lease the Property from the Authority;

WHEREAS, for the purpose of obtaining the moneys required to be deposited by it with the Trustee all for the purpose of enabling the County to (a) finance various capital improvements throughout the geographic boundaries of the County (the "2010 Projects"), and (b) refund the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A and Series B (the "1998 Certificates"), the Authority proposes to assign and transfer certain of its rights under the Lease Agreement to the Trustee, and the Trustee has agreed to execute and deliver certificates of participation, each evidencing a direct, fractional interest in lease payments made by the County under the Lease Agreement, to provide the moneys required herein to be deposited by the Authority; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the County to (a) finance the 2010 Projects, (b) refund the 1998 Certificates, (c) fund a reserve fund for the Certificates, and (d) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I  
DEFINITIONS

Section 1.01. Definitions. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Trust Agreement, have the meanings ascribed to them in said Exhibit A unless the context clearly requires some other meaning.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03. Exhibits. The following exhibits are attached to, and by reference made a part of, this Trust Agreement:

EXHIBIT A: DEFINITIONS

EXHIBIT B: FORM OF THE CERTIFICATES

EXHIBIT C: DESCRIPTION OF THE 2010 PROJECT

## ARTICLE II

### THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Authority to execute and deliver, to the Original Purchaser identified in such written request, Certificates in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) evidencing direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Section 2.02. Date; Payment of Interest. Each Certificate shall be dated as of the Closing Date. Interest with respect thereto shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before January 15, 2011, in which event interest with respect thereto shall be payable from the Closing Date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) days prior to such special record date.

Section 2.03. Maturity; Interest Rates; Percentages.

(a) *Maturity; Interest Rates*. The Certificates shall mature on August 1 in each of the respective years, and in the respective amounts, except that no Certificate may have principal maturing in more than one year, and interest represented thereby shall be computed at the respective rates, as follows:

Maturity Date (August 1)	Principal Amount	Interest Rate
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(b) *Payments With Respect to Certificates Equal to Total Lease Payments*. The total principal and interest due with respect to all Certificates shall not exceed the total Lease Payments due under the Lease Agreement.

Section 2.04. Interest. Interest represented by the Certificates shall be payable on each Interest Payment Date to and including the date of maturity or redemption, whichever is earlier, as provided in Section 2.10 hereof. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date. The portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.05. Forms. The Certificates shall be delivered in the form of fully registered Certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. The Certificates shall be numbered consecutively, beginning with R-1. The Certificates shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein.

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or signatory of the Trustee. If any officer or signatory whose signature appears on any Certificate ceases to be such officer or signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the officer or signatory had remained in office until such date.

Section 2.07. Application of Proceeds. The net proceeds received by the Trustee from the sale of the Certificates in the aggregate amount of \$\_\_\_\_\_, being the face amount of the Certificates (\$\_\_\_\_\_), less an underwriter's discount of \$\_\_\_\_\_, plus a net original issue premium of \$\_\_\_\_\_, shall forthwith be deposited by the Trustee in the following respective funds:

- (a) The Trustee shall deposit in the Project Fund an amount equal to \$\_\_\_\_\_;
- (b) The Trustee shall deposit in the Delivery Costs Fund an amount equal to \$\_\_\_\_\_;
- (c) The Trustee shall deposit in the Reserve Fund an amount equal to \$\_\_\_\_\_, being the initial Reserve Requirement; and
- (d) The Trustee shall transfer to sum of \$\_\_\_\_\_ to the Escrow Bank for deposit in the Escrow Fund.

The Trustee may establish a temporary fund or account in its records to facilitate such deposits and transfers.

Section 2.08. Transfer and Exchange.

(a) *Transfer of Certificates*. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of such Certificate for cancellation at the Principal Corporate Trust Office, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The County shall pay any costs of the Trustee incurred in connection with such transfer, except that the Trustee may require the payment by the



Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer (i) any Certificates or portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificates selected for redemption.

(b) *Exchange of Certificates.* Certificates may be exchanged, upon surrender thereof, at the Principal Corporate Trust Office for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates shall be surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The County shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange (i) any Certificate or any portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificate selected for redemption.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity and amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed with a certificate of destruction furnished to the County. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, maturity and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment by the County of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Certificate executed and delivered under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and fractionally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Certificate to replace a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured or has been called for redemption, the Trustee may make payment with respect to such Certificate upon receipt of the aforementioned indemnity.

Section 2.10. Payment. Payment of interest due with respect to any Certificate on any Interest Payment Date shall be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Registration Books as of such Regular Record Date or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request shall remain in effect until rescinded

in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

Section 2.11. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, stating that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of his holding the same shall be proved by the Registration Books.

Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.12. Registration Books. The Trustee shall keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the County and the Authority during regular business hours on any Business Day with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided.

Section 2.13. CUSIP Numbers. The Trustee, the County and the Authority shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Certificate or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Certificates have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, the County nor the Authority shall be liable for any inaccuracies in such numbers.

Section 2.14. Use of Depository. Notwithstanding any provision of this Trust Agreement to the contrary:

(a) The Certificates shall be initially executed, delivered and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by

the Original Purchaser, and shall be evidenced by one Certificate maturing on each of the maturity dates set forth in Section 2.03 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the County, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the County that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the County that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the County and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.14, upon receipt of all Outstanding Certificates by the Trustee, together with a written request of a County Representative to the Trustee, a single new Certificate shall be executed and delivered for each maturity of such Certificate then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of a County Representative. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.14, upon receipt of all Outstanding Certificates by the Trustee together with a written request of a County Representative, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a written request of the County provided the Trustee shall not be required to deliver such new Certificates within a period less than sixty (60) days from the date of receipt of such a written request of a County Representative.

(c) In the case of partial redemption or an advance refunding of any Certificates evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the County's expense, deliver the Certificates to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The County and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the absolute Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the County and the County and the Trustee shall have no responsibility for the accuracy of any records maintained by DTC or any participant in DTC or transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Certificates. Neither the County nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository

Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Certificate.

(e) So long as all outstanding Certificates are registered in the name of Cede & Co. or its registered assign, the County and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and interest due with respect to the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due, in accordance with the Letter of Representations between DTC and the Trustee.

(f) So long as all Outstanding Certificates are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Certificates' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of DTC's standard form blanket issuer letter of representations executed by the County and received and accepted by DTC.

### ARTICLE III

#### ESTABLISHMENT AND DISBURSEMENT OF PROJECT FUND; ESTABLISHMENT AND DISBURSEMENT OF DELIVERY COSTS FUND

Section 3.01. Project Fund. The Trustee shall establish a special fund designated as the "Project Fund;" shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein. There shall be deposited in the Project Fund from the proceeds of the Certificates the amount required to be deposited therein pursuant to Section 2.07(a) hereof, together with any other amounts from time to time deposited with the Trustee for such purpose as may be identified in writing to the Trustee.

Section 3.02. Payment of Project Costs. Amounts in the Project Fund shall be disbursed for Project Costs. Disbursements from the Project Fund shall be made by the Trustee upon receipt of a sequentially numbered requisition requesting disbursement executed by a County Representative. Each such requisition shall:

(a) set forth the amounts to be disbursed for payment or reimbursement of previous payments of Project Costs and the person or persons to whom said amounts are to be disbursed;

(b) state that the amounts to be disbursed constitute Project Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the County, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(c) state that no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the Trustee pursuant to this Section 3.02; and

(d) state that there has been compliance with Section 5.11 of the Lease Agreement relating to the private use limitation and the private loan limitation.

The Trustee shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Project Fund and the payment thereof in accordance with this Section 3.02, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

Section 3.03. Delivery Costs Fund. The Trustee shall establish a special fund designated as the "Delivery Costs Fund;" shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein. There shall be deposited in the Delivery Costs Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to Section 2.07(b) hereof and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee.

Section 3.04. Payment of Delivery Costs. The moneys in the Delivery Costs Fund shall be disbursed by the Trustee to pay the Delivery Costs.

(a) The Trustee shall disburse moneys in the Delivery Costs Fund only upon a receipt of a sequentially numbered requisition, signed by a County Representative, setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the

amounts to be disbursed are for Delivery Costs properly chargeable to the Delivery Costs Fund.

(b) The Trustee shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Delivery Costs Fund and the payment thereof in accordance with this Section 3.04, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

(c) Upon written notice from a County Representative that all Delivery Costs have been paid, but in no event later than January 30, 2011, the Trustee shall transfer any moneys then remaining in the Delivery Costs Fund to the Lease Payment Fund and applied for the purposes of the Lease Payment, the Delivery Costs Fund shall be closed, the Trustee shall no longer be obligated to make payments for Delivery Costs and all further Delivery Costs shall be paid by the County.

Section 3.05. Transfers of Unexpended Proceeds. The Trustee is hereby directed that all unexpended moneys remaining in the Project Fund and not identified in writing by a County Representative to be required for payment of Project Costs or other capital improvements shall, on the Completion Date and following receipt by the Trustee of a Certificate of Completion, be transferred to the Lease Payment Fund and applied to pay the Lease Payments as the same become due and payable and the Project Fund shall be closed.

ARTICLE IV  
REDEMPTION OF CERTIFICATES

Section 4.01. Redemption.

(a) *Optional Redemption.* The Certificates maturing on or before August 1, 2020, are not subject to optional redemption prior to maturity. The Certificates maturing on and after August 1, 2021, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the County (or, if the County shall fail to so designate the order of redemption, pro rata among maturities) and by lot within a maturity, on or after August 1, 2020, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption from the proceeds of the optional prepayment of Lease Payments made by the County pursuant to the Lease Agreement, without premium.

(b) *Redemption From Net Proceeds of Insurance, Title Insurance, Condemnation or Eminent Domain Award.* The Certificates are subject to mandatory redemption in whole or in part on any date from the Net Proceeds of an insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Lease Payments by the County pursuant to Section 10.3 of the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

(c) *Mandatory Redemption.* The Certificates maturing on August 1, \_\_\_\_\_, are subject to mandatory redemption in part on August 1, \_\_\_\_\_, and on each August 1, thereafter, to and including August 1, \_\_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to Section 4.4 of the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in Section 6.3 of the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year ( <u>August 1</u> )	Principal Amount of <u>Certificates to be Redeemed</u>
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†Maturity.

In the event that the Trustee shall redeem Certificates maturing on August 1, \_\_\_\_\_, in part but not in whole pursuant to subsections (a) or (b) of this Section 4.01, the amount of the Certificates to be redeemed in each subsequent year pursuant to this subsection (c) shall be reduced to correspond to the principal components of the Lease Payments prevailing following such redemption as determined pursuant to Section 4.4(b) of the Lease Agreement.

The Certificates maturing on August 1, \_\_\_\_\_, are subject to mandatory redemption in part on August 1, \_\_\_\_\_, and on each August 1, thereafter, to and including August 1, \_\_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the County pursuant to Section 4.4 of the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in Section 6.3 of the Lease Agreement), at a

redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (August 1)	Principal Amount of Certificates to be Redeemed
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†Maturity.

In the event that the Trustee shall redeem Certificates maturing on August 1, \_\_\_\_\_, in part but not in whole pursuant to subsections (a) or (b) of this Section 4.01, the amount of the Certificates to be redeemed in each subsequent year pursuant to this subsection (c) shall be reduced to correspond to the principal components of the Lease Payments prevailing following such redemption as determined pursuant to Section 4.4(b) of the Lease Agreement.

Section 4.02. Selection of Certificates for Redemption. Whenever provision is made in this Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates are to be redeemed, the Trustee shall select Certificates for redemption from the Outstanding Certificates not previously called for redemption in such order of maturity as shall be designated by the County, except for redemption pursuant to Section 4.01(c), (and, in lieu of such designation, *pro rata* among maturities) and by lot within a maturity. The Trustee shall select Certificates for redemption within a maturity by lot in any manner which the Trustee shall, in its sole discretion, deem appropriate. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions and any such portion may be separately redeemed. The Trustee shall promptly notify the County and the Authority in writing of the Certificates so selected for redemption. Selection by the Trustee of Certificates for redemption shall be final and conclusive.

Section 4.03. Notice of Redemption. Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption shall be given by the Trustee on behalf and at the expense of the County, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Registration Books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; *provided, however*, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Certificates.

All notices of redemption shall be dated and shall state: (i) the redemption date; (ii) the redemption price; (iii) if less than all Outstanding Certificates of a maturity are to be redeemed, the Certificate numbers (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption and that interest with respect thereto shall cease to accrue from and after said date; (v) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the Principal Corporate Trust Office; (vi) the CUSIP numbers of all Certificates being redeemed; (vii) the original date of execution and delivery of the Certificates; (viii) the rate of interest payable with respect to each maturity of Certificates being redeemed; (ix) the maturity date of each Certificate being redeemed; and (x)



any other descriptive information needed to identify accurately the Certificates being redeemed.

Notwithstanding the foregoing, in the case of any optional redemption of the Certificates under Section 4.01(a), the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Certificates on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Certificates have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Certificates to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Certificates for which notice of optional redemption was given shall remain Outstanding for all purposes of this Trust Agreement.

Notice of redemption having been given as aforesaid and the deposit of the redemption price having been made by the County, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trustee at the redemption price. Upon the payment of the redemption price of Certificates being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer, to the extent possible. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Certificates which have been redeemed shall be canceled by the Trustee, shall not be redelivered and shall be destroyed pursuant to Section 14.07.

In addition to the foregoing notice to the Owners, notice shall also be given by the Trustee, by telecopy, registered, certified or overnight mail, to all Securities Depositories and to an Information Service which shall state the information set forth above, but no defect in said notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

The Trustee shall have no responsibility for a defect in the CUSIP number that appears on any Certificate or in the redemption notice. The redemption notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Certificate Owners and that the Trustee and the County shall not be liable in any way for inaccuracies in said numbers.

Section 4.04. Partial Redemption of Certificate. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

Section 4.05. Purchase of Certificates. In lieu of redemption of Certificates as provided in this Article IV, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a County Representative, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the County may in its discretion direct. Such

purchases may be effected through the investment department of the Trustee or of an affiliate of the Trustee. The aggregate principal amount of Certificates of the same maturity purchased in lieu of redemption pursuant to this Section 4.05 shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such redemption. Remaining moneys, if any, shall be deposited in the Lease Payment Fund.

## ARTICLE V

### LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Assignment of Rights in Lease Agreement. The Authority has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights but none of its obligations set forth in the Lease Agreement, including but not limited to all of the Authority's rights to receive and collect Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease Agreement or pursuant hereto. All Lease Payments and such other amounts to which the Authority may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Authority shall be deemed to be held and to have been collected or received by the Authority as the agent of the Trustee, and if received by the Authority at any time shall be deposited by the Authority with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund (except as provided in Section 6.04 hereof).

Section 5.02. Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the County nor the Authority shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee (except as provided in Section 6.04 hereof), including any moneys received by the Trustee for deposit therein pursuant to Sections 4.01, 5.01 or Article VII hereof, or Article X of the Lease Agreement, and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Certificates as the same shall become due and payable in accordance with the provisions of Article II and Article IV hereof.

Section 5.05. Surplus. Any surplus remaining in the Lease Payment Fund after redemption and/or payment of all Certificates, including accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the County.

ARTICLE VI  
RESERVE FUND

Section 6.01. Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "Reserve Fund." All moneys, equal to the Reserve Requirement, at any time on deposit in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein.

Section 6.02. Deposits. There shall be deposited in the Reserve Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to Section 2.07(c) hereof and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee. Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments.

Section 6.03. Transfers of Excess. The Trustee shall, on or before each January 1 and July 1, value investments in the Reserve Fund at market value and transfer any moneys in the Reserve Fund then in excess of the Reserve Requirement in accordance with Section 8.04; *provided, however,* that the Trustee shall not liquidate an investment to make such transfer of excess unless so directed in writing by a County Representative. On August 2, 2023, the Reserve Requirement shall be reduced to the then maximum annual Lease Payments. The Trustee shall transfer any amount in excess of such sum to the Lease Payment Fund to be applied as a credit against amounts owed by the County for the payment of Lease Payments on January 15, 2024, and on each Lease payment Date thereafter, until depleted.

Section 6.04. Application in Event of Deficiency in the Lease Payment Fund. If, on any Interest Payment Date, the moneys available in the Lease Payment Fund do not equal the amount of the principal and interest with respect to the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent Lease Payments by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance.

Section 6.05. Transfer To Make All Lease Payments. If, on any Interest Payment Date, the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal and interest with respect to Certificates not presented for payment) are sufficient to pay all Outstanding Certificates, including all principal and interest, the Trustee shall transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied to the payment of the Lease Payments, and such moneys shall be distributed to the Owners of Certificates in accordance with Article II and IV of this Trust Agreement. Any amounts remaining in the Reserve Fund upon payment in full of all Outstanding Certificates and all amounts due the Trustee hereunder, or upon provision for such payment as provided in Section 14.01, shall be withdrawn by the Trustee and paid to the County.

## ARTICLE VII

### INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN; TITLE INSURANCE

#### Section 7.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award.

(a) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the County in the event of any such damage or destruction shall be paid to the Trustee by the County pursuant to Section 6.2(a) of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" to be established by the Trustee when deposits are required to be made therein.

(b) Within ninety (90) days following the date of such deposit, the County shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the County, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property.

(c) In the event the County's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund, applied to the prepayment of Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates as provided in Section 4.01(b) hereof; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 10.3 of the Lease Agreement, otherwise such Net Proceeds shall be applied to the replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Property, evidenced by a certificate signed by a County Representative and an Authority Representative.

(d) In the event the County's determination is as set forth in clause (ii) of paragraph (b) above, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the County, and disbursed by the Trustee upon receipt of requisitions signed by a County Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the County.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(b) of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the County to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are not needed for repair or rehabilitation of the Property, the County shall so certify to the Trustee and the Trustee, at the County's written request, shall transfer such proceeds to the Lease Payment Fund to be credited towards the prepayment of the Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b) hereof.

(b) If the County has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the County to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Property, the County shall so certify to the Trustee and the Trustee, at the County's written request, shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of the County Representative in the form and containing the provisions set forth in Section 7.01. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein.

(c) If (i) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the County has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the County to meet any of its obligations with respect to the Property under the Lease Agreement or (ii) all of the Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in 4.01(b) hereof.

(d) In making any determination under this Section 7.02, the County may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee. Any such determination by the County shall be final.

Section 7.03. Application of Net Proceeds of Title Insurance Award. The Net Proceeds from a title insurance award shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(c) of the Lease Agreement and shall be transferred to the Lease Payment Fund to be credited towards the prepayment of Lease Payments required to be paid pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b).

Section 7.04. Cooperation. The Authority and the Trustee shall cooperate fully with the County, at the expense of the County, in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any portion thereof. Neither the Trustee nor the Authority shall be obligated to join in such

action if it believes it will be exposed to liability or has not been indemnified to its satisfaction from any loss, liability or expense including, but not limited to, attorneys fees.

## ARTICLE VIII

### MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates and for the purposes herein specified and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not (except as set forth in Section 9.03 hereof) be subject to levy, attachment or lien by or for the benefit of any creditor of the Authority, the Trustee, the County or any Owner of Certificates.

Section 8.02. Investments Authorized. Moneys held by the Trustee hereunder shall, upon written order of a County Representative, be invested and reinvested by the Trustee in Permitted Investments. The Trustee may deem all investments directed by a County Representative as Permitted Investments without independent investigation thereof. If a County Representative shall fail to so direct investments, the Trustee shall invest the affected moneys in Permitted Investments described in paragraph (f) of the definition thereof as shown in Exhibit A hereto. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 8.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal or agent in the making or disposing of any investment and make or dispose of any investment through its investment department or that of an affiliate and shall be entitled to its customary fees therefor. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section 8.02, to deal with itself (in its individual capacity) or with one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Section 8.03. Accounting. The Trustee shall furnish to the County, at least monthly, an accounting which may be in the form of its customary accounting statements of all investments made by the Trustee; provided that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 8.02 hereof. The County acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the County the right to receive brokerage confirmations of security transactions, the County waives receipt of such confirmations. The Trustee shall furnish to the County periodic statements of account which shall include detail of all investment transactions made by the Trustee.

Section 8.04. Allocation of Earnings. Unless and until otherwise directed by the County to the Trustee in writing, all interest or income received by the Trustee on investment of the Lease Payment Fund shall as received, prior to the Completion Date, be transferred to the Project Fund (except as otherwise provided herein) and thereafter shall be retained in the Lease Payment Fund. Amounts retained or deposited in the Lease Payment Fund pursuant to this Section 8.04 shall be applied as a credit against the Lease Payment due by the County pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit. All interest received by the Trustee on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. Reserve Fund investments may not have maturities extending beyond five years, except for investment agreements or repurchase agreements. In the event that amounts then on deposit in the Reserve Fund on the valuation date described in Section 6.03



hereof equal or exceed the Reserve Requirement, such excess shall, prior to the Completion Date, be transferred to the Project Fund and thereafter shall be transferred to the Lease Payment Fund. Transfers to the Lease Payment Fund from the Reserve Fund shall be made by the Trustee on or prior to each January 1 and July 1. All interest or income in the Project Fund shall be retained in the Project Fund until the Project Fund is closed pursuant to Section 3.05 hereof. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed pursuant to Section 3.04 hereof.

Section 8.05. Acquisition, Disposition and Valuation of Investments. The County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued at their market value.

ARTICLE IX  
THE TRUSTEE

Section 9.01. Appointment of Trustee. U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America with a Principal Corporate Trust Office in San Francisco, California, is hereby appointed Trustee, registrar and paying agent by the Authority and the County for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Trust Agreement. The Authority and the County agree that they will maintain a Trustee which shall be a corporation or association organized under the laws of any state, the United States of America, or the District of Columbia, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a bank or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), subject to supervision or examination by federal or State authority, so long as any Certificates are Outstanding. If such corporation or association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 9.01, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 9.01, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.07.

The Trustee is hereby authorized to pay the Certificates when duly presented for payment at maturity, or on redemption, or on purchase by the Trustee prior to maturity in accordance with Section 4.05 hereof, and to cancel all Certificates upon payment thereof. The Trustee shall keep records in accordance with industry standards of all funds administered by it and of all Certificates paid and discharged.

Section 9.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Trust Agreement and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys, receivers or agents and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder and shall

be absolutely protected in relying thereon. The Trustee shall not be responsible for the misconduct of such persons selected by it with reasonable care.

(d) The Trustee shall not be responsible for any recital herein, in the Assignment Agreement or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates delivered hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority or the County under the Lease Agreement.

(e) The Trustee shall not be accountable for the use of any Certificates delivered hereunder or the proceeds thereof. The Trustee, in its individual or any other capacity, may become the Owner or pledgee of Certificates secured hereby with the same rights which it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the County with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificates then Outstanding.

(f) In the absence of bad faith on its part, the Trustee shall be protected in acting or refraining from acting upon any notice, request, consent, requisition, certificate, order, affidavit, facsimile, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates executed and delivered in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such person is the registered owner as shown on the Registration Books.

(g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by an Authority Representative or a County Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient. The Trustee may accept a certificate of an Authority Representative or a County Representative to the effect that an authorization in the form therein set forth has been adopted by the Authority or the County, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, affiliates and agents.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the County to make any of the Lease Payments to the Trustee required to be made by the County pursuant to the Lease Agreement or failure by the Authority or the County to file with the Trustee any document required by this Trust Agreement or a Lease Agreement to be so filed subsequent to the delivery of the Certificates, unless the Trustee shall be specifically notified in writing of such default by the Authority, the

County or by the Owners of at least five percent (5%) in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, deemed desirable by the Trustee for the purpose of establishing the right of the County to the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Article VIII of this Trust Agreement.

(m) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

(n) Before taking any action under Article XIII hereof or this Section 9.02 at the request or direction of the Certificate Owners, the Trustee may require payment or reimbursement of its fees and expenses, including fees and expenses of counsel and receipt of an indemnity bond satisfactory to it from the Certificate Owners to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

(o) Under no circumstances shall the Trustee be liable for the obligations evidenced by the Certificates.

(p) The Trustee shall not be accountable for the use or application by the County or the Authority or any other party of any funds which the Trustee has released in accordance with the terms of this Trust Agreement.

(q) The Trustee has no obligation or duty to insure compliance by the County with the Code.

(r) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal or environmental requirements, quality,

durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County or the Authority of the Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease Agreement or this Trust Agreement for the existence, furnishing or use of the Property.

(s) The Trustee makes no representations as to the validity or sufficiency of the Certificates and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be responsible for the validity or sufficiency of the Lease Agreement or the assignment under the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease Agreement (except as provided in this Trust Agreement), its right to receive moneys pursuant to the Lease Agreement, or the value of or title to the premises upon which the Property is located or the Property. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Certificates.

(t) In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the County or the Authority having any claim against the Trustee arising from this Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

(u) The Trustee is authorized and directed to execute the Assignment Agreement in its capacity as Trustee hereunder.

Section 9.03. Fees, Charges and Expenses of Trustee. The County shall pay and reimburse the Trustee for reasonable fees for its services rendered hereunder and under the Assignment Agreement and all advances and expenditures, including but not limited to, advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by the Trustee in connection with such services and the Trustee shall, in the Event of Default, have a first and prior lien on the funds held hereunder to secure the same. The Trustee's rights hereunder, including its rights under Section 12.03 hereof, shall survive its resignation or removal and final payment of the Certificates.

Section 9.04. Notice to Certificate Owners of Default. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice pursuant to Section 9.02(i) hereof, then the Trustee shall, within ninety (90) days of the occurrence thereof, give written notice thereof at the expense of the County by first class mail, postage prepaid, to the Owner of each Certificate, unless such Event of Default shall have been cured before the giving of such notice; *provided, however* that unless such Event of Default consists of the failure by the County to make any Lease Payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Certificate Owners not to give such notice.

Section 9.05. Intervention by Trustee. In any judicial proceeding to which the Authority or the County is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of the Certificate Owners and shall do so if requested in writing by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of Certificates then Outstanding, provided the Trustee shall have no duty to take such action unless it has received payment or

reimbursement and has been indemnified to its satisfaction as provided in Section 9.02(n) hereof against all risk or liability arising from such action.

Section 9.06. Removal of Trustee. Upon thirty (30) days' notice, the County (so long as no Event of Default shall have occurred and be continuing) or the Owners of at least a majority of the aggregate principal amount of Certificates then Outstanding may, with the consent of the Authority, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Authority, and may appoint a successor or successors thereto; provided that any such successor shall be a corporation or association meeting the requirements set forth in Section 9.01 hereof.

Section 9.07. Resignation by Trustee. The Trustee and any successor Trustee may, at any time, resign by giving thirty (30) days' written notice by registered or certified mail to the County and the Authority.

Section 9.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 9.06 or 9.07 hereof, the County shall promptly appoint a successor Trustee. In the event the County shall, for any reason whatsoever, fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 9.06 hereof or within thirty (30) days following the receipt of notice by the County pursuant to Section 9.07 hereof, the Trustee may apply to a court of competent jurisdiction at the expense of the County, for the appointment of a successor Trustee meeting the requirements of Section 9.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the County purporting to appoint a successor Trustee following the expiration of such thirty (30) day period. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Section 9.09. Merger or Consolidation. Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 9.01 hereof, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also the Authority and the County an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Upon such acceptance, the County shall mail, by first class mail, postage prepaid, or cause the mailing of, notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed,

acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article IX, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement shall have been filed or recorded.

## ARTICLE X

### MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners of the Certificates, the Lease Agreement and the rights and obligations of the parties thereto, the Site and Facility Lease and the rights and obligations of the parties thereto and the Assignment Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Certificate; or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of a Lease Agreement; or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.02 hereof.

This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of the Authority or the County; (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates; (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interests of the Owners of the Certificates; (4) to make such additions, deletions or modifications as may be necessary or appropriate in the opinion of bond counsel to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates; (5) to add to the rights of the Trustee; or (6) to maintain the rating or ratings assigned to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto, as the case may be.

This Trust Agreement and the Lease Agreement may not be modified or amended at any time by a supplemental agreement which would modify any of the rights and obligations of the Trustee without its written assent thereto.

The Trustee may request an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article X and the Trustee may rely conclusively on such opinion.

Section 10.02. Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement and the Lease Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.01 hereof. A copy of such supplemental agreement (or a summary thereof), together with a request to the Certificate Owners for their consent thereto, shall be mailed by first class mail, postage prepaid, by the Trustee at the expense of the



County, to each Owner of a Certificate at his address as set forth on the Registration Books, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section 10.02 provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.03 hereof) and a notice shall have been mailed as hereinafter in this Section 10.02 provided. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.11 hereof. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in the following paragraph of this Section 10.02 provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail by first class mail, postage prepaid, a notice at the expense of the County, to the Owners of the Certificates in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.03. Disqualified Certificates. Certificates owned or held by or for the account of the County or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the County (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; *provided, however*, that the Trustee shall not be liable for determining whether Certificates are owned or held by the County or any such other person unless such Certificates are registered in the name of the County or such other person on the Registration Books.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or a Lease Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or a Lease Agreement, as the case may be, for any and all purposes.

Section 10.05. Endorsement or Replacement of Certificates Delivered After Amendments. The County may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for such purpose at the Principal Corporate Trust Office, a suitable notation shall be made on such Certificate. The County may determine that the delivery of substitute Certificates, so modified as in the opinion of the County is necessary to conform to such Certificate Owners' action, is necessary and such substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Principal Corporate Trust Office, at the expense of the County, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 10.06. Amendatory Endorsement of Certificates. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

## ARTICLE XI

### COVENANTS

Section 11.01. Compliance With and Enforcement of Lease Agreement. The County covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement. The Authority covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement.

The County will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of their respective Lease Agreement by the Authority thereunder. The Authority and the County, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the County or the Authority, will deliver the same, or a copy thereof, to the Trustee.

Section 11.02. Observance of Laws and Regulations. The County and the Authority will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the County or the Authority, respectively, including its right to exist and carry on business as a public entity, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.03. Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.04. Recordation and Filing. The County shall record and file, or cause to be recorded and filed, the Site and Facility Lease, the Lease Agreement (or a memorandum thereof), the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 11.05. Budgets. The County shall supply to the Trustee as soon as practicable, but not later than August 15 in each year, a written determination by a County Representative that the County has made adequate provision in its annual budget for the payment of Lease Payments due under the Lease Agreement in the Fiscal Year covered by such budget. The determination given by the County to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all Lease Payments and Additional Payments due under the Lease Agreement in the annual period covered by such budget.

Section 11.06. Further Assurances. The Authority and the County will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease Agreement, or as may be requested by the Trustee and for the better assuring and confirming unto the Owners of the Certificates and the Trustee the rights and benefits provided herein.

Section 11.07. Satisfaction of Conditions Precedent. The County hereby certifies, recites and declares that all acts, conditions and things required by the constitution and statutes of the State, the Lease Agreement and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

Section 11.08. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall, upon payment of its fees and expenses, including counsel fees, and receipt of indemnity satisfactory to it, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Certificates, or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

## ARTICLE XII

### LIMITATION OF LIABILITY

Section 12.01. Limited Liability of County. Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the County contained in the Lease Agreement and this Trust Agreement, the County shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 12.02. No Liability of County or Authority for Trustee Performance. Neither the County nor the Authority shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 12.03. Indemnification of Trustee. The County shall to the extent permitted by law indemnify and save the Trustee, its officers, employees, directors, affiliates and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses (including allocated costs of internal counsel), arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property by the Authority or the County; (ii) any breach or default on the part of the Authority or the County the performance of any of their respective obligations under the Lease Agreement, the Assignment Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Property; (iii) any act of the Authority or the County or of any of their respective agents, contractors, servants, employees, licensees with respect to the Property; (iv) any act of any assignee of, or purchaser from the Authority or the County or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Property; (v) the authorization of payment of Delivery Costs; (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Property by the Authority or the County including, without limitation, the use, storage, presence, disposal or release of any Hazardous Substances on or about the Property; (vii) the Trustee's exercise and performance of its powers and duties hereunder or as assigned to it under the Assignment Agreement; (viii) the offering and sale of the Certificates; (ix) the presence under or about or release from the Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, local or federal law, or the violation of any such law by the County; or (x) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, in any official statement or other offering document utilized in connection with the sale of the Certificates. Such indemnification shall include the costs and expenses of defending against any claim or liability arising under this Trust Agreement. No indemnification will be made under this Section 12.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, its officers, affiliates or employees. The County's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of the Trustee.

Section 12.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the County, the Authority, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust

Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Authority, the Trustee and said Owners.

## ARTICLE XIII

### EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Assignment Agreement, the Authority has transferred, assigned and set over to the Trustee all of the Authority's rights in and to the Lease Agreement (excepting only the Authority's rights under Sections 5.8, 7.3 and 9.4 and the obligations under Section 4.7 thereof), including without limitation all of the Authority's rights to exercise such rights and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Authority's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and shall upon request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon payment of its fees and expenses, including counsel fees, and being indemnified to its satisfaction therefor shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything herein or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Section 13.03. Application of Funds. All moneys held by the Trustee in the funds and accounts held hereunder and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or Article IX of the Lease Agreement shall be applied by the Trustee in the following order upon presentation of the several Certificates:

*First*, to the payment of the costs and expenses of the Trustee and of the Certificate Owners in declaring such Event of Default, and collecting moneys owed hereunder, including reasonable compensation to its or their agents, attorneys and counsel (including allocated costs of internal counsel), including all fees and expenses past due; and

*Second*, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate per annum payable with respect to the Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, or if there shall be nonpayment of principal or interest with respect to the Certificates, the Trustee in its discretion may and shall, upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon payment of its fees and expenses, including counsel fees, and being indemnified to its

satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder. If one or more Events of Default shall occur and be continuing, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Property and for any property securing the Certificates and the revenues, income, produce, and profits thereon. In the case of any receivership, insolvency, bankruptcy, reorganization, or other judicial proceedings affecting the County or the Property, the Trustee shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under this Trust Agreement at the time of the institution of such proceedings, and also for any additional amount which may become due and payable thereafter, without prejudice to the right of any Owner to file a claim on his or her own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section 13.04.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the County to pay or prepay the Lease Payments as provided in the Lease Agreement, or affect or impair the right of action, which is absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Section 13.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or



proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's fractional interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.08 or any other provision of this Trust Agreement.

Section 13.09. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the County, the Authority and the Trustee, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Authority and the Trustee, their officers, employees and agents, and the Owners.

ARTICLE XIV  
MISCELLANEOUS

Section 14.01. Defeasance. If and when all Outstanding Certificates shall be paid and discharged and all other amounts due and owing hereunder have been paid (as set forth below) then, notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Authority, the Trustee and the County with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the County to pay or cause to be paid, from Lease Payments paid by or on behalf of the County from funds deposited pursuant to paragraph (b) of this Section 14.01, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraph (b), the Certificates shall continue to represent direct and fractional interests of the Owners thereof in Lease Payments under the Lease Agreement.

Such payment and discharge may be accomplished in either of the following ways:

(a) by well and truly paying or causing to be paid the principal, and interest with respect to all Certificates Outstanding, as and when the same become due and payable; or

(b) by irrevocably depositing with the Trustee or an escrow holder security for the payment of Lease Payments as more particularly described in Section 10.1 of the Lease Agreement, to be applied to pay the Lease Payments as the same become due and payable and prepay the Lease Payments in full on any prepayment date, pursuant to Section 10.1 of the Lease Agreement.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) or (b) of this Section 14.01, which are not required for the payment to be made to Owners shall, after payment of all fees and expenses of the Trustee, including attorneys fees (including allocated costs of internal counsel), be paid over to the County.

To accomplish defeasance, the County shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants ("Accountant") verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that (A) the Certificates are no longer Outstanding and (B) the defeasance will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates; each Verification and defeasance opinion shall be acceptable in form and substance to the County, and addressed, to the County and the Trustee.

Certificates shall be deemed Outstanding under this Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

Section 14.02. Records. The Trustee shall keep records in accordance with industry standards of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the County, the Authority and any Owner of at least five percent (5%) of the Outstanding principal amount of the Certificates, or the agent of any of them, at any time during regular business hours on any Business Day upon reasonable prior notice.

Section 14.03. Notices. All written notices to be given under this Trust Agreement shall be given by first class mail, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from

time to time. Notice shall be effective upon deposit in the United States first class mail, postage prepaid to the address set forth below:

If to the Authority: Marin County Capital Improvements Financing Authority  
c/o County of Marin  
3501 Civic Center Drive, Room 225  
San Rafael CA 94903  
Attention: Director of Finance  
Phone: (415) 499-6989

If to the County: County of Marin  
3501 Civic Center Drive, Room 225  
San Rafael CA 94903  
Attention: Director of Finance  
Phone: (415) 499-6989

If to the Trustee: U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Corporate Trust Services  
Phone: (415) 273-4517

The Trustee agrees to notify the Authority in the event of any prepayment by the County of Lease Payments under the Lease Agreement and upon the termination of the Lease Agreement.

Section 14.04. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.05. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement the Authority, the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Authority, the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.06. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.07. Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the County of any Certificates, the Trustee may, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the County.

Section 14.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.09. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by first class mail, postage prepaid, or otherwise is required, the giving of such notice may be

waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.10. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if done on the date provided therefore herein.

Section 14.11. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement and subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment of the principal or interest due with respect to any Certificates and remaining unclaimed two years from the date of deposit of such funds, or if the law shall have been changed and the County has notified the Trustee of such change or the Trustee notifies the County, then on the date thirty (30) days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the County free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the County as aforesaid, the Trustee may (at the cost and request of the County) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the amounts so payable and with respect to the provisions relating to the repayment to the County of the moneys held for the payment thereof. The Trustee shall not be liable for any interest on funds held by it. The County shall not be liable for any interest on the sums paid to it pursuant to this Section 14.11 and shall not be regarded as a trustee of such money.

Section 14.12. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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

MARIN COUNTY CAPITAL  
IMPROVEMENTS FINANCING  
AUTHORITY

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

Attest:

\_\_\_\_\_  
Deputy Secretary

COUNTY OF MARIN

By \_\_\_\_\_  
County Administrator

Attest:

\_\_\_\_\_  
Deputy Clerk of the Board of Supervisors

## EXHIBIT A

### DEFINITIONS

*"Additional Payments"* means the payments so designated and required to be paid by the County pursuant to Section 4.7 of the Lease Agreement.

*"Assignment Agreement"* means the Assignment Agreement, dated as of October 1, 2010, by and between the Authority and the Trustee, together with any duly authorized and executed amendments thereto.

*"Authority"* means the Marin County Capital Improvements Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State.

*"Authority Representative"* means the President, the Vice President, the Executive Director, the Treasurer and the Secretary of the Authority, or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the Authority under or with respect to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

*"Board"* means the Board of Supervisors of the County.

*"Bond Counsel"* means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the County of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

*"Business Day"* means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Principal Corporate Trust Office is located or in the State are closed or are required to close or a day on which the New York Stock Exchange is closed.

*"Certificate of Completion"* means the certificate of a County Representative certifying that the construction of the 2010 Projects has been completed by the County and that all costs relating thereto have been paid.

*"Certificates"* means the \$\_\_\_\_\_ aggregate principal amount of certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional Interests of the Owners thereof in Lease Payments.

*"Closing Date"* means October 13, 2010, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

*"Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

*"Completion Date"* means the date of completion of the 2010 Projects as evidenced by the filing with the Trustee of a Certificate of Completion.

*"Continuing Disclosure Certificate"* shall mean that certain Continuing Disclosure Certificate executed by the County and dated the date of execution and delivery of the Certificates, as it may be amended from time to time in accordance with the terms thereof.

*"County"* means County of Marin, a public body, duly organized and existing under and by virtue of the laws of the State.

*"County Representative"* means the Chair of the Board, County Administrator, the County Treasurer-Tax Collector, the County Director of Finance, or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the County under or with respect to the Site and Facility Lease, the Lease Agreement and the Trust Agreement.

*"Defeasance Obligations"* means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, and (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing),

*"Delivery Costs"* means all items of expense directly or indirectly payable by or reimbursable to the County or the Authority relating to the execution and delivery of the Site and Facility Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, costs for statistical data, initial fees and charges of the Trustee (including the fees and expenses of its counsel), financing discounts, legal fees and charges, insurance fees and charges (including title insurance), financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

*"Delivery Costs Fund"* means the fund by that name established and held by the Trustee pursuant to Article III of the Trust Agreement.

*"Escrow Agreement"* means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the County and the Escrow Bank, as originally entered into or as it may be amended or supplemented pursuant to the provisions thereof, created to provide for the refunding of the 1998 Certificates.

*"Escrow Bank"* means U.S. Bank National Association, as escrow bank under the Escrow Agreement, or any successor thereto appointed as escrow bank thereunder in accordance with the provisions thereof.

*"Escrow Fund"* means the fund by that name created and maintained by the Escrow Bank pursuant to the Escrow Agreement.

*"Event of Default"* means an event of default under the Lease Agreement, as defined in Section 9.1 thereof.

*“Facility”* means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

*“Federal Securities”* means (a) Cash (insured at all times by the Federal Deposit Insurance Corporation), and (b) obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

*“Fiscal Year”* means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the County as its fiscal year.

*“Independent Counsel”* means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Authority, the County or the Trustee.

*“Information Services”* means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Certificates.

*“Insurance and Condemnation Fund”* means the fund by that name established and held by the Trustee pursuant to Section 7.01 of the Trust Agreement.

*“Interest Payment Date”* means the first (1st) day of February and August in each year, commencing February 1, 2011, so long as any Certificates are Outstanding.

*“Lease Agreement”* means that certain agreement for the lease of the Property by the Authority to the County, dated as of October 1, 2010, together with any duly authorized and executed amendments thereto.

*“Lease Payment Date”* means the fifteenth (15th) day of January and October in each year during the Term of the Lease Agreement, commencing January 15, 2011.

*“Lease Payment Fund”* means the fund by that name established and held by the Trustee pursuant to Section 5.02 of the Trust Agreement.

*“Lease Payments”* means the total payments required to be paid by the County pursuant to Section 4.4 of the Lease Agreement, including any prepayment thereof pursuant to Article X of the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in Exhibit C to the Lease Agreement.

*“Moody’s”* means Moody’s Investors Service, New York, New York, or its successors.

*“Net Proceeds,”* when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.



*"1998 Certificates"* means, collectively, the County's outstanding Certificates of Participation (1998 Capital Improvement Projects), Series A, and Certificates of Participation (1998 Capital Improvement Projects), Series B.

*"Original Purchaser"* means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

*"Outstanding,"* when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee or an escrow holder (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 4.03 of the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.09 of the Trust Agreement.

*"Owner"* or *"Certificate Owner"* or *"Owner of a Certificate,"* or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered on the Registration Books.

*"Participating Underwriter"* shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

*"Permitted Encumbrances"* means, as of any particular time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) the Assignment Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the County certifies in writing will not materially impair the use of the Property; and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Authority and the County agree in writing do not reduce the value of the Property.

*"Permitted Investments"* means any of the following:

(a) Federal Securities;

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank, (ii) Rural Economic Community Development Administration, (iii) U.S. Maritime Administration, (iv) Small Business Administration, (v) U.S. Department of Housing & Urban Development (PHAs), (vi) Federal Housing Administration, and (vii) Federal Financing Bank;

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (ii) obligations of the Resolution Funding Corporation (REFCORP), and (iii) senior debt obligations of the Federal Home Loan Bank System;

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliate or subsidiary of the Trustee, provide investment advisory or other management services;

(g) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or (B) (i) which are fully secured as to principal, interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal, interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal, interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(i) the Local Agency Investment Fund maintained by the State of California; and

(j) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

*"Principal Corporate Trust Office"* means the corporate trust office of the Trustee located at One California Street, Suite 1000, San Francisco, CA 94111, Attention: Corporate Trust Services, or such other office designated by the Trustee from time to time.

*"Proceeds,"* when used with reference to the Certificates, means the face amount of the Certificates, less original issue discount.

*"Project Costs"* means all costs of payment of, or reimbursement for, the 2010 Projects.

*"Project Fund"* means the fund by that name established and held by the Trustee pursuant to Article III of the Trust Agreement.

*"Property"* means, collectively, the Site and the Facility.

*"Rating Category"* means, with respect to any Permitted Investment, one of the generic categories of rating by Moody's or S&P applicable to such Permitted Investment, without regard to any refinement or graduation of such rating category by a plus or minus sign or a numeral.

*"Registration Books"* means the records maintained by the Trustee pursuant to Section 2.12 of the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

*"Regular Record Date"* means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

*"Rental Period"* means each twelve-month period during the Term of the Lease Agreement commencing on June 2 in any year and ending on June 1 in the next succeeding year; *provided, however,* that the first Rental Period shall commence on the Closing Date and shall end on June 1, 2011.

*"Reserve Fund"* means the fund by that name established and held by the Trustee pursuant to Section 6.01 of the Trust Agreement.

*"Reserve Requirement"* means an amount equal to the least of maximum annual Lease Payments, 125% of average annual Lease Payments, and 10% of the principal amount of the Certificates, which amount shall initially be \$\_\_\_\_\_ on the Closing Date. On August 2, 2023, the Reserve Requirement shall be reduced to the then maximum annual Lease Payments. The amount of the Reserve Requirement shall not otherwise be reduced unless the Certificates are partially refunded, in which such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded, as specified in a certificate of a County Representative delivered to the Trustee.

*"S&P"* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, or its successors.

*"Securities Depositories"* means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, NY 10041 Attention: Call Notification Department; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Certificates.

*"Site"* means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

*"Site and Facility Lease"* means the Site and Facility Lease, dated as of October 1, 2010, by and between the County, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

*"State"* means the State of California.

*"Term of the Lease Agreement"* means the time during which the Lease Agreement is in effect, as provided in Section 4.2 of the Lease Agreement.

*"Trust Agreement"* means the Trust Agreement, dated as of October 1, 2010, by and among the County, the Authority and the Trustee, together with any duly authorized amendments thereto.

*"Trustee"* means U.S. Bank National Association, or any successor thereto, acting as Trustee pursuant to the Trust Agreement.

*"2010 Projects"* includes, but is not limited to, the capital improvements to be financed by the County with the proceeds of the Certificates, all as more particularly described in Exhibit C attached to the Trust Agreement.

## EXHIBIT B

### FORM OF THE CERTIFICATES

**Certificate of Participation  
(2010 Financing Project)  
Evidencing a Direct, Undivided Fractional Interest of the  
Owners Hereof in Lease Payments to be Made by the  
COUNTY OF MARIN, CALIFORNIA  
As the Rental for Certain Property Pursuant to a Lease Agreement  
with the Marin County Capital Improvements Financing Authority**

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
_____ %	August 1, _____	October __, 2010	724585 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in a portion of the lease payments (the "Lease Payments") to be paid by the County of Marin, a political subdivision, duly organized and existing under the laws of the State of California (the "County"), pursuant to that certain Lease Agreement, dated as of October 1, 2010, by and between the Marin County Capital Improvements Financing Authority, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Authority") and the County (the "Lease Agreement"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California, or any other such location so designated by the Trustee (the "Principal Corporate Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on February 1 and August 1 of each year, commencing February 1, 2011 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) this Certificate is executed on or before January 15, 2011, in which event interest shall be payable from the Dated Date stated above; *provided, however*, that if, as of the date of

execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check of the Trustee mailed to the registered owners of the Certificates as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the registered owners of the Certificates not less than ten (10) days prior to such special record date. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above. Interest represented hereby is payable in lawful money of the United States of America by check mailed by the Trustee on each Interest Payment Date by first class mail to the Owner at his address as it appears on the registration books of the Trustee, as of the close of business on the fifteenth (15th) day of the month immediately preceding each Interest Payment Date or, upon written request filed with the Trustee prior to the fifteenth (15th) day of the month immediately preceding the Interest Payment Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by each registered owner in such written request. Principal represented hereby is payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender hereof at the Principal Corporate Trust Office.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Authority and the County, dated as of October 1, 2010 (the "Trust Agreement"). The County is authorized to enter into the Lease Agreement and the Trust Agreement under the laws of the State of California. Reference is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at the Principal Corporate Trust Office) for a description of the terms on which the Certificates are delivered, the rights thereunder of the registered owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the County under the Lease Agreement, all of the provisions of which the Owner of this Certificate, by acceptance hereof, assents and agrees.

The County is obligated under the Lease Agreement to pay Lease Payments from any source of legally available moneys and the County has covenanted in the Lease Agreement to make the necessary annual appropriations therefor. The obligation of the County to pay the Lease Payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay Lease Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto) and the registered owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then outstanding and may be amended without such consent under certain circumstances; provided that no such amendment shall impair the right of any registered owner to receive, in any case, such registered owner's fractional share of any Lease Payment or prepayment thereof in accordance with such registered owner's Certificate, without the consent of such registered owner.

This Certificate is transferable and exchangeable by the Owner, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office, but only in the manner, subject to the limitations and upon payment of any charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer, a new

Certificate or Certificates of an authorized denomination or denominations for the same aggregate principal amount will be delivered to the transferee in exchange for this Certificate. The County, the Authority and the Trustee may treat the Owner as the absolute owner hereof for all purposes, whether or not the payments represented by this Certificate shall be overdue and the County, the Authority and the Trustee shall not be affected by any notice to the contrary.

The Certificates are subject to extraordinary redemption, in whole or in part, on any Interest Payment Date, in an order of maturity determined by the County, from the Net Proceeds of insurance or eminent domain proceedings credited towards the redemption of the Lease Payments pursuant to the Lease Agreement, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest represented thereby to the date fixed for redemption, without premium.

The Certificates maturing on or before August 1, 2020, are not subject to optional redemption prior to maturity. The Certificates maturing on and after August 1, 2021, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the County (or, if the County shall fail to so designate the order of redemption, in *pro rata* among maturities) and by lot within a maturity, on or after August 1, 2020, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, from the proceeds of the optional prepayment of Lease Payments made by the County pursuant to the Lease Agreement.

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

Year (August 1)	Principal Amount of Certificates to be Redeemed
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†Maturity.

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

Year  
(August 1)

Principal Amount of  
Certificates to be Redeemed

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†Maturity.

Notice of redemption is to be given by the Trustee by mailing a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate registration books maintained by the Trustee. Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to accrue and be payable. Neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of Certificates.

Notwithstanding the foregoing, in the case of any optional redemption of the Certificates, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Certificates on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Certificates have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Certificates to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Certificates for which notice of optional redemption was given shall remain Outstanding for all purposes of this Trust Agreement.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Certificates, the various funds and accounts established under the Trust Agreement. The Trustee makes no representation concerning the recitals contained in the Trust Agreement or in this Certificate.

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

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any Certificate executed is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE



OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, this Certificate has been executed by U.S. Bank National Association, as trustee, acting pursuant to the Trust Agreement.

Date of Execution:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Certificate and do(es) hereby irrevocably constitute and appoint

\_\_\_\_\_  
attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

\_\_\_\_\_  
NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

## **EXHIBIT C**

### **DESCRIPTION OF THE 2010 PROJECT**

A portion of the proceeds of the Certificates will be used to finance capital improvements including one or more of the following :

The County owns 43 buildings, with approximately 1.1 million square feet, highlighted by Frank Lloyd Wright's National Historic Landmark Marin County Civic Center. Many of these buildings are more than 20 years of age and in need of modernization and/or new systems. The County estimates that over the next 10 years there is a range of \$43 to 57 million in deferred maintenance and code upgrades that will be needed to extend the useful life of these facilities.

The Marin County Fire Department has a number of older or obsolete facilities that will need upgrading or rebuilding over the next 10-20 years with an estimate of the range of costs from \$43 to 68 million, not including any land acquisition.

The County has been planning a new Emergency Operations Facility (EOF) project that will meet California essential service facility standards that will house the Marin County Sheriff Department's Emergency Operations Center and other County programs that need to be available after a major seismic event. Costs for this project can range from \$58 to \$75 million.